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STRATEGIC OVERVIEW 2000

by

R.P. Jakubow
G.P. Armstrong
I. Desmartis
N.A. Kellett
B. Lombardi
M. Margolian
J.W. Moore
M. Rossignol
E.C. Sloan
S.E. Speed

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Abstract

This report identifies and analyses political, economic, military, ethnic, religious and technological factors that shape security issues around the globe.

Foreword

Strategic Overview 2000 is an annual analysis of the international environment and its implications for Canada's long-term security interests. This study is primarily aimed at defence policymakers, military personnel and analysts, but it may also contribute to thinking and discussion of defence issues beyond the narrow circle of security specialists.

The future shape of world affairs will be influenced by multiple political, military, socio-economic and technological trends. As we enter the twenty-first century, **Strategic Overview 2000** highlights those developments that are likely to have important implications for global security and could have a significant impact on Canada's interests and values.

The main body of this report is divided into three sections: *Spotlight on…*(key actors), *Regional Contexts*, and *Functional Issues*. Both *The International Strategic Environment* and the *Eyes Forward* chapters draw and build on the insights found in the individual contributions.

We hope that you will find our report useful, interesting and stimulating.

Roman Jakubow
Director of Strategic Analysis
20 September 2000

Introduction

The International Strategic Environment

As a new century unfolds, analysts of international security are uncertain how best to characterise world affairs. More than a decade after the collapse of the Berlin Wall, the term 'post-Cold War' still dominates. Yet hardly anyone is satisfied that the familiar label does justice to the reality of geopolitics today. At the same time, few are brave enough to draw a dividing line between past and present, to lend a semblance of order and unity to a system that seems to possess neither. While clinging to an outdated description of the current era is by no means fatal, it may be an impediment to recognising security-related developments that are just now taking shape. At the very least, the time has come to move beyond 'post-Cold War' thinking, if not the term itself, and be willing to anticipate and assess the implications of trends not yet cast in stone.

At first glance, the international environment is awash in contradictions. New technologies are developed and disseminated at lightning speed, but the benefits that accrue from their use do not extend far beyond the borders of advanced industrial states. Likewise, the rapid growth of sectors tied to the information revolution is transforming Western economies, but the resulting abundance has not penetrated the world's poorest societies, where scarcity and disease are still pervasive. Despite numerous predictions of the state's demise, it remains the most important actor on the world scene. That said, it must share power with supra- and sub-national organisations that are increasingly likely to set the agenda and drive policy. In the area of security, the hopes that accompanied the end of the Cold War have faded after a decade of extremism and conflict. The 'stable, peaceful and undivided Europe' envisioned a decade ago remains an objective, but its realisation has been slowed by the Balkan wars and the mass graves left in their wake. Meanwhile, practical disarmament, both nuclear and conventional, is making steady progress even while proliferation mounts and support for traditional arms control declines.

These conflicting developments offer a rather opaque view of the future – if they offer one at all. Still, several enduring features of the global security environment can be identified with a fair degree of certainty, and they will be examined in this opening chapter. First, the United States is likely to maintain its status as the world's only superpower, its primacy rooted in overwhelming military and economic strength. Less certain is the nature of US leadership and involvement in world affairs, and how it will be challenged. Second, key states in Europe and Asia are expected to retain the ability to shape events in their respective regions, though whether they can influence outcomes on a global scale remains to be seen. Third, adversarial regimes bent on acquiring weapons of mass destruction and sponsoring terrorism will pose a threat to their neighbours and to the stability of the international system. Fourth, humanitarian crises will stimulate debate about the merits of intervention, the future of peacekeeping and the appropriate balance between state sovereignty and individual security. Fifth, the prevalence of intra-state conflict, the application of advanced technologies to military operations and the pursuit of asymmetric strategies to confront US dominance is changing the nature of warfare. Lastly, demographic and resource pressures will likely aggravate existing conflicts and produce new cleavages within and between states.

American Primacy

The United States is the most powerful country in the world. It is the sole state with the reach and capabilities to promote its interests in every corner of the globe. The superiority of its armed forces is unchallenged. More than any other society, America is ideally placed to exploit the advances of the information revolution. Yet, notwithstanding its 'unipolar moment,' US primacy is neither unqualified nor permanent. Few Americans support the vast amount of resources needed to establish a global empire. While settlement of key international issues is usually not possible without US involvement, success tends to require the co-operation of allies and partners. US ambivalence towards multilateral institutions and solutions limits its involvement abroad and thus its ability to influence global outcomes. In the future, as power diffuses, the US position relative to others will likely diminish. Despite an upward trend in defence spending and the success of the Kosovo campaign, questions have also arisen about US military readiness and the ability of the armed forces to cope with major regional contingencies, particularly as Cold War era platforms reach the end of their service life.

Under Clinton, the US has appeared reluctant to assume the mantle of global leadership. Despite having unrivalled, though not unlimited, power, it has shunned the job of the world's policeman. Without an overarching enemy, the US has found it difficult to define and prioritise its interests. The only constant in recent years has been the lack of consensus over what America's international role should be. Senator Jesse Helms supports minimal involvement beyond America's borders. Arguing against unilateralism, Samuel Huntington proposes the United States co-operate with other countries on global issues and rely on the major powers to maintain order in their respective regions. Richard Haass would have the US organise the world along certain core principles and limit the projection of military force abroad. Henry Kissinger recommends using US power to promote its vital interests and to focus on key relationships.

In the coming years, a new administration may bring a sense of purpose and direction to US strategy, elements that have not been in evidence during the latter part of the Clinton Administration. It is more likely, however, that in the absence of a central threat, America's role in the world will remain reactive, governed by events and the actions of others.

Great Powers

In the eyes of its allies, the US rarely strikes the right balance: it is seen as either an itinerant superpower, lurching from one crisis to another, or an imperial hegemon, forcing others to conform to its ideas. Yet these same allies have remained broadly faithful and supportive of US policies when it has counted the most – for example, during the Kosovo campaign and in response to North Korean challenges. Other issues, such as burden sharing, proliferation and relations with China, may not be as conducive to US-allied partnership, potentially leading to greater dissension in the years ahead. While Japan is inclined to preserve strong defence ties with the US, including a significant military presence, the rising costs of servicing American bases, heightened tensions over

Taiwan and US missile defence plans could magnify domestic pressure for Tokyo to adopt a more assertive and independent stance in the region. Likewise, while not yet drifting apart, the US and Europe are finding it difficult to agree on key security issues. There is a widening gap in threat perceptions – as Europe frets about Balkan and Russian stability, the US is preoccupied with North Korean and Iranian missiles. The US believes Europe should bolster its military capabilities within the Alliance context, fearing European plans to field an independent expeditionary force could weaken transatlantic links. In turn, Europe, led by France, is increasingly uncomfortable with its dependence on American military technology and firepower, as was highlighted in Kosovo. Burdened by these disputes, NATO faces an uncertain future, its sphere of action and operational focus constrained by responsibilities close to home.

Relations among Russia, China and the United States are currently in flux, as longstanding patterns of interaction seem poised to change. In terms of nuclear weapons, Russia's shrinking arsenal, US national missile defence plans and the prospect of larger, more capable Chinese forces portend a shift away from old notions of deterrence and arms control. Strategies for managing the proliferation of mass-destruction weapons seem likely to diverge, with narrow political and commercial interests gradually superseding multilateral efforts to limit the spread of sensitive technologies. Russian weakness and Chinese assertiveness are slowly shifting the US military's attention and resources toward the Far East, the new orientation reflected in subtle ways – more attack submarines assigned to the Pacific and broader military contacts with regional partners. Russia has also looked eastward, joining with China in opposition to US missile defence proposals and seeking Beijing's support for its operations in Chechnya. More generally, the two countries have a common interest in countering US global dominance. At the same time, neither wants to risk losing the benefits of closer economic integration with the West, witness Russia's request for debt relief from its G-8 partners and China's campaign for World Trade Organisation membership. As a rising power, China primarily seeks access to Russian arms and oil (Moscow currently has little else to offer) and to US capital and technology. For its part, growing economic strength and *de facto* nuclear weapons status ensures that India, too, is an integral factor in Asian security, seeking new alignments and competing with the major powers for influence in the region.

Adversarial Regimes

A major challenge to international order continues to emanate from so-called 'adversarial regimes' – those developing weapons of mass destruction, promoting terrorism, undermining peacemaking and arms control efforts, and engaging in large-scale human rights violations. These regimes have proven especially resilient in the face of concerted action aimed at curtailing their threatening behaviour. Despite successive military defeats over the last decade, Serbia under Milosevic remains a source of instability in the Balkans. Economic sanctions, military containment and attempts at reconciliation notwithstanding, Iran is still pursuing a non-conventional arsenal and supporting Islamic extremists. The Gulf War, seven years of intrusive inspections and numerous air strikes have likewise failed to prevent the resumption of Iraq's biological, chemical and ballistic missile programs. The promising June 2000 summit aside, the

potential threat posed by North Korea to its neighbours and, through the development and sale of long-range missiles, to international security, persists.

It is possible that, without any coercive measures, adversarial regimes would constitute a much greater problem. Interdiction efforts and occasional military action have slowed proliferation and disrupted terrorist preparations. A robust US presence in volatile regions has reassured allies and deterred aggression. Sanctions have capped the resources available for antagonistic deeds. Yet for all these efforts, little progress has been achieved in removing the long-term menace generated by countries of concern. This has prompted support for alternative policies defined by engagement rather than confrontation. Such an approach, it is argued, would improve the humanitarian condition of the target-state's population, which bears the brunt of sanctions. It would avoid the inevitable 'collateral damage' associated with even the most carefully orchestrated military operations. It would end the frustrating situation where dictators (some accused of heinous crimes) endure broad-based punitive measures only to emerge wealthier and more secure in their positions than before. Instead of blacklisting an entire country, better to single out leaders for economic punishment, perhaps through targeted sanctions, and focus on altering threatening behaviour.

If the past year is any guide, strategies for dealing with adversarial regimes will not change radically in the months ahead, notwithstanding doubts about the efficacy of current efforts. That said, the international community will seek to refine existing instruments and explore alternatives where possible. In April 2000, the United Nations Security Council members sought more effective implementation and enforcement of sanctions amid calls for a broader strategy of conflict prevention and resolution. Initiatives to strengthen the global non-proliferation regime are expected to continue in the wake of ongoing negotiations on a verification protocol for the Biological and Toxin Weapons Convention and consensus on a program of action reached at last spring's Nuclear Non-Proliferation Treaty Review Conference. For their part, American officials are increasingly sceptical that either diplomacy or deterrence will be sufficient to thwart the aggressive ambitions of renegade states. This attitude has called into question the US's long-term commitment to arms control and prompted the Clinton Administration to pursue unilateral measures to combat terrorist or military use of mass-destruction weapons. With no 'magic bullet' emerging to cope with adversarial regimes or their threatening behaviour, a wide range of options are likely to be tested in the years to come, with varying success.

Intervention

Similarly, no single blueprint is available to the international community in deciding whether to intervene militarily in response to crises. The last year has generated considerable debate about when and where such intervention should occur as well as the means that should be employed. While hostilities in Kosovo, East Timor, Sierra Leone and Chechnya were each characterised by large-scale humanitarian concerns, only the first three saw the involvement of outside forces. With respect to mandate, the Security Council authorised UN operations in East Timor and Sierra Leone, while NATO's bombing campaign received no such blessing. The attention and resources assigned to the

resolution of these conflicts also differed greatly – there could hardly be a starker contrast between the Alliance's Serbia-bound air armada and the poorly-trained, ill-equipped peacekeeping contingent sent to Sierra Leone. Not surprisingly, the former was ultimately successful in reversing ethnic cleansing, while the latter could not prevent the resumption of fighting, suffering humiliation and casualties at the hands of local rebels.

Rhetorically, if not always in practice, the relative inaction of the international community in response to the mass killings in Bosnia and Rwanda during the 1990s has lowered the threshold for humanitarian intervention. Confronted with the potential for similar atrocities in Kosovo, NATO leaders felt compelled to act, evoking ambitious new doctrines that at least partially overrode longstanding notions of state sovereignty and non-interference. Months later, in an address to the UN General Assembly, Secretary-General Annan reaffirmed the need for timely intervention when death and suffering are inflicted on large numbers of people and when the state nominally in charge is unable or unwilling to stop it. At the same time, Annan was reluctant to cite Kosovo as a model, given that NATO intervention took place without Security Council sanction. His proposals for "a new commitment to intervention" in the absence of consensus among the Permanent Five was an attempt to solve this conundrum and impose consistency on what has traditionally been a haphazard calculus. In the real world, however, intervention will never be automatic, given the varied interests of concerned parties and the wide range of circumstances that define crises. Indeed, in the aftermath of Kosovo, intervention has been very much a regional undertaking, witness Australia's spearheading of the International Force in East Timor and Nigeria's prominent role in successive peacekeeping missions to Sierra Leone. It has also been a practical matter, motivated as much by an interest in restoring regional stability as by an affront to values.

Despite the weakening of sovereign rights and increased support for humanitarian intervention since the mid-1990s, the international community still faces significant obstacles in responding militarily to crises. Reluctant to assume additional open-ended obligations abroad and ever-suspicious of UN-sponsored initiatives, the US is one of a handful of countries with the resources to undertake operations but, perceiving no interests at stake, often lacks the necessary will. Other major powers, including Russia, China and India, fear setting a precedent lest outside forces intervene in insurgencies within their own borders. After the UN's embarrassment in Sierra Leone, the mechanics of peacekeeping have also come under greater scrutiny, with observers pointing out critical shortcomings in the way missions are organised and managed. US Ambassador to the UN Richard Holbrooke has called for more involvement of military professionals in the day-to-day operations of the UN peacekeeping department, not least to improve direction from headquarters and establish coherent command structures in the field. The Brahimi Report, building on previous studies of the Srebenica and Rwandan failures, echoed these proposals while supporting the creation of robust, rapidly deployable UN forces alongside contingents of police and civilian experts. The US plan to train and equip Nigerian and other West African battalions for deployment in Sierra Leone is a further attempt to bolster peacekeepers in hostile circumstances. For their part, sceptics of peacekeeping doubt it can succeed when combatants have no intention of observing cease-fires or honouring negotiated settlements. Under these conditions, they argue, the only sensible choice is to deploy forces that can impose peace, or to stay away altogether.

With no solution in sight to the UN's chronic financial problems and little appetite for new peacekeeping commitments, the latter option could become increasingly attractive.

Future of Warfare

The collapse of the Soviet Union eliminated the singular, enduring threat of all-out confrontation with the West that characterised much of the Cold War. It also spawned numerous predictions about how future wars will be fought, some of which have proven accurate. The record of the last ten years, however, may offer only a partial window on the nature of conflict in the twenty-first century. The evolution of warfare is a very gradual process, shaped as much by long-term trends as the events of the moment. These trends include rapid technological advances in weaponry and communications, shifting international political and economic power, the rise of national movements motivated by ethnicity and religion, and increasing global linkages among insurgent, terrorist and criminal organisations. While it is possible future hostilities will resemble past wars in the Persian Gulf, the former Yugoslavia and sub-Saharan Africa, they may also involve attacks against computer networks, the application of force from space or the battlefield use of ballistic missiles and mass-destruction weapons. In all likelihood, the years ahead will see a broad spectrum of military threats, producing conflicts varying in scope, intensity and the types of capabilities employed.

For those tracking warfare in the 1990s, several developments are especially notable – the steady decline in the overall number of conflicts world-wide, the precipitous drop in wars between states (hostilities along the Ethiopia-Eritrea and India-Pakistan frontiers notwithstanding), the explosion of internecine conflict within multi-ethnic societies, and the corresponding rise in casualties among non-combatants. Although a major system-wide war is unlikely, armed conflict is no less violent, witness the millions of war-related deaths and widespread physical devastation inflicted over the last decade. Though largely internal, wars in the Balkans and Africa's Great Lakes region have transformed regional politics and alignments, and most recently in Kosovo, precipitated large-scale military intervention. The accumulation of highly destructive arsenals in volatile regions such as the Korean Peninsula, the Middle East and South Asia is another prominent trend. While the waning influence of ideology and the loss of Soviet patronage have moderated longstanding rivalries, high-intensity conflict between regional protagonists, potentially involving non-conventional weapons, cannot be discounted. At the same time, mirroring the dynamics of superpower confrontation, the mere existence of such capabilities may reduce the likelihood of war for fear that hostilities, once initiated, would inevitably cross the mass-destruction threshold.

According to advocates of the 'asymmetrical warfare' thesis, state proliferators and terrorist groups will not be similarly constrained when confronting the US and its allies. Unable to match the overwhelming power of the United States, adversaries will make use of mass-destruction weapons and computer viruses to target vulnerable forces, infrastructure and commercial assets. Under this scenario, the civilian population and economy are seen as major vulnerabilities and legitimate targets. Likewise, in areas of hostilities, foreign bases, ports, airfields and concentrations of troops and equipment are considered weak links and would likely be subject to missile or terrorist attack. However

justified, concerns about asymmetrical strategies are increasingly driving US and Alliance strategy. The April 1999 NATO Summit saw the approval of initiatives intended to counter emerging threats such as the use of mass-destruction weapons against both troops and civilian targets. For several years, the United States has devoted considerable resources to protecting soldiers, citizens and vital infrastructure against cyber-terrorism and the potential use of biological and chemical agents. In addition, the growing consensus in support of some form of national missile defence system reflects American determination to protect the homeland against asymmetrical threats.

At the same time, the United States and NATO are continuing to invest in new weapons systems in a determined effort to stay ahead of the rest of the world in military technology. Next-generation platforms, high-accuracy munitions and space-based sensors are steadily changing the way advanced states fight wars. Whereas during the Gulf War, only nine percent of US bombs dropped on Iraq were 'smart,' all American ordnance used during the Kosovo campaign was precision-guided. Allied air operations also relied on a vast network of largely US intelligence, surveillance and reconnaissance capabilities, allowing for the rapid collection and analysis of data that was then transmitted to combatants in near-real time. These tools undoubtedly contributed to NATO's ultimate victory against Serbia. Yet the campaign also demonstrated that even the most advanced weapons have their limits. The fact that the United States was virtually alone in its ability to exploit information technologies during the war sparked new debates about burden-sharing and pointed to potentially serious interoperability problems – a concern that has underscored the urgency of NATO's Defence Capabilities Initiative. Despite advances in precision weaponry, locating and destroying mobile, concealed or buried targets remains a significant challenge, as does pinpointing a target in the right timeframe, given the haystack of data and human errors that inevitably cloud wartime operations. In addition, the next war may not be confined to the air, but could also require ground and naval components, and involve a variety of simultaneous missions, some of which could see small units engaged against irregular forces. In such an environment, it may be more difficult to make use of the advantages conferred by advanced weapons and avoid significant casualties.

Developmental Pressures

Global security is not solely the product of defence policies, weapons acquisition decisions, or military strategy. It is also predicated on the ability of governments to provide for the most basic needs of their citizens. In several regions, these needs are not being satisfied, breeding chaos and contributing to a climate of oppression and violence. One should not be surprised that countries plagued by war and upheaval in recent years – for example, Congo, Indonesia and Algeria – have also experienced severe demographic and resource pressures. Most often, pockets of overcrowding, high unemployment, food and water shortages, and weak or non-existent health and education sectors characterise such societies. The resulting stresses have aggravated political and ethnic tensions, while laying the foundation for extremist movements. In some cases, such as Pakistan, military rule has blocked the slide into anarchy. In other instances, namely Sierra Leone and Sudan, rival factions have become embroiled in protracted fighting, with disastrous consequences for the local population. Regional and international stability have also been

affected, witness Afghanistan's role as a haven for insurgents, terrorists and drug traffickers.

The spread of infectious disease poses an additional challenge to global security, precipitated by the emergence of new pathogens, the growing ease and frequency of cross-border movements of people and goods, the dramatic increase in drug-resistant microbes, and the rise of megacities with severe health care deficiencies. In the developing world, and particularly in sub-Saharan Africa, acquired immune deficiency syndrome, or AIDS, has affected a staggering proportion of the population, killing millions and overwhelming governments already burdened with weak economies and endemic poverty. Meanwhile, the rate of infection in parts of Asia is increasing rapidly, creating the potential for a humanitarian catastrophe similar to what has occurred in Africa. In these regions, multi-drug-resistant tuberculosis, malaria and cholera are also rampant, compounding the problem. Russia, too, has seen a dramatic rise in the incidence of infectious disease, fuelled by the deterioration of the country's health care system. In areas most affected by disease, the potential for political instability and social disruption is likely to grow, endangering development and increasing the likelihood of conflict in the years ahead. Military forces deployed to regions experiencing significant rates of disease may also become infected, a factor that must increasingly be taken into account when considering intervention in high-risk areas.

Conclusion

For over a decade, observers of the global condition have searched for the 'next big threat' to international security that would take the place of the multi-faceted East-West struggle of the Cold War years. Their lack of success to date and the fact that no such threat appears on the horizon suggest a rather different sort of challenge at the start of the twenty-first century – namely, a host of lesser dangers that will play themselves out on a regional and transnational basis. While not the all-encompassing threat posed by the former Soviet Union, these dangers will nevertheless hamper the emergence of a stable, secure and prosperous international order and potentially engage militaries on a variety of levels, from humanitarian intervention to the use of force against a determined aggressor.

The dominant position of the United States is likely to persist, its overwhelming power, reach and involvement abroad key factors shaping global security in the years ahead. At the same time, the growing influence and independent stances of other Great Powers will prompt a gradual shift in international alignments, as they undergo critical transitions in the years ahead. The greatest concern will likely involve those countries that combine substantial strength and weakness, most notably Russia and China, and the future of their experiments with reform. A principal source of instability in the international system, adversarial regimes will continue to pose a significant challenge for the rest of the world. While their weapons of mass destruction programs, sponsorship of terrorism and acts of aggression have been deemed unacceptable, the international community has not yet come up with forms of pressure that are both effective and humane. Nor is there any magic formula for determining when and how to intervene militarily in local conflicts, a decision made more difficult by issues of mandate and sovereignty, not to mention geopolitical and resource considerations. Yet another

challenge involves the evolution of warfare, characterised not only by technological advances and corresponding changes in doctrine, but also a return to primordial struggles over identity and territory. Alternative scenarios would have states and groups hostile to the US striking at perceived military and civilian vulnerabilities, employing non-conventional weapons to achieve their aims. It is difficult to predict which type of warfare will be the most prevalent in the years to come – in all likelihood, various forms will co-exist, necessitating a broad spectrum of capabilities, not all of which will be confined to the armed forces. Indeed, weakness and failure in the developing world, leading to human suffering on a scale requiring outside intervention, has called upon the services of a wide range of government and non-government organisations. The impact of overpopulation, extreme poverty and infectious disease on global development and security will demand no less.

Michael Margolian

Spotlight On...

The United States

Competing Themes in the US Defence Policy Debate

Two competing themes have dominated the defence policy debate in the United States over the past year and are likely to continue to do so in the lead-up to the 2001 Quadrennial Defense Review (QDR). The first pertains to concerns about the readiness of US forces, that is, *the ability of units to deploy quickly and perform initially in wartime as they were designed to do* [US Joint Chiefs of Staff]. The second responds to the broader strategic question of *Ready for what?* and centres on the debate between continuing the current two-Major Theatre War strategy or focusing instead on responding to the asymmetric threats of the future and creating a high-tech force that embraces the Revolution in Military Affairs (RMA). This chapter outlines the background to and key elements of each theme and makes a projection as to how the United States is likely to balance these competing imperatives.

US Military Readiness. In the three and half years since the May 1997 Quadrennial Defense Review was published, there have been growing concerns about the readiness of the United States military. Although a primary purpose of the QDR was to balance US military commitments with capabilities, just a year and a half after it was issued the Joint Chiefs of Staff met with the US President to warn of a potential "nose dive" in military readiness. In January 1999 they reiterated their concerns before the Senate Armed Services Committee, stressing problems in personnel levels and equipment maintenance. Specific examples of readiness problems include the following:

- In 1999 two of the Army's ten active divisions were given the US military's lowest readiness rating and declared "unable to go to war."
- Mission capable rates for major airforce systems declined ten percent between 1991 and 1999, and as of late 1998 the airforce had experienced an overall 14 percent degradation in the readiness of its major operational units over the previous two years.
- Cannibalisation rates for Air Force aircraft during Operation ALLIED FORCE in and around Kosovo in 1999 were four times as high as during Operation DESERT STORM against Iraq in 1991.
- The Navy, Army and Air Force have been unable to meet their required levels for officers for the past several years. The Navy is unable to retain enough young surface warfare officers, the Army officer corps has significant shortfalls in the captain and major ranks, and the Air Force is expected to be short 2,000 pilots by 2002.
- Both the Army and the Air Force failed to meet their goals for recruiting enlisted personnel in 1999, and the Air Force also fell short of its goals for retaining enlisted personnel.

A number of factors explain the decline in US military readiness. They include:

- *Increased operational tempo; decreased force levels*. During the 40 years of the Cold War, the United States deployed its troops overseas ten times including the Korean and Vietnamese wars. By contrast, in the ten years from 1989, the United States deployed ground troops on 36 occasions. During the same period of time, force levels were cut by some 30 percent.
- *Ill-suited force structure*. The Services are not well structured to meet the actual demands that have materialised in the post-Cold War era. The Army, for example, is organised around ten divisions that are meant to respond to a major regional contingency. But these divisions are routinely stripped of personnel to be deployed on peacekeeping operations, thereby diminishing their readiness for warfighting scenarios. Thus, while the readiness of the "first-to-fight" forces involved in peace support operations is high, this is at the expense of units earmarked for war.
- *Ageing equipment; increased maintenance costs*. Budget reductions over the past ten years have forced delays in planned procurement, pushing up the average age of major platforms. For example, the average age of all US Air Force aircraft is 20 years today, up from 13 in 1990, and is expected to rise to 28 by 2010. This, in turn, has raised the cost of maintaining equipment, thereby further delaying the purchase of new weapons and creating a vicious cycle where the need to fund an ageing arsenal is constantly draining money from planned procurement.
- *Poor use of scarce funds*. Reductions in Department of Defense (DoD) infrastructure have not kept up with force reductions. The Pentagon estimates that by 2003 its base structure will be 21 percent smaller than in 1989, whereas its forces will be 36 percent smaller. Base closures and reductions have been repeatedly blocked by members of Congress concerned about the impact of closures on employment within their districts.

Most experts make the point that readiness is not a significant problem today. They note that the US military, although somewhat less ready than during the Gulf War, is still far more ready than the hollow force of the 1970s and early 1980s. Even though rates for aircraft mission capability have declined since the Gulf War, they remain superior to 1980s levels. Operations and maintenance funding per troop in 1998 was still some 30 percent more in real terms than it was in 1980, and roughly the same per troop as in 1989 when US forces were widely believed to be highly ready. And America's performance in Kosovo provided concrete evidence of just how far ahead the United States is militarily of even its strongest allies.

Nonetheless, observers both inside and outside the Pentagon argue that the US military's readiness could be on the verge of a serious decline if corrective measures are not taken. DoD and the individual Services are taking a number of steps to address these concerns:

- *Structural adaptation*. Both the Army and the Air Force are undertaking force structure changes designed to increase their readiness to respond to the sorts of contingencies that have arisen in the post-Cold War era. The Army is undertaking to develop a medium-weight Strike Force based on lighter, more mobile yet still highly lethal equipment, and a modular structure that can be easily tailored to the task at hand. The Air Force has completely reorganised itself around ten Aerospace

Expeditionary Forces that can deploy rapidly anywhere in the world. While the new Air Force structure is almost completely in place, the Army's transformation is moving much more slowly and thus readiness problems are likely to persist.

- *Selective equipment reductions*. Each of the Services has made selective cuts in its combat forces that are designed to respond to the new security environment. The Air Force has reduced its tactical fighter forces by 45 percent, but made smaller reductions in its airlift capability; the Navy has reduced its attack submarines by almost half, but kept a larger percentage of its surface combatants. More recently, the Army has decided to scale back planned procurement of some of its heavier weapons systems, like the *Crusader* self-propelled howitzer.
- *Budget increases*. In Fiscal Year 2000 the United States began its first long-term sustained increase in defence spending since the end of the Cold War. The Defense Appropriations bill that became law in October 1999 included a total defence spending increase of US$112 billion over six years. Half of this increase is earmarked for operations and maintenance accounts, and for pay raises and other quality of life issues that directly affect recruiting and retention. To reduce the costs of maintaining ageing equipment, in Fiscal Year 2001 procurement spending has been increased from US$56 to US$60 billion. Nonetheless, this figure still falls short of the funds needed to modernise the US military in accordance with plans outlined in the QDR. Estimates here range from US$70 to US$120 billion a year.

Questions of Strategy. Concerns about US military readiness are being voiced against the backdrop of a broader strategic question: Ready for what? Since the Clinton Administration's 1993 Bottom-Up Review, US military strategy has focused on developing and maintaining the ability to respond to two Major Theatre Wars (MTWs) in overlapping timeframes. The implication is that the United States could be called upon to respond to a crisis in both the Persian Gulf and the Korean Peninsula at the same time.

Crises in the Balkans, Haiti, Somalia and other places around the world in the mid-1990s led to the inescapable conclusion that missions other than an MTW were likely to preoccupy American forces in the coming years. As a result, the QDR reiterated the two-MTW requirement, but also acknowledged the necessity of being able to respond to smaller-scale contingencies. But it fell short of allowing that this fact should alter defence strategy or force posture.

In recent years, the two-MTW strategy has been increasingly questioned. US military readiness continues to be measured against a benchmark that does not fully account for the nature of the international security environment. "We have a force structure capable of winning two near simultaneous major theatre wars, not two wars plus a small scale contingency," one senior US defence official has noted. In short, the utility of the two-war standard as the sole criteria for US defence planning has significantly eroded.

Moreover, the two-MTW strategy may be aiming military modernisation efforts in the wrong direction. In 1997 the National Defense Panel, a Congressionally-appointed bi-partisan panel of defence experts mandated to assess the QDR, argued that the two-war strategy may have become a means of justifying current force structure and was hindering efforts to effect the military transformation that is needed by about 2025. The two-MTW

strategy demands that the Services focus their efforts on modernising systems that, in the Panel's view, are less and less relevant to the future international security environment. Such systems include aircraft carriers that are increasingly at risk from land-based cruise missiles, main battle tanks that are too heavy for a rapidly mobile force, and advanced fighter aircraft that go against the trend towards unmanned combat aerial vehicles.

What is required, they argue, is for the US military to be transformed into a very different kind of force that can meet the very different kinds of challenges that are likely to exist in the future. These challenges include asymmetric threats such as information warfare, terrorism, weapons of mass destruction, and cruise and ballistic missiles. To overcome these challenges they advocate a greater emphasis on developing a National Missile Defence (NMD) system for the defence of the United States, and RMA technologies for power projection abroad.

Those in favour of accelerating the transformation of the US military argue that the United States should:

- Adopt a "one-MTW-plus" strategy, or, at a minimum, a less demanding form of the two-MTW strategy that recognises the diminishing likelihood of full-scale ground wars with both North Korea and Iraq. This would lower the cost of maintaining a high state of readiness in both these regions.
- Terminate a number of traditional weapons systems that are now in acquisition in order to fund newer systems, or, at minimum, lessen the emphasis on modernising major weapon systems in the immediate future. This would allow the United States to essentially skip a procurement cycle and move more rapidly from today's force to an RMA force.
- Use the savings generated from both these initiatives for innovation, research and development and military experimentation, as well as advanced electronics, sensors and munitions.
- Develop and deploy a missile defence system capable of defeating limited attacks.

Projections for the Future

Despite criticisms about the utility of the two-MTW strategy, the United States is unlikely to drop this approach in its 2001 Quadrennial Defense Review. To do so would require, in essence, withdrawing from one part of the world, raising questions of US leadership and potentially putting at risk strategic stability. However, it is conceivable, and perhaps even likely, that the United States will adopt the minimum option of scaling back its two-war strategy, essentially allocating fewer forces and less equipment to the same strategic goal. Similarly, as President, both Vice-President Al Gore and Texas Governor George W. Bush would, like their predecessor, find it politically very difficult to terminate large-scale weapons programs like the F-22 fighter aircraft or the Joint Strike Fighter. Nevertheless, scaling back purchases and deferring modernisation is a highly plausible approach. While Gore has yet to offer a detailed strategy, Bush has strongly supported the notion of selectively modernising weapons and equipment in order to

achieve savings that would allow the US military to skip a generation of technology and more vigorously pursue the RMA.

With respect to NMD, regardless of the outcome of the November 2000 presidential elections – and notwithstanding the technological, political and arms control arguments against it – the United States will continue development of a nation-wide missile defence system. Bush has already stated his position that America must build effective missile defences at the earliest possible date. Gore's position is less clear, but as President he would face the same domestic pressures that affected President Clinton during his Administration. Significantly, the 2001 defence budget has already incorporated enough additional funding (US$2.2 billion through 2005) to allow for deployment sometime within the next decade.

Finally, recent Service initiatives should go some way to ensuring the United States can maintain a sufficiently ready and modern force to respond to traditional threats, while increasing its ability to respond to smaller-scale contingencies. The restructuring efforts that have been completed by the Air Force and set in train by the Army are early indications that the RMA is moving beyond the stage of technological advances and towards the doctrinal and organisational changes that are necessary for a revolution to truly take hold. Although modernisation funds must compete with NMD funding, it is significant that budget increases are supported by both parties and both presidential candidates and are therefore likely to be sustained for the next several years. Both restructuring measures and funding increases will go some way to finding common ground between the two competing worlds – and the most significant challenge – DoD sees at the dawn of the twenty-first century: balancing today's operational requirements while ensuring the United States is properly poised to meet the threats of the future.

Elinor Sloan

The Russian Federation

Russia is a weak state today. Economically it is rather small – the draft budget estimates a GDP for 2001 of 7.75 trillion rubles which, at the August 1999 exchange rate, is about US$280 billion or approximately half of Canada's for a population five times as great. Its conventional military power is strained to the limit fighting in Chechnya, and its nuclear arsenal is dwindling. It has no significant allies, and many of its neighbours speak of it with suspicion. Its population is shrinking, its health care system is derelict, and teachers are not paid. Its industries are wasteful and obsolete. It has severe problems of crime and corruption. All the institutions that one expects from a government are weak, corrupt and ill made. No one would say that Canada has an oppressive government, but its governmental structure is many times stronger than Russia's. So, when Russians call for a "strong" Russia, or a "strong" government, it must be understood that they are speaking from an extremely weak starting position; it will be a long time before anything in Russia is truly "strong." The principal cause of Russia's (and the other post-Communist countries') troubles is Communism, which, in President Putin's words, was a "road to a blind alley, which is far away from the mainstream of civilisation," but the last ten years of ill-formed 'reforms' have also played their part. Now and for the foreseeable future, Russia's internal concerns must be paramount. Russia has been weak before and its historical reaction has been to rebuild and reform at home while foreign and military policy creates a calm atmosphere abroad (*see box*). This sort of behaviour is foreshadowed in many of President Putin's remarks, most notably: "The biggest threat to Russia is ineffective economic policy." Therefore, the main thrust of Russian policy, today and for a decade, will be to get its house in order. That requires a sober foreign and military policy like that of Prince Gorchakov 150 years ago. This does not mean that Russia, when it has finally

Gorchakov and Stolypin

Russia has been weak before and its policies have adapted to that reality. Its defeat in the Crimean War (1853-1856) was a great shock as it revealed how far behind Europe Russia was. The Emperor Nikolay I died in 1855 of disappointment, they say, his policy in ruins, and his son Aleksandr II succeeded him. Aleksandr realised that reform of the whole system could be deferred no longer, and he is remembered today as the Tsar-Liberator, the initiator of the "Great Reforms" which, among other things, finally emancipated Russia's serfs. He was assisted in this by his foreign minister from 1856 to 1882, Prince Aleksandr Gorchakov. In the words of Dr. Jake Kipp, "Gorchakov followed an active, engaged foreign policy that avoided adventures and created a climate for Russian internal reforms, including access to Western capital markets to finance economic development, especially railroad construction."

Pyotr Stolypin was Prime Minister from 1906-1911. Coming to power on the heels of the 1905 revolution, which had seen many peasant revolts, his challenge was first to stamp out the violence in the countryside and then to devise reforms to prevent such upheavals in the future. His most famous reform was to break up the rural collectives so as to create conditions favourable to the evolution of a class of owner-farmers – his famous "bet on the strong". The only person to whom Putin referred in his first 'state of the union' speech was Stolypin.

Both Stolypin and Gorchakov were advocates of a strong and stable Russia and both held power when Russia was neither. These two are models the government will likely try to emulate in the next few years.

climbed out of its hole, will be a threat. This Russia will be a different country and, if modern Europe's experience is anything to go by, a more peaceful one, too.

Problems Inside

Politics in Russia have become very much calmer and more co-operative. While it would be an exaggeration to say that he controls the Duma, President Putin certainly has a better relationship with it than Yeltsin had. The 1993 and 1995 Dumas were obsessed with trying to blame Yeltsin for everything. The new Duma is much more concerned with what has to be done. It is 'centrist' or 'practical' in its outlook and the passions of the Yeltsin era are now mostly irrelevant. Putin himself is more popular than any Russian leader has been for years and one may expect this smoother relationship to endure for some years. Putin does not get everything his way but, thus far, he has been successful with most of his legislative ventures, not least because he is prepared for reasonable compromises. At the moment he dominates the scene, but this dominance will erode over time as the clash of interests comes into play. Putin's relationship with the legislature will always be far more business-like than Yeltsin's was.

Vladimir Putin

One should always be wary of repetitions of the amateur psychology that was so common – and so profitless – in discussing Gorbachev and Yeltsin. One should also beware of the tendency to think that Russia today is one man. But Putin, the new President, is clearly going to make a mark on Russia. Virtually unknown when he was appointed Prime Minister in August 1999, he has come to dominate the Russian political scene. While insiders in the Yeltsin circle may have cynically picked him, there can be no doubt that he has struck a powerful chord with the Russian population. Three adjectives often used about him are "young", "smart" and "strict." And, thus far, he seems to have demonstrated these capabilities. He has spoken often enough that we can describe his themes. He believes in greater central control, he frequently speaks of a "strong" or a "great" Russia, he calls for transparency and a "dictatorship of law." At the same time, he insists that he strongly supports freedom of speech and democracy. There is much speculation about him – some no better informed than that he used to work for the KGB. It is too soon to tell whether the talk of freedom is just for show (although it is interesting that he shows signs of understanding why freedom is essential – "it is not possible to have a strong state without respect for human rights and freedoms").

There is a very fine line between necessary order and going past that to dictatorship. At this juncture, we do not know whether Putin will maintain the careful balance between *enough* and *too much*.

The market crash of August 1998 had one great beneficial result – the ruble dropped to about a quarter of its previous exchange rate, making the cost of imports much higher and giving an opportunity to Russian manufacturers who previously could not compete with the price-quality relationship of imported goods. The second great boost was the increase in the price of oil. As a result, the Russian economy has been growing, the government runs at a surplus and the trade surplus is high. In short, economic indicators, formerly steadily going down, are now steadily rising. This makes the government's job much easier.

But there are many problems yet with the Russian economy. These may be summed up by the phrase "poor business climate." Russia is cursed with innumerable regulations but little law. Corruption and crime are widespread. Western investors are

frequently swindled by their Russian partners or hit with unexpected costs that verge on extortion. Altogether, most entrepreneurs would rather go elsewhere. This is a widely agreed problem, and Putin has made it a priority. A new Tax Code which regularises some of what was opaque and arbitrary has been passed, and he is taking steps to curb the political influence of the 'oligarchs' – the beneficiaries of the inside deals of the Yeltsin era, who for six years have done what they liked. This enormous task is just beginning, and the best that can be said is that the business climate should gradually improve over the next years. But investors have been burned so many times that they will need real evidence, over time, before they venture large-scale direct investments.

For years, Russia's pre-eminent economic problem was to reverse the long slide. Now that the fall appears to have stopped and the economy is growing, there is a new problem. *Essentially, Russia's present economic problem is how to achieve high rates of growth*. Most would agree that Russia's GDP growth rate today is about five percent. However, that is not enough: if Russia were to maintain that growth rate for the next 14 years, it would achieve roughly the GDP it had in 1990. In short, Russia needs much higher growth rates. Putin, judging from his statements, appears to know this. How to achieve these higher growth rates – like seven percent (doubling GDP in about ten years) or ten percent (doubling it in about eight years) – is the task today. Capital flight must be halted and reversed (there is estimated to be about US$150 billion Russian money abroad), and foreign investment must be attracted. The Russian market – and it is a market economy, even if a distorted and corrupt one – needs order. People need to know what the rules are and be confident that those rules will be enforced.

The latest economic master plan – one of many since 1992 – has one great difference from all others: it is a *socio*-economic plan. This is not a trivial point because much of Russia's present miseries are a result of economic policies that expected such a quick pay-off that the social costs would soon be drowned in prosperity. The present plan is a post-monetarist plan in which the emphasis is on strengthening and, in many cases, creating institutions. But, as always, the money problem – better though it is today – will determine what actually happens. Most foreign financial institutions, humbled by the failure of the 'Washington consensus' which had directed Western economic policy towards Russia from 1992 to 1996, are cautiously pleased with the new government's first steps. Yesterday's buzzword was 'monetarism;' that failed. Today's is 'institutions.' Putin is starting the first steps to strengthen Russia's institutions, but they remain first steps.

Putin is of the opinion that regionalisation has gone too far: "our state is not a federal state but a decentralised state." Among his first moves was to re-organise the presidential structure in the regions into seven federal regions. Under Yeltsin, presidential representatives in each region had fallen under the control of the local leaders, and Putin is determined to wrest back control. He has changed the composition of the upper house so that the regional leaders will no longer be members – although they still control them. Many oxen have been gored in this effort and much ink has been spilled on how he is trying to break the regional leaders. This is an overstatement – Russia will continue to be a federation and a rather loose one at that. Here, as elsewhere, we see the matter of *balance* in Putin's policy.

National Security

Perhaps as a legacy of the 'scientific truths' of Marxism-Leninism, modern Russia is fond of large, all-encompassing policy documents. We have seen at least five in Putin's time. The highest ranking was *The Concept of National Security*. In Russian, the word "security" has a rather larger application than in English – literally it means "without danger." In English, at least when it appears unmodified in policy documents, "security" generally refers to military security: wars, terrorism, military threats and the like. But the Russian term covers all that and much more. So the *Concept* is not just about "terrorism" or NATO; it also discusses the threats to moral values and Russia's cultural or scientific potential, the dangers of organised crime or the social and political polarisation of society, the threats of reduced investment and innovation, and the need for the preservation and improvement of the environment. All are problems of "national security," as Russians understand the term: in general, "national security" is the business of the government. Therefore, the *Concept* is in many respects the government's master white paper. Each government department is presumably required to produce its take on its part of national security. Thus far, the Ministries of Defence, Education and Foreign Affairs have issued policy papers, and a socio-economic plan has been prepared.

The first of these second-order policy papers to be signed off by the President was that on military doctrine. This attracted much attention because it formally abandoned the no-first-use declaration which dated from the Brezhnev period (but which no one had ever believed anyway). This change, however, is no change: like other nuclear powers Moscow is simply stating that it will use nuclear weapons when it thinks it has to. The document also reflects the expansion of NATO and NATO's use of force in Kosovo, two developments that make Russia's generals nervous. They cannot help fearing that the world's most powerful military force is moving to Russia's doorstep so that it can threaten it. Looking upon NATO's use of force in Kosovo as a violation of both the UN Charter and NATO's Washington Treaty and Founding Act, they put little trust in declarations. Does this portend, they wonder, a future in which a powerless Russia is closed off from the world? These concerns take up space in the documents but *jihadism* is the generals' greatest concern.[1] That is the actual, existent military threat that they see. Russian Army deployments reflect this concern – almost nothing faces NATO and the best troops, even before this latest war in Chechnya, were in the south. In short, Russia's new military doctrine is the defensively oriented policy of a weak power. It is quite wrong to think that only the military doctrine statement is important and more wrong to think it the most important: all these policy documents are supposed to be inter-connected and to flow from the *National Security Concept*.

The Defence Ministry, thanks to Russia's nuclear weapons, is one of the last holdouts of the belief that Russia is a superpower. But not all generals agree: an argument in the summer of 2000 called this into question. Defence Minister Sergeyev, the former Strategic Rocket Force commander, has spent a good deal of Russia's limited defence

[1] For a discussion of the *Jihadists*, see the box on page 67 in *Regional Contexts – The South Caucasus and Central Asia*.

budget on maintaining the strategic nuclear forces (which, as more-or-less equal to those of the US, are Russia's proof of title as a superpower). The Chief of the General Staff, a tank man, argues that Russia does not need many nuclear weapons for basic deterrence and would be better advised to put its money into the kind of conventional forces that can fight *jihadist* guerrillas. Clearly, this is an argument about whether Russia is, or should aspire to be, *one of two* superpowers or *one of several* Great Powers. It would appear likely that the latter point of view, consonant as it is with the general thrust of the policy papers that have been issued, will prevail over time. Russia will not give up all its nuclear weapons, but we might well see the number reduced considerably. The outcome of this argument has serious implications for Moscow's reaction to the US ballistic missile defence plans. Russia the 'superpower' must oppose this challenge to its equality; Russia the 'Great Power' would not be so concerned. This dispute, combined with the fact that the latest military doctrine statement does not fit very well with either the *National Security Concept* nor Putin's statements about the economic imperative, suggests that a revised military doctrine statement is not too far away.

The new foreign policy paper can be summed up by another quotation from Putin's 'state of the union' speech: "This is precisely why an updated foreign policy blueprint was approved recently. It stipulates the supremacy of internal objectives over external ones." Once again, we see the 'Gorchakovian' theme developed in the *National Security Concept* that the best foreign policy for Russia is the one that makes the least waves so that Russia can improve its economic situation. That being said, the policy paper repeats one of Moscow's great themes: Russia fears a unipolar world (a world in which the US does as it pleases and everyone else adapts); it prefers a multipolar world in which Russia is an important participant. This is a theme that Russian diplomats will incessantly refer to when talking to other diplomats. Thus we can expect to see Russia trying to establish relations with all and trying to create some diplomatic triumph which it can use to argue that it is a major player and that multilateralism works best. But, over all of this, one must remember Putin's remarks: "The biggest threat to Russia is ineffective economic policy." This "biggest threat" will only become bigger if Russia's foreign policy alienates Europe, Japan or North America. This reality will be a constant governor on the foreign policy throttle. But, as ever, intention is one thing and implementation is another. Putin has a program, the economy gives him more possibilities but, even if he persists in these aims, their realisations are years away.

The War in Chechnya

Depending on how one counts, the present war is the seventh between the Chechens and Russia/the USSR. It is worth remembering that the Chechens have only won one of these wars (1993-96), but also that there is always another war. This war has its differences from the others because there is a much greater participation in it by foreign *mujahaddin* than in any of the others. Moscow's performance in this latest war has been much better than in the earlier one – its commitment has been more steadfast and its army has been much improved. As of the summer of 2000, the Chechen/*mujahaddin* were very hard-pressed indeed. But the war can only be ended by a political move. And here, Putin's appointment of the Mufti of Chechnya, Akhmed-Haji Kadyrov, is most interesting. Kadyrov is quite different from the dreary parade of

puppets presented in the last war. Not only did he fight against Moscow in the 1993-96 war, Kadyrov is one of the few Chechens who has a potential appeal outside of his *teyp* (clan), and Putin's choice of a former rebel suggests that Chechen independence is at least imaginable.

Assuming that Moscow can establish a settlement with the non-*jihadist* Chechens (a settlement which may involve a commitment to independence for Chechnya), the war could wind down to the pursuit of small bands of isolated fanatics in the mountains. If there is no political settlement, the war could last for a long time and there would always be the possibility of another Russian defeat like the one in 1996. But Russia and Chechnya face dangerous futures – this latest war has shown that Moscow will not abide an independent Chechnya which is a base for attacks into Russian territory; on the other side, the *de facto* independent Chechnya after 1996 was a nightmare of lawlessness, civil war and foreign interference. An independent, or quasi-independent, Chechnya without *jihadists* is an option that both Moscow and Groznyy could live with.

Conclusion

It is sometimes easy to forget, in the press of the moment, that Russia is in transition. It is somewhere between the start-state and the end-state. If we take the beginning of the process as Gorbachev's election as General Secretary in 1985, and the end as 2015 (more or less a generation), in 2000 we are halfway there. And it is easy to forget all that has happened since the days of Chernyenko, under whom the USSR appeared to be an eternal corpse, and what we see today. Two themes have predominated over this time. The immediate post-Communist period was so dominated by Yeltsin that it was very personalist; but gradually this element has declined and institutions are starting to appear as actors. The increase in actors – governors, the Duma, the oligarchs, the press as well as the president – leads to the second theme that Russia is far more pluralist than it was 15 years ago. Institutionalism and pluralism are still, to be sure, weak, and the imaginative effort, therefore, is to project the curve forward another 15 years. One should avoid the continual stream of rumours of impending catastrophe. Indeed, experience shows that the wisest course is to dismiss all rumours sight unseen. The truth is that, of all the Commonwealth of Independent States, Russia is the most stable, the most democratic and has the best economy.

G.P. Armstrong

China

Internal stability and economic restructuring remain the central preoccupations of the Chinese leadership. The government continues its efforts to implement an ambitious economic reform agenda, while containing socio-economic and political unrest. Internationally, China enjoys a generally positive security environment, but it is increasingly uneasy about the United States and its strategic ambitions. Bilateral relations remain fragile and the prospect of US missile defence deployments is likely to further heighten China's sense of strategic uncertainty. In reaction, China and Russia continue to move closer together, with serious potential long-term implications for Great Power relations.

Economic Restructuring and the WTO

Perhaps the greatest bulwark of Communist Party legitimacy has been its identification with two decades of rapid economic development. To sustain that progress, in March 1998 the government embarked upon an ambitious program to reform the grossly inefficient state sector. The leadership has stated that eight percent GDP growth is required for the economy to absorb the workers laid off from the state sector – a target that has not been met in the past two years. The news is better in 2000. In the first half of the year, GDP growth year-on-year was 8.2 percent, up from 7.1 percent in 1999. Deflationary pressures appear to be easing and exports are growing. However, some independent economists believe that growth statistics in recent years have been inflated. If growth is not as high as stated, the economy may not be strong enough to create the jobs needed to absorb the unemployment created by the collapse of state-owned enterprises (SOEs). Twelve million layoffs are expected in 2000 due to SOE reforms, mostly in the industrial Northeast.

To support growth, the government has been pump-priming the economy. Total public sector debt may amount to as much as 35 percent of GDP. To a large extent, the government is buying time until domestic demand strengthens. Increased consumer consumption, in turn, depends largely on easing worries about rising unemployment. A significant proportion of government spending has gone to infrastructure projects. While such programs may be necessary, many have proven to be wasteful and have fuelled pervasive official corruption. The government is in the second year of a high-profile anti-corruption campaign, but the problem remains widespread and has fed growing public cynicism about Chinese governance.

World Trade Organisation (WTO) membership has been a key goal of Prime Minister Zhu Rongji and the economic reformers. China's entry into the WTO, perhaps by the end of the year, is expected to boost exports and ease the country's current difficulties in attracting foreign investment. Some Chinese economists predict that WTO membership will boost the annual growth rate of foreign investment to as much as 15 percent over the next five years and may add as much as 0.5 percent to the GDP growth within one year of accession. While the long-term economic benefits of WTO membership are likely to be considerable, the short-term costs may be high. The agricultural, automobile and machine-manufacturing sectors are expected to be hard hit

by the loss of tariff barriers. This may aggravate already high levels of unemployment and growing social unrest. If participation in the WTO is felt to be exacerbating social and economic problems, there may be a backlash, leading to worries about China's willingness and capacity to abide by WTO regulations.

Internal Stability and Political Legitimacy

The overriding priority of the government is to maintain internal stability. Growing unemployment, the lack of an effective social safety net, uneven development, income disparities, internal migration and other issues have combined to produce an ugly labour situation, and incidences of civil unrest are rising. The government's concern is to contain and curtail independent organisations for fear they could rally public anger at unemployment, corruption and other socio-economic problems. As a result, the government has targeted religious groups, such as Falun Gong, political dissidents and ethnic nationalist movements in Tibet and Xinjiang, and has tightened controls on the media and the Internet. Protests to date have been localised and poorly organised. China has an extensive internal security apparatus, and there seems little reason to doubt that the state has both the will and capacity to quell large-scale unrest. However, such actions would reinforce the perception that the one-party state has diminishing legitimacy and moral authority.

The Taiwan Question

China's principal regional objective is to achieve the reintegration of Taiwan. This issue relates to questions of domestic legitimacy and nationalism, but it also colors China's relationship with the international community. This was demonstrated most recently in the July accession negotiations with the WTO. China has attempted to enshrine in the accession protocol a "one China" statement that would force Taiwan to join the WTO as a subsidiary customs territory of China. This is regarded as a "matter of principle," reflecting China's acute sensitivities surrounding the Taiwan issue.

China views the status of Taiwan as a purely internal matter and remains committed to reunification on its terms. Chinese officials have stated that China's definition of "one China" is non-negotiable and "one China" must be the basis of cross-Strait talks. It would appear that China's immediate goal is to get Taiwan President Chen Shui-bian to accept unambiguously that Taiwan is part of China, and from there to acceptance of eventual reunification with the mainland. Whether or not this is realistic, there seems to be little real flexibility in China's position. This stems, at least in part, from the Chinese leadership's resort to nationalist appeals to bolster its legitimacy. Having publicly made reunification a key national priority, and given the example of Taiwan's political pluralism and democratic transition, the lack of progress toward reunification may become intolerable. Consequently, the Taiwan question continues to risk escalation to conflict.

Earlier this year, the Communist Party initiated the "three represents" (*san ge daibiao*) campaign. Its key theme is that the Party alone represents the three forces essential for China's sustained developments – China's advanced productive forces, its advanced culture and the fundamental interests of the broadest masses of people – which thus gives it the right to rule. The campaign is designed to provide the Party with a more progressive image and strengthen its rule, thereby neutralising extra-party groupings. This is a difficult task since the Party faces popular apathy and scepticism, especially given the perception of widespread official corruption. The Party insists that political reform would precipitate chaos, and thus the status quo must be maintained to ensure

stability. Nevertheless, the disconnect between an increasingly pluralistic economy and one-party rule will only grow over time. As it becomes increasingly difficult for the Communist Party to justify its monopoly over political power, genuine political reforms may be necessary to keep pace with China's rapidly evolving and increasingly pluralistic society. Whether the Party has the will and capacity to undertake such changes remains doubtful.

China's Strategic Environment

China faces no immediate external military threat to its national security and it has generally positive relations with its neighbours. Despite this, there appears to be deep ambivalence about China's current and potential security environment. How China chooses to approach its regional and global security concerns may have profound implications for the international system.

The United States is by far the greatest security concern. China has been critical of the US strategic posture, its global behaviour and military deployments. The US is frequently portrayed as a hegemonic and expansionistic power bent on global and regional domination. The long list of problems in the bilateral relationship includes the current tensions over Taiwan, US missile defence initiatives and allegations of Chinese espionage and missile proliferation. China's concerns about the implications of the revised Japan-US security guidelines have been intensified by NATO's expansion and its operations in Yugoslavia, especially in the wake of the bombing of the Chinese embassy in Belgrade. Chinese officials have expressed concerns about the alleged US desire to contain China both strategically and militarily, and many also appear to believe that the US is seeking the permanent separation of

China and Missile Defence

China views National Missile Defence (NMD) and theatre missile defence (TMD) as part of a pattern of activity, following NATO's expansion and the redefinition of the US-Japan defence guidelines, in which the US is seeking to extend its hegemony. Many Chinese simply do not believe that NMD and TMD are not directed against China. Chinese officials have argued that missile defences will undermine the deterrent effect of smaller strategic arsenals, which, in turn, may compel China to increase the size of its strategic forces and to develop more advanced nuclear warheads. China has warned that abrogation of the ABM Treaty and US NMD and TMD deployments would undermine US-China relations.

With regard to TMD specifically, officials have criticised the US position as an attempt to contain China's growing influence in the region and to secure the US military presence and strengthen its alliances in Northeast Asia. China's particular concern is Taiwan. The government has repeatedly demanded that the US pledge not to sell TMD to Taiwan. US officials have countered by arguing that China's missile deployments are destabilizing because of their large size, China's demonstrated willingness to use them, and its failure to renounce the use of force against Taiwan. Consequently, Chinese missile deployments have only increased support for TMD in Taiwan and US Congressional backing for Taiwan. Chinese officials have argued that China has the right to deploy missiles anywhere in the mainland. They have also rejected the notion that TMD in Taiwan is driven by China's missile deployments along the coast. They have warned that TMD sales to Taiwan would undermine Sino-US relations, and view TMD as a first step toward expanding the Japan-US defence alliance to include Taiwan.

Taiwan from Chinese sovereignty. There is little doubt that Chinese leaders view the US as the greatest threat to China's national security and foreign policy goals.

China is also concerned about Japan's 'militarist' tendencies, its expanded potential regional security role, and its strengthened defence ties with the US. The revised US-Japan defence co-operation guidelines and Japan's continuing military modernisation are viewed as evidence of Japanese assertiveness and strategic ambitions. China is also concerned with Japan's active involvement in the US theatre missile defence program and the potential for an anti-China coalition involving the US, Japan and Taiwan.

Over the past few years, Russia and China have drawn closer together, given their shared concern of US (and NATO) strategic ambitions, especially in the aftermath of Kosovo. Their common cause in opposing "hegemonism and power politics" is reflected in their joint opposition to the US missile defence initiatives. Moreover, both countries have become more active in the Korean peninsula security situation, no doubt as part of an attempt to undermine the rogue state rationale for US missile deployments. Russia has urged the formation of a strategic triangle, involving Russia, China and India to counter US global influence. While China has voiced strong support for the bilateral strategic partnership with Russia, it remains cautious about formal links with India.

India's *de facto* status as a nuclear weapons state has alarmed China, especially since the May 1998 nuclear tests were justified on the grounds of the security threat posed by China. India has since retracted these statements, but both sides clearly view the other as potential strategic competitors. While a process of rapprochement has been underway for more than a decade, mutual mistrust will remain, with China's relative closeness to Pakistan arguably serving as a litmus test for the state of the relationship.

Military Modernisation

The PLA continues the long-term program of force modernisation. The requirement is to develop a diversified yet integrated force structure with a greater emphasis on high-technology weapons. Professional train-ing and education are now key priorities, as are military research and development. While domestic production

The PLA and the Lessons of Kosovo

PLA analysts paid close attention to the Kosovo conflict. While noting similarities between NATO operations in Yugoslavia and Allied operations during the Gulf War (e.g., attacks against command and control infrastructure, electronic jamming, the employment of long-range land-attack cruise missiles, and extensive use of space-based sensors and satellites), the PLA was impressed by the employment of improved laser-guided precision munitions, the array of satellite-guided weapons, and the targeting of electronic equipment, computer networks and data links. The extensive use and accuracy of cruise missiles and other precision-guided munitions reportedly prompted a review of China's strategic air defences and defensive capabilities for jamming and confusing smart weapons.

PLA analysts also noted Yugoslav perseverance against NATO attacks, and believe it would be easier for China to absorb such punishment given its geographic extent and the dispersal and hardening of Chinese strategic targets. China's air defence system is also probably better than Yugoslavia's. Nevertheless, when contemplating potential offensive military operations against Taiwan, the Kosovo conflict has more troubling implications for China. The PLA would find it extremely difficult to achieve air superiority over the Taiwan Strait, let alone carry out a sustained bombing or ground-attack campaign. Given that the PLA would have to rely on ballistic and sea-launched cruise missile attacks, the example of Yugoslavia having absorbed an overwhelming air campaign is not reassuring.

remains the focus, modernis-ation through the direct purchase and licensed production of key foreign equipment and technologies (especially from Russia and other former Soviet republics) fills gaps in inventories and increases Chinese access to advanced technologies. The PLA has sought to make a generational leap through its acquisition programs. This was demonstrated in the purchase of *Kilo* submarines, *Sovremenny* guided-missile destroyers, Su-27 and Su-30 multi-role fighters, and Russian technical assistance for the next generation of Chinese nuclear-propelled attack and ballistic missile submarines. Nonetheless, the modernisation and acquisition programs are proceeding only slowly, owing to budgetary constraints, problems in absorbing the new technologies and poor reliability associated with indigenous production.

It is the ambitiousness of Chinese military modernisation rather than the actual capabilities of the PLA that has attracted so much international attention. Without doubt, PLA priorities have shifted fundamentally from the ground forces, and the majority of acquisition programs are aimed at enhancing the range, endurance and performance of its strategic missile, air and naval capabilities as the forces which will allow China to project power at greater distances beyond its immediate borders. It is these long-term plans, coupled with the numerous sovereignty disputes, which create some unease in Asia. Although it will be many years before the military achieves its objectives, its sheer size, coupled with its nuclear weapons and ballistic missile programs, mean that China is a force to be reckoned with, and the prospect of coercive diplomacy must be a consideration of any Asian state whose interests collide with those of China.

Conclusion

China faces growing difficulties associated with ongoing economic restructuring. Although high growth rates will, over time, help ameliorate problems associated with rising unemployment, in the meantime the state confronts growing socio-economic tensions, which may increasingly challenge the capacity of one-party rule. While the Communist Party is unlikely to relinquish political control voluntarily, a more pluralistic economy will lead to demands for greater openness, which, in turn, may give rise to heightened political tensions. How China manages its potentially explosive internal dynamics will undoubtedly affect its international behaviour. Regardless of which path the leadership chooses, the ongoing transformation of China promises to have a major impact on the conduct of Great Power relations and Asian security and stability.

S.E. Speed

European Powers – France, Germany and Great Britain

During the last half of the twentieth century, the European Powers (i.e., Great Britain, France and Germany) lived in the shadow of the United States. Needing to deter Soviet aggression, Britain and France accepted American leadership as a pillar of international stability in the Cold War. Former world powers, they lacked the resources and frequently the will (especially after the 1956 Suez debacle) to act independently on the world stage. For its part, Germany, divided and fully integrated in the Western Alliance, had little choice but to accept the post-war settlement. The Bonn Republic's insecurity about its own national identity, demonstrated by a residual fear at home and abroad of any hint of German assertiveness, hobbled its foreign and defence policy-making. In all three countries, the parameters of policy were set by three factors: national will, resource constraints and an overarching security need to maintain the transatlantic linkage forged after 1945.

Table 1. Profile of the European Powers

	Population (millions)	1999 GDP (US$ millions)	Armed Forces
Germany	82	2,134	332,800
France	59	1,427	317,300
Great Britain	59	1,357	212,400

Today, no longer faced with a direct threat to national security, the room for the European Trio to disagree with US policy has increased. This has led to new forms of co-operation and renewed efforts to integrate Europe. It has also generated new, though unjustified, fears that a redefinition of national interests might challenge the achievements made to date. Although the Cold War era's parameters to policy remain largely intact, the three European Great Powers are now more willing to assert (or, more frequently, to advocate) more independent foreign and defence policy thinking. The new agendas that these countries are following share three dimensions: transatlantic, intra-European and global.

Transatlantic Dimension

Any discussion of the foreign and defence policies of the three European Great Powers must obviously examine their relationship with the United States. The relative global weight of the US, as the sole superpower, has greatly increased since the end of the Cold War. This has led to a concern, expressed by many European countries, about the growing tendency toward unilateralism in American foreign policy. For them, the culture of consultation, which characterised much of the decision-making within the Western Alliance during the Cold War, no longer seems as valued by Washington. This disquiet has been evident in reaction to a number of issues and has most recently been underscored by the US determination to deploy a national missile defence system that most European allies regard as ineffective and likely to jeopardise important arms control

regimes. In each of these areas of discord, Europeans have accused the United States of imposing decisions rather than seeking consensus. Of course, tensions have always existed within an alliance that Henry Kissinger once termed "the troubled partnership." These natural tensions have simply been accentuated as of late.

It is in this altered environment that the policies of each member of the European Trio must be viewed. Radical changes have not taken place in the past decade, nor are they likely in the near future, but adjustments will continue. Observers can expect that Great Britain's commitment to NATO and its "special relationship" with the United States will remain at the core of its foreign and defence policy. This was particularly evident during the war in Kosovo, when the Blair Government was the strongest European advocate of the US-led intervention, and the support it gives to US policy on Iraq. This traditional stance has, however, been accompanied by an unprecedented level of support for the construction of a collective European military capability. The St. Malo Declaration (November 1998), and subsequent European Union (EU) declarations, have meant that British policy appears to have moved considerably toward the position long held by France. While such a development advances the European idea, it obviously also has transatlantic implications.

The long-time French goal of making Europe a counterweight to American influence, which began with De Gaulle, has only been fortified by the end of the Cold War. Describing the United States as an *hyperpuissance*, France has been the strongest advocate for the development of European military capabilities (i.e., the Common European Security and Defence Policy) within the EU. Paris believes that such a capability will allow Europeans to manage their own affairs, and to deal with the US as an equal when transatlantic differences should emerge.

Alongside its membership in the EU, Germany's relationship with the US is characterised by admiration, affection and resentment. The guarantor of the Federal Republic's security during the Cold War, Washington, unlike London or Paris, embraced and encouraged reunification. In the decade after, the United States repeatedly emphasised that it and Germany were, as President Bush stressed in Mainz in 1989, "partners in leadership." This position has led Washington to put pressure on Bonn/Berlin to play a more active international role, including the use of armed forces outside of NATO. German reticence frequently leads US commentators to accuse Bonn/Berlin of not assuming its proper leadership role. This friction, too, will continue.

Alongside security concerns, economic and cultural differences will generate the most serious tensions in the future. Some observers have argued that the United States and Europe are in fact drifting apart as Asian markets have become more important to Washington than the EU. The vitality of the North American Free Trade Area (NAFTA) and other Western Hemispheric trading relations would seem to be reinforcing this trend. Already evident ideological and cultural clashes will also continue to erupt, largely in reaction to the inexorable spread of American mass-culture. The opposition in all three countries to capital punishment and the widespread view that American society is excessively violent will likely be reinforced by the growing communications web. In some cases, such as the controversy surrounding the EU's hostility to genetically modified food, an issue bridges the gaps between culture, politics and trade.

Given the inherent stability of transatlantic relations, the impact of these developments should not, however, be overstated. The linkages forged after the Second World War are still relevant, and US involvement in Europe is more needed than feared. The willingness of the European Trio to join the alliance against Belgrade in 1999 demonstrated this. A security community in which armed conflict is inconceivable will remain a principal characteristic of transatlantic relations. Already substantial transatlantic commercial ties will grow. In 1998, new European investment in the US was four times larger than what it had been in 1997, and US acquisitions in Europe doubled. Moreover, both sides of the Atlantic are committed to promoting (even if they do not always practice) freer world trade. Lastly, all four countries (i.e., the US and the European Trio) are functioning and stable liberal democracies. Although differences will continue to emerge as to the best means of promoting democracy internationally – as happened in early-2000 between France and the US – they are all committed to those values. European integration could, if fully developed, create a serious rival for American global leadership. Yet the process of integration itself is fraught with uncertainty, not least because of differences among the European Trio.

Intra-European Dimension[1]

The end of the Cold War has also had an impact upon the intra-European relations of the Trio, bilaterally and within multilateral fora such as the EU. While support for the EU's agenda of economic and political integration has been based on careful calculations of national interests, France, Germany and Great Britain have always had very different visions of the European idea. For Germany, integration was a means of acquiring legitimacy and a practical mechanism of ensuring economic and political co-operation. For France, it was a way of restraining German power to improve its own security and to restore its influence. For Britain, which only joined the European Economic Community in 1971 and is more sceptical of the European idea, it has been synonymous with freer trade and pragmatic co-operation. In the past, these differences have been accommodated. The significant transformation that has taken place in Europe since the end of the Cold War has, however, strained many of these underlying principles.

The most important influence has undoubtedly been the impact of German reunification on the Franco-German relationship. While Germany was divided, the two countries were essentially equal partners, balancing vulnerabilities (i.e., France's economic versus Germany's political) with a common interest in providing assurances to each other. Since 1989, however, France has confronted a partner still eager to co-operate, but confident of its right to exercise leadership, willing to assert 'national' interests (*viz*. the demand for a rebate on German contributions to the EU) and aware of its new interests in Central and Eastern Europe. While this has created some uncertainty in Franco-German relations, this partnership remains the motor for integration.

Nevertheless, differences exist between France and Germany over the future complexion of the EU. In the near- to mid-term, both governments will push for social,

[1] For a discussion of ongoing developments in the European Union, notably the Common European Security and Defence Policy (CESDP), see *Regional Contexts – L'Union européenne*.

Focus on Germany

In 1942, Hungarian sociologist Istvan Bibo wrote that "the future of Germany is, in fact, the greatest historical problem of the age." Sixty years later, there are still many analysts who regard the "the German question" – how to fit a united Germany into a peaceful Europe – as a contemporary issue. The most populous state in Europe with the largest economy, united Germany has, in the past decade, undergone some remarkable changes. Perhaps the most important has been the coming to power of the post-war generation, and all of the major political parties are now led by people whose formative years post-date the Second World War. Consequently, while German leaders remain aware of their country's singular history, they no longer feel compelled to answer for it. The difficult (and sometimes controversial) process of "normalisation" begun under Helmut Kohl in the 1980s, has been continued by the current government of Gerhard Schroeder. This new attitude is shown in the rejection of the penance-filled policies of the past, and in a new pride in what Germany has accomplished since 1945. It is also accompanied by a demand to be judged by the same standards and accorded the same rights as other countries. "Germany has every interest," Chancellor Schroeder stated, "in considering itself as a great power in Europe – something our neighbours have done for a long time – and to orient its foreign policy accordingly within the framework of Euro-Atlantic institutions."

Since the elimination of the Soviet threat, Germany has been more concerned with domestic affairs. In part, this is due to the country's economic circumstances. Reunification greatly increased the federal government's debt due to the transfer of nearly US$400 billion to the new eastern Laender. High taxes, the highest labour costs in Europe, and unprecedented (though declining) levels of unemployment, severely weakened the economy for much of the 1990s. In an effort to redress this situation, the Schroeder Government introduced its *Future Program to Secure Employment, Growth and Social Stability*, including reductions in public spending, improvements to social welfare, and sweeping tax reform proposals. A projected GDP growth rate of 2.8 percent in 2000 could signal a new beginning for the German economy and revive the 'financial locomotive' of Europe.

The concentration of effort on the economy nonetheless assists foreign policy, for Germany's position in Europe has rested since the 1960s on its economic strength, cultural influence and geo-strategic location. With its security guaranteed by NATO, the Federal Republic has never needed to resort to more traditional security policies. Echoing Helmut Kohl's dictum that "nationalism means war," Foreign Minister Joscka Fischer has asserted, "the West is an indispensable insurance against the return of German nationalism." The government aim of deepening European integration reflects this view. The awareness that integration has brought peace and affluence is almost certainly going to continue to guide future policy.

During its tenure, the Kohl Government sought a more active international role for Germany and, since 1995, it has contributed to the NATO-led operations in the Balkans. The Schroeder Government's support for the Common European Security and Defence Policy (CESDP) and the defence reforms announced in May 2000 by the Weiszaecker Commission are designed to continue this approach. Rebuilding the Bundeswehr so that it can more effectively contribute to multinational missions will not, however, change Germany's post-1945 dislike of the use of military force. This attitude was present during the Kosovo campaign in 1999. In that sense, the "normalisation" process has not yet been completed. (That reluctance may, however, contribute to stability for Germany's neighbours have always felt more comfortable when German military strength has been devalued.) Moreover, it is not at all clear that the current government is able or willing to devote sufficient resources to modernising the Bundeswehr, due to the high priority attached to its domestic agenda. Without any direct threats and surrounded by friendly countries, there is little public pressure to spend more on defence. Given such reticence, CESDP will become even less of a priority in Berlin, especially if it seems to detract from NATO, which is the ultimate guarantor of German security.

It is too soon to predict what the long-term consequences of the united Germany will be for Europe. For the near- to mid-term, however, the Berlin Republic will continue to concentrate on its own economic problems, and its security policy will undoubtedly complement that agenda.

legal and institutional reforms, as well as support a timetable for the accession of new members. However, the overall goal of integration is a serious and probably irreconcilable dispute. Unlike France, where the nation-state is still important, post-war Germany has traditionally been more supportive of broad integration. In June 2000, for example, Paris bluntly rejected a call by German Foreign Minister Joshcka Fischer for a European federation with an elected president. For France, the EU remains a union of European states whereas for Germany, always fearful of nationalism, "a loose political union of independent states" is inefficient and anachronistic.

As German economic strength grows over time, the weight of its preferences will undoubtedly create difficulties for France. French involvement in the EU has always been premised on two factors: protection from German power and tangible economic benefits. While this general approach will continue, problems are already emerging. Some of the EU's economic policies, notably the Common Agricultural Policy (CAP) from which France has greatly benefited, now require adaptation. Indeed, the likely entry of Poland will necessitate changes to the CAP to the disadvantage of Paris. So far, France has been able to adjust to these developments – by encouraging further integration to more tightly constrain German power and by resisting radical changes to the CAP. In time, however, its ability to influence developments will decline and Paris will be forced to make concessions.

Great Britain, long the most Euro-sceptical of the three, remains opposed to both French and German objectives. It views the increased bureaucratisation of the EU as an excessive concentration of power among unaccountable agencies, and strongly rejects the notion of a European super-state. Unlike Bonn/Berlin and Paris, London remains seriously divided about the utility of the European Monetary Union and the Euro. It is far too early to judge the long-term consequences, let alone the sustainability, of the Blair Government's new openness toward Europe. There is scant evidence that the new policy reflects a profound transformation of the British people's view of itself *vis-à-vis* Europe and the United States. Due to these contending interests and objectives, the development of the EU should never be viewed as inevitable. For the EU to persist, the benefits associated with it must not be supplanted by divergences in the national interests of the three European Great Powers.

Global Dimension

While frequently in agreement, it is also important to note that the members of the European Trio also have distinct global agendas. Great Britain will continue to manage a large part of its non-NATO and non-European foreign relations within the framework of the Commonwealth, which pays tribute to British political traditions and to residual historical linkages. Similarly, France will seek to maximise its influence through the *Francophonie,* a privileged channel of relations with a number of countries, notably those in Africa. With fewer historic ties to other regions of the world, Germany relies on extensive trading links and the use of cultural organisations to fashion a presence outside Europe.

All three powers emphasise the importance of the United Nations in their foreign policies. Despite the weakness of that body, evident during NATO's intervention in

Kosovo, the UN is still regarded as the most important multinational agency – this is unlikely to change. Both Great Britain and France derive considerable prestige, within the EU and globally, from their each having permanent-member status (and a veto) on the Security Council. Indeed, France has used this position in the past to contest US policies, such as the Iraqi sanctions regime, that it regards as inappropriate – and it is increasingly likely to do so in the future. The current British emphasis on an ethics-based international order suggests that it, too, will use the Council as a platform to advocate such values – thought moderated by an awareness of likely US reactions. And, Germany, although it will not aggressively promote the acquisition of a permanent seat on the Security Council, will raise the issue any time UN reform is discussed.

Both Britain and France are also seeking to maintain and/or develop the capacity to intervene in the periphery of NATO and outside of the boundaries of Europe should the situation so warrant. The late-1999 publication of the Defence White Paper showed that Britain intends to acquire new equipment to expand deployment capabilities, while the French Armed Forces are being restructured to permit the deployment of a Rapid Action Force (50,000 to 60,000 troops) by 2002. While both countries continue to emphasise multilateral efforts, past actions demonstrate that they are capable of intervening unilaterally, if need be. The long record of French military involvement in sub-Saharan Africa and the intervention by British forces in Sierra Leone in early-2000 are cases in point.

Indeed, of the European Trio, France had the highest defence expenditure in 1999, an indication of the continuing importance placed on the armed forces as an instrument of foreign policy. Also significant is the place it still grants to nuclear weapons. While Great Britain limits its operational nuclear capabilities to a smaller submarine fleet, France plans to modernise its nuclear capability and maintains submarine and aerial components. Fully independent of the US and NATO systems, French nuclear capabilities are an important instrument of power that, with the sole exception of Britain, separate France from all other European countries. Consequently, while supporting the principle of nuclear disarmament, it is unlikely that Paris would ever agree to dismantle its own arsenal. For its part, Germany, the second-largest trading state in the world, has no aspirations to being a global power and lacks the military capabilities to project power if it did. There is no public support to change this any time soon.

Isabelle Desmartis and Ben Lombardi

India and Pakistan

In 1997, India and Pakistan celebrated fifty years of independence with a sense of disillusion over opportunities wasted. Since then, India has gained in international stature and confidence, while Pakistan has experienced a coup and abetted a crisis in Kashmir that could have provoked war between the two countries.

Political and Economic Developments

In October 1999, India acquired a new, if relative, political stability with the re-election of the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA). No single coalition party is large enough to topple the government, making it less vulnerable to blackmail than in 1998-99, but the allies did much better than the BJP. That pattern has persisted in state and local elections during 2000, with the BJP and Congress, the main opposition party, generally doing poorly and regional parties doing well. Thus, the BJP's allies may be less able to topple it, but they now have considerable influence in the coalition. The ageing Prime Minister A.B. Vajpayee is probably the only BJP leader acceptable to the NDA allies, and thus he is critical to the coalition's survival. If there are tensions between the BJP and some of its allies, the party also has concerns within its own ranks. The Rashtriya Swayamsevak Sangh (RSS), a BJP grass-roots organisation, and similar groups seek to make Hindu culture the basis of a pan-Indian identity. After the BJP won power in 1998, these groups moderated their program, but they are showing signs of renewed radicalism, notably on minority issues, economic nationalism and opposition to state autonomy. Yet for all the threats on its flanks, the government is likely to survive intact well beyond the next year.

In a dramatic illustration of the differing fortunes of India and Pakistan, in the same month that the Indian government was re-elected, the largest parliamentary majority in Pakistan's history was overturned by a coup. The Supreme Court has legitimised the coup, but at the same time it directed Chief Executive General Pervez Musharraf to hold an election by the end of 2002. The military regime has been trying to develop a political class that is not identified with discredited former prime ministers Benazir Bhutto and Nawaz Sharif, and has filled the ruling National Security Council with moderates and technocrats. However, frequent policy reversals and the gap between government performance and people's expectations are provoking widespread disillusion. Military rule has not quelled civil violence, and the government appears to be at the mercy of increasingly powerful religious parties and groups. The government's failure to live up to expectations has encouraged speculation as to whether it can indeed survive until late 2002. Some observers see tensions within the military hierarchy, pointing to Musharraf's outsider status (he is a Mohajir in a Punjabi-dominated officer corps). However, military disunity and Islamisation in the senior ranks tend to be exaggerated. Further, there seems to be a sense that this is the military's last chance to reverse Pakistan's decline, and officers have a personal and institutional interest in staving off economic and political collapse. Thus, the government appears likely to complete the term set by the Supreme Court but in such a wounded condition that it might be glad to return power to the politicians (repeating the 1988 experience).

India has the world's fifth-largest economy (at purchasing power parity), reinforcing its claim to Great-Power status. It is experiencing an increasingly broad-based recovery, and rode out the post-nuclear test sanctions quite well (they are now being reversed, although access to critical foreign nuclear and defence technology is still barred). The knowledge economy and deft management are creating world-class industries in India and fuelling domestic demand. The players in the new economy are able to override the age-old political and bureaucratic obstacles to economic growth in India, but traditional industries are still hobbled by weak infrastructure, ballooning fiscal deficits and the reluctance of politicians to jettison the patronage potential of state control. One of the pillars of recent growth has been agriculture, which has been barely touched by reform and is heavily subsidised and weather-dependent. Over the next year, the Indian economy is likely to perform very well, generating international interest and domestic expectations, while still falling short of its considerable potential.

Pakistan has always prided itself on having less poverty than India. Yet while India's poverty rates are falling, recent Pakistani data show that the number of people below the poverty line has tripled during the 1990s. Some of Pakistan's economic indicators are positive. Growth is up slightly, and nine months after the coup the Karachi Stock Exchange was up 22 percent. There were bumper wheat, rice and cotton crops in 1999-2000, and in May the government rescheduled its debt with the Paris Club. However, dependent as it is on good weather and a drip-feed of international loans, the Pakistani economy is unlikely to deliver the kind of performance needed over the next few years to restore political confidence and pose a credible barrier to Islamisation.

Foreign Relations

The past year has been one of diplomatic triumph for India, as governments set aside proliferation reservations in favour of bilateral relations with a growing power. Thus, the US has lifted some of its sanctions, and Japan is floating a strategic partnership with India. This trend denotes a belief that India's nuclear status is a fact that cannot be undone. A number of countries have explicitly or implicitly endorsed India's claim to a permanent seat on the UN Security Council (an unlikely near-term prospect). In a telling gesture, Turkish Prime Minister Ecevit left Pakistan off his itinerary during a March visit to India. President Clinton's visit in the same month reversed a half-century of mistrust between India and the US. Although Sino-Indian relations have improved over the past decade, major territorial, nuclear and other issues remain, and China is jealous of India's growing challenge to its Asian primacy. Over the next few years, India will be increasingly courted, although its new international stature and extra-regional focus may tempt it to over-play its efforts to isolate Pakistan and to miss opportunities for dialogue.

Pakistan has traditionally counted on the friendship of powers as diverse as the US and China, but its miscalculations in 1999 only emphasised the growing international isolation resulting from other developments (including its backing of Taliban). In part, the diplomatic miscues flow from the multiplicity of foreign policy actors in Pakistan, from the Foreign Ministry to the Inter-Services Intelligence agency. The military government is making strenuous efforts to restore traditional ties, notably with Iran and China. In this endeavour it has been helped by China's jealousy of India: US intelligence

reports show that Chinese assistance to Pakistan's nuclear and missile programs has actually increased during the past two years. Relations with the US have deteriorated, and while Washington drew back from terming Pakistan a state sponsor of terrorism, it wants Islamabad to take action against terrorism and to promote a broad-based government in Afghanistan. Over the next year, Islamabad is likely to resist domestic pressure to maintain a strongly Islamic foreign policy, and will probably moderate its stance on Afghanistan and even (to a lesser degree) on support for the Kashmir insurgency.

Defence and Security

Indians, and the BJP in particular, are convinced that military prowess – and no longer the Nehruvian tradition of moral stature – is the currency of Great-Power status. Yet behind the imposing size of the armed forces, the jingoism of the 1999 Kargil incursion, and lavish (and often unrealised) procurement plans are realities of organisational, training, equipment, intelligence and other deficiencies. At the same time, India clearly has the military capacity to meet all likely threats to its security short of a full-scale nuclear war.

India faces security challenges from a number of directions. Senior officials have termed China the main long-term threat, although recent developments have redirected New Delhi's attention on Islamabad in the near term (*see box*). A substantial proportion of India's defence effort goes into internal security. Finally, India sees peacekeeping as a means of promoting its candidacy for a Security Council seat, and, as a result, by mid-2000 was by far the largest contributor to UN operations. India's latest budget projected a 28 percent increase in defence spending, alarming Pakistan and other countries but in reality falling far short of the defence effort of the late 1980s. The Kargil incursion has opened the purse strings, but a costly emphasis on indigenisation and poor inter-service co-ordination indicates that India's procurement process will continue to be wasteful and tardy. The problem has been compounded by US sanctions, which have impeded both foreign acquisitions and domestic development. Logistics are a problem, as are joint operations. A fire in April destroyed explosives worth US$1.5 billion, seriously degrading operational readiness, and much of the naval and air force inventory is non-operational. Despite the morale fillip provided by Kargil, the army has severe recruiting problems, owing largely to its heavy involvement in counter-insurgency operations.

In June 2000, US officials told the media India lagged behind Pakistan in nuclear capability. They contended that India probably has "a handful" of nuclear bombs, no nuclear-capable missiles, and fewer aircraft than Pakistan able to deliver a nuclear payload. They believe that the *Agni* intermediate-range missile (which is designed to counter China rather than Pakistan) will not be fielded with nuclear warheads for another ten years. Some observers feared that revelations of nuclear inferiority would spur India to greater effort, and, in fact, a month later it was announced that New Delhi had removed all regulatory controls over its chief nuclear agency, implying acceleration of the nuclear weapons program.

Adding to India's problems of nuclear credibility is its weak nuclear infrastructure. Its command and control structure is rudimentary, its nuclear doctrine is in flux, its early-warning systems are inadequate and the services are ill informed about the

employment of nuclear weapons. In addition, the Indians are likely to have severe problems storing, securing and transporting nuclear weapons. India has refused to join

India-Pakistan Conflict

In early 2000 India-Pakistan relations were at a peacetime low, and an ABC documentary warned that Kashmir could prove the catalyst of a nuclear war. Although the situation has since come off the boil, the two sides are firmly entrenched in their positions on Kashmir. Kashmir is an emotive issue that makes it difficult for either side to retreat from hard-line positions. For Pakistan, it also unifies the country in a way no other issue does. Pakistan says that it gives only "moral and diplomatic" support to militant groups in Kashmir, but it is clear that it has provided more practical help, too. However, there have been signs during 2000 that Pakistan is reducing its material support for the militants. Since Kargil the militants in Kashmir have escalated their attacks, particularly targeting the security forces. The response of the Indian and Kashmir governments has been to try to improve security and to seek a political solution. Possibly in response to American urging, in May 2000 New Delhi launched a political dialogue in Kashmir by releasing secessionist leaders, a major shift in the Indian approach. India also responded with alacrity to a July 2000 cease-fire offer by one of the leading militant groups (the only major group whose fighters are mainly Kashmiris). The offer was probably prompted by heavy casualties and by public war-weariness, as well as by rivalry between the militant groups. The truce collapsed after two weeks. While its failure might increase India-Pakistan mistrust (following the demise of the Lahore rapprochement of early-1999), it may also exacerbate tensions between indigenous (Kashmiri) and foreign militants, since the pressures that led to the cease-fire have not disappeared. New Delhi is likely to try to exploit any such divisions. If, at the same time, Indian administration of Kashmir is improved, the insurgency may lose steam, particularly if Islamabad is seen to be backing foreign militants who are prolonging Kashmir's misery.

Map not available

India does not accept the Pakistani position that Kashmir is the central issue in bilateral relations, and may see in negotiations with indigenous Kashmiri groups an opportunity to reduce Pakistan's influence in the state. Apart from Kashmir, a number of issues divide the countries, among them a territorial dispute in the Rann of Kutch, the definition of the line of control (LOC) on the Siachen Glacier, an Indian proposal to build a dam on Wullar Lake in Kashmir, commerce, terrorism and drug trafficking. The two countries came close to agreement on some of these issues in the early-1990s, only to draw back, and thus they remain not only as individual irritants but also as symbols of opposed negotiating strategies. India argues that progress on these issues will build confidence. One impediment to dialogue is Indian mistrust of Musharraf, who is seen as the author of Kargil.

the Non-Proliferation Treaty (NPT) as a non-nuclear weapons state, and will be reluctant to sign the Comprehensive Test Ban Treaty (CTBT) as long as there are questions about

its nuclear capability (the single thermonuclear explosion in May 1998 seems to have fallen short of its planned potential).

Separatist, communal and political violence are frequent occurrences in India, but a huge and debilitating counter-insurgency effort may be having some effect. Since 1992 the militancy in Punjab has been largely dormant. There are signs of breaks in some of the long-running insurgencies in the northeastern states. However, as soon as violence is suppressed in one area, it seems to rear up in another, and inter-tribal feuds, which are often responses to immigration, land-hunger and under-development, are common and not easily eradicated. In Kashmir, the violence has escalated since Kargil (*see box*). Counter-insurgency operations are a major distraction for the Indian army. For example, as many as six divisions were deployed in a counter-insurgency role in the northeast before Kargil (the army plays a lesser role, and paramilitary forces a greater one, in Kashmir).

In striking contrast with India, Pakistan has spent roughly half its independent existence under military rule. Pakistan (like Israel) has little 'strategic depth,' but does have the enormous advantage over India that it need concentrate on only one external threat. In fact, national security is viewed almost exclusively in terms of the threat India is thought to pose. Pakistani officers believe that they have an edge in Kashmir, because of the terrain, but worry that the growing gap in conventional capabilities makes their country vulnerable along the international border farther south. Yet the involvement of regular troops in the Kargil operation in 1999 suggests that Islamabad thinks that it can needle India on the line of control (LOC) in Kashmir without unmanageable repercussions. That this can be a risky strategy was demonstrated in 1965, when an incursion similar to Kargil escalated to a war across the international frontier.

Despite military rule, Pakistan has not tried to match India's increased defence spending, and a precarious fiscal situation, continuing sanctions and ageing equipment have greatly eroded Pakistan's conventional capabilities. However, the US now thinks that Pakistan has up to five times as many nuclear warheads as India, as well as more effective air and missile delivery systems. In fact, US government sources report that the Pakistanis have weaponised their nuclear devices by placing them atop missiles. Like India, Pakistan's nuclear infrastructure (early warning, command and control, and so on) is rudimentary, although the command structure – as an offshoot of military rule – may be better articulated. A growing conventional disparity between the two countries is likely to lower the Pakistani nuclear threshold. On the other hand, Pakistani leaders claim that it was their country's nuclear capability that prevented the Kargil crisis from escalating to the fourth India-Pakistan war, a viewpoint that might tempt them into future Kargils. With regard to the NPT and CTBT, Pakistan differs little from India.

Internal security is more clearly assigned to paramilitary forces in Pakistan than in India, but the Pakistani military has major domestic distractions of its own, principal among them now the attempt to run the country. It is thought that almost 100,000 troops are involved in efforts to remedy infrastructural problems of all sorts (administration, utilities, courts, schools, census and so on). Such activities not only open the armed forces to corruption and indiscipline, they also negatively affect readiness. Pakistan has had separatist and ethnic problems, but they are currently less dangerous than sectarian Sunni-Shia strife. The coup initially dampened the violence, but it is once again on the increase and may in the process have forced some revision in the attitude of the military

towards Afghanistan and Kashmir. There have been attempts to place limits on the militants, but as yet their activities have not been severely constrained.

Conclusion

India is increasingly confident of its international stature, epitomised in a new foreign policy activism. The visits of Clinton and Ecevit, and recent indications of support for Delhi's Security Council ambitions, both typify the new respect India garners and indicate the successful culmination of New Delhi's long campaign to de-link India and Pakistan on the world stage. While India's military strength tends to be exaggerated, it is clearly able to cope with most conceivable security threats. Domestically, India can expect a continuation of relative political stability and economic recovery.

India may have had a good year since the end of the Kargil episode, but the same cannot be said of Pakistan. The military regime has stanched the rapid economic decline that followed the nuclear tests, but it has failed to give political direction to the country, emboldening the Islamic groups. Although the coup was another in a series of diplomatic disasters for Pakistan, the regime has made strenuous and partially successful efforts to reduce the country's isolation. The need to recover international goodwill is likely to enforce moderation on Islamabad and to curtail (but not end) its backing for militancy. The military regime should be able to maintain itself for the next two years. However, the strain of juggling political rule and civil administration, and at the same time presenting a credible military response to both external and internal security threats in a climate of financial stringency, will encourage a return to barracks by 2003. If the period of relative calm is not (as is probable) used to generate political renewal and economic recovery, there will be one less barrier to accelerating decline when the military relinquishes power.

India is unlikely to make much of an effort to resume a substantive dialogue with Pakistan over the next year, leaving the Kashmir issue no closer to resolution, if less virulent than at the start of 2000. The growing gap between India's performance (diplomatic, political and economic) and that of Pakistan, along with the widening gulf in conventional military capabilities, will make nuclear weapons ever more talismanic to Pakistan. Its nuclear capability and jealousy of India may seduce Islamabad into renewed activism in Kashmir, but stronger Indian defences, international pressure and economic realities should temper that temptation. While Pakistan largely defines itself by its relationship to India, and thus derives some benefit from confrontation, India is looking ever farther afield, exacerbating Pakistani insularity and frustration.

Tony Kellett

Regional Contexts

The European Union

In the past year, we have witnessed some major developments surrounding the initiatives aimed at giving Europe an enhanced military capability. These initiatives have not developed past the stage of mutual declarations and the definition of objectives, but it would be a mistake to underestimate their significance. First of all, they reveal a willingness on the part of the Europeans to take a more pro-active approach to security issues and to display greater autonomy in managing crises. Most importantly, however (and irrespective of the real progress the Europeans make in this area), the political negotiations associated with these various initiatives may have a major impact on transatlantic relations and hence on Canada.

The Europeans maintain that the development of their military capabilities will help strengthen NATO by making Europe better able to pull its military weight and by putting more resources at the Alliance's disposal. However, while in the past we anticipated that these capabilities would be developed within NATO, a principle which found expression in the concept of the European Security and Defence Identity (ESDI), the European defence initiative is now deriving its strength from within the European Union (EU). Thus, despite the fact that the term ESDI continues to be used within NATO, the EU now prefers to allude to its European Security and Defence Policy (ESDP). This is not a purely semantic distinction. It allows the EU to unequivocally proclaim its desire to remain independent of NATO. This new European policy meshes with the broader framework of the Common Foreign and Security Policy (CFSP) and constitutes the security and defence component.

European Military Objectives

In June 1999, during the Cologne summit, the EU decided to absorb all the tasks relating to crisis prevention and management ("Petersberg" tasks) previously assumed by the Western European Union (WEU). There can be no doubt, however, that the highlight of the past year was the Council of the European Union held in Helsinki in December 1999. It was on that occasion that the heads of government of all the EU member countries set themselves the following Headline Goal:

> "(…) co-operating voluntarily in EU-led operations, Member States must be able by 2003 to deploy within 60 days and sustain for at least one year military forces of up to 50,000 to 60,000 persons (one army corps or 15 brigades) capable of the full range of Petersberg tasks defined in the Treaty of Amsterdam."

To guarantee the autonomous nature of this force, the nations pledged to develop the requisite capacities of command, control, intelligence and logistics, the necessary air and naval elements, and additional combat support units. The force must be capable of fully deploying within 60 days, of remaining in place for a minimum of one year, and of being preceded by rapid reaction elements. What this means, therefore, is that a sizeable pool of reinforcements must also be in position to relieve the initially deployed forces; thus, the EU has set itself a much more ambitious goal than might appear at first glance.

In addition, the EU, with the same goal of autonomy in mind, decided at Helsinki to develop its own political and military elements to handle decision-making and management. Three permanent new agencies will therefore be created. First of all, the Policy and Security Committee, composed of high-level national representatives, will exert political and strategic control over military operations under the direction of the EU Council. It will receive assistance from a Military Committee composed of the army chiefs of staff. Finally, a staff will also be established to provide early warning, evaluate situations, conduct strategic planning and pursue military operations. On 1 March 2000, temporary bodies will be created to begin work pending the establishment of these three permanent agencies.

In fact, the agreements reached at Helsinki merely consist of general guidelines, and much negotiation, planning and co-ordination will be required before they can finally be implemented. In November 2000, all the EU member countries will be attending a *Conférence d'offres d'engagements en matière de capacités*[1] where they will evaluate the resources these countries are prepared to commit. This will likely represent a major step in the process of implementing Europe's overall objective, since it will allow the EU to assess its practicality in the short term.

The achievement of these European objectives will depend not only on these discussions among EU members but also on the success of the EU and NATO in co-ordinating their actions and agreeing on the nature of their future relationship.

EU-NATO RELATIONS

From July to December 2000, the EU was directed by a French Presidency with a strong commitment to the issue of European defence. The French focussed on four objectives: (1) the adoption of a security agreement primarily designed to regulate the exchange of information between the two organizations and access to the NATO planning structures; (2) the fine-tuning of the Helsinki objectives relating to military capacity; (3) the definition of the arrangements for giving the EU access to the collective resources of NATO; and (4) the drafting of the standing arrangements governing future EU-NATO relations. Successful achievement of any and all of these goals will require co-ordination between NATO and the EU. In fact, an EU suggestion has already led to the creation of four *ad hoc* EU-NATO working groups tasked with addressing the four objectives of the French Presidency.

During its tenure, France has also managed to effectively integrate a large segment of the WEU into NATO. NATO has suggested on numerous occasions that the wide range of mechanisms used to promote co-operation between the WEU and NATO be appropriated and adapted to the task of building relations between the EU and NATO. The EU, however, has proved reluctant to pursue this issue. It wishes to preserve its ability to make decisions and take action autonomously and views itself as an equal partner with NATO. For example, despite the fact that the EU wants the right to use NATO's resources to pursue some of its future military operations, it also foresees

[1] A pledging conference on capabilities

conducting operations independently of that body. Thus, the EU will agree to take advantage of the mechanisms promoting co-operation between NATO and the WEU so long as it is not relegated to a subordinate role and can preserve all the freedom it desires.

The EU's desire for independence, though understandable, may lead to duplication of effort in the two organizations and the creation of parallel structures that work at cross-purposes. The resources the European countries are prepared to allocate to defence are limited, and given the social and economic realities facing European governments there is little likelihood of their being significantly increased any time soon. Should the Alliance be deprived of these relatively scarce resources, therefore, its future effectiveness would be placed in jeopardy. Consequently, the military planning process within these two organizations must be closely co-ordinated, particularly within the framework of the Initiative on Defence Capacities, an agreement adopted by NATO in Washington in 1999 and designed to enhance the military effectiveness of the Alliance and the interoperability of its members. The EU acknowledges the need for the European objectives and those deriving from this initiative to be mutually reinforcing. It has also affirmed its willingness to use existing NATO planning procedures, "where appropriate". Nevertheless, collaboration between NATO and the EU is still at the embryonic stage, and it is too early to predict the results.

Another crucial aspect of EU-NATO relations concerns the consultation and participation of Alliance countries in EU crisis management operations. Such operations fall into two categories: those involving recourse to NATO resources and those undertaken by the EU on a completely independent basis. Alliance countries who do not belong to the EU have expressed a desire to be consulted as much as possible in both cases and wish to be allowed to participate in such operations.

During the EU Summit at Feira in June 2000, agreement was reached on certain consultation mechanisms according to which European allies who do not belong to the EU will take part in a consultation program that will also include EU candidate countries. This "15 + 15" structure will consist of the 15 EU members plus the 13 EU candidates (including Hungary, Poland, the Czech Republic and Turkey, who also belong to NATO) and 2 European NATO countries (Iceland, Norway). Within this structure, "15 + 6" training sessions will also be conducted, i.e., sessions attended by the 15 EU members and the 6 European NATO members.

Should a crisis erupt that may require a response, an intensification of dialogue and consultation will take place. Under such circumstances, the participation of non-member countries will be subject to certain restrictions. They may contribute, if they so wish, to EU-directed operations requiring the use of NATO resources and capabilities. However, they will not be allowed to contribute to independent EU operations unless invited by the EU. Moreover, the rights and obligations of these participating countries will be identical to those assumed by EU members "in terms of the operation's current management". In other words, their right to review the major political and strategic decisions underpinning the operation will be limited.

Such restrictions further attest to the EU's determination to strongly assert its independence vis-à-vis NATO. The simple fact of including EU candidates and European NATO members in the same consultation process is significant from this standpoint. The

EU therefore places its long-term European NATO partners and its new partners in the EU on an equal footing.

The exclusion of Canada (and, of course, the United States) from this consultation process again highlights the separate identity that the EU wishes to establish vis-à-vis NATO. The EU will continue to negotiate with Canada within the framework of their transatlantic partnership, but it sees no reason to include it in a consultation process that it deems strictly European.

French/English Miniglossary on the Development of a European Defence Policy

À l'intérieur de l'OTAN	***Within NATO***
IESD: Identité de sécurité et de défense européenne	*ESDI :* European Security and Defence Identity
À l'intérieur de l'UE	***Within the EU***
PESC : Politique étrangère et de sécurité commune	*CFSP :* Common Foreign and Security Policy
PECSD : Politique européenne commune de sécurité et de défense	*CESDP :* Common European Security and Defence Policy
Nouveaux organes politiques et militaires de l'UE	***New EU political and military bodies***
CPS: Comité politique et de sécurité	*PSC :* Political and Security Committee
CM : Comité militaire	*MC :* Military Committee
ÉM : état-major	*MS :* Military Staff
Interaction UE-OTAN (Europe)	***EU-NATO (Europe) Interaction***
Rencontres à 15 + 15 : les 15 membres de l'UE + les 13 aspirants à l'EU (Bulgarie, Chypre, Estonie, Hongrie*, Lettonie, Lituanie, Malte, Pologne*, Roumanie, Slovaquie, Slovénie, Tchéquie*, Turquie*) + 2 membres européens de l'OTAN (Islande, Norvège)	*15 + 15 Meetings :* 15 EU Members + 13 EU aspirants (Bulgaria, Cyprus, Czech Republic*, Estonia, Hungary*, Latvia, Lithuania, Malta, Poland*, Romania, Slovakia, Slovenia and Turkey*) + 2 NATO European members (Iceland, Norway)
Rencontres à 15 + 6 : les 15 membres de l'EU + les 6 membres européens de l'OTAN (Hongrie, Islande, Norvège, Pologne, Tchéquie, Turquie)	*15 + 6 Meetings:* 15 EU Members + 6 European NATO members (Czech Republic, Hungary, Iceland, Norway, Poland, Turkey)
*Aussi membres de l'NATO	*Also NATO members

One can easily imagine the future problems that such a situation might cause should this consultation and co-ordination between NATO and the EU prove inadequate. The unity of the Alliance might be jeopardized by the division inherent in these different channels of negotiation. It is easy to foresee that the allies will want some assurance that there is adequate consultation between the two organizations before they agree to loan

NATO resources to the EU. Yet the EU, given its current military shortcomings, is much more likely in the short and medium term to conduct operations with NATO's help than to pursue a totally independent campaign. NATO and the EU have already begun negotiating the parameters of their co-operation in this area, and these discussions will continue over the coming months.

What is the Future of European Defence?

We have seen, particularly during the Kosovo crisis, that Europe's armed forces continue to be profoundly dependent on American forces in the field of crisis management. Though much work remains to be done, the efforts made by most European countries to reform their armed forces and make them better prepared to respond to new demands cannot be ignored. Of these countries, there can be no doubt that France and Great Britain have made the most progress, despite the fact that further major investments are still required, notably to enhance their deployment capacity. However, these countries are not even close to eliminating the current gap between American and European military capabilities, and the day when Europeans can totally decline an offer of American military resources seems very far away indeed.

Since there is scant hope that the Europeans will devote much more funding to military expenditures than they do now, they will have to achieve an unprecedented degree of co-operation if they want to pool their resources effectively. Such co-operation must begin at the roots, i.e., at the level of military production, so that financial resources may be expended as efficiently as possible. This means that a comprehensive restructuring of defence industries is inevitable, but such a course is rendered difficult by the existence of major divergent economic interests in the various countries. Nonetheless, some progress has been made in recent years.

We should not forget that regardless of the objectives pursued in the beginning or the results eventually obtained the process to which the EU has committed itself involves certain risks for NATO. The Alliance's foundations and its value are primarily based on co-operation and on the effectiveness of its military planning mechanisms. These two key elements must be preserved if we want to ensure that Europe's increased contribution strengthens the Alliance rather than deprives it of its essence.

Isabelle Desmartis

Central and Eastern Europe

Central and Eastern Europe in this chapter refers to the lands between Germany and Russia. Such a definition is arbitrary. The unified Germany, which is not included, is assuming its traditional role as the most powerful regional actor, and only the western *oblasts* of Ukraine can be considered to have historical links to Central Europe. Furthermore, most analysts would not agree to including the southern Balkans (i.e., Serbia, Albania, Macedonia and Bulgaria) in Central Europe. But regions in Europe have generally been a matter of analytical convenience, so that our 'Central and Eastern Europe' is more a reflection of the uncertainty about the future complexion of the European space than an acknowledgement of a distinct region.

Table 1. Central & Eastern Europe

Albania		Macedonia
Bosnia	&	Moldova
Bulgaria		Poland
Croatia		Romania
Czech Republic		Serbia
Estonia		Slovakia
Hungary		Slovenia
Latvia		Ukraine

Despite this qualification, there are commonalities found in the countries between Germany and Russia. Reflecting on this, historian J. P. Stern wrote that "there is much that is tragic and much that is absurd about the recent history of this ill-defined territory, and often it is difficult to tell which is which." Few people would take issue with Stern's judgement. Central and Eastern Europe has always been subject to the pressures of neighbouring Great Powers. Some peoples have felt (justifiably at certain times) that the existence of their culture, even their country, was threatened – frequently with unpredicted and horrifying consequences. Both world wars began in this region, and all of Europe's post-Cold War conflicts have erupted there. Nowhere else in modern Europe have political boundaries been so frequently altered by war or revolution – in 1918, 1945 and again since 1989. Nowhere else in Europe are ethnic groups so intermingled, and often so hostile to one another. Change, frequently violent, always politically and socially disruptive, has been a constant feature of the region. Without ever leaving his home, a man born in Austro-Hungarian Lemberg in 1900 would have spent his early adulthood in Poland's Lwow, endured a four-year Nazi occupation, lived several decades in the Soviet Union's Lvov and, after 1991, resided in Lviv in the newly-independent Ukraine. While revealing, this example nevertheless fails to capture the sense of historical contingency found throughout the lands 'in-between.' Given the relevance of history to the region's inhabitants, this sense will not dissipate any time soon.

Sources of Change

Ethnicity. Unlike Western Europe where, except for recent immigrants, populations are largely homogenous (often after centuries of effort to make them so), Central and Eastern Europe has traditionally been characterised by a settlement pattern in which ethnic groups are intermingled. This has led to conflict, often violent. For Poland and the Czech Republic, the Second World War and its immediate aftermath led to unprecedented ethnic homogeneity – but accompanied by enormous human suffering. More recent examples of ethnic cleansing, such as was seen in Bosnia (1991-1995) or

Kosovo (1999), are no longer acceptable to the international community. As a result, most regional actors are slowly developing mechanisms that recognise the basic rights of national minorities. This is being accomplished through improved bilateral relations with neighbouring states or with the ongoing participation of the Organisation for Security and Co-operation in Europe (OSCE) or other international agencies. In some cases, such as Polish-Lithuanian or Hungarian-Romanian relations, historical ethnic rivalries have now been displaced by growing bilateral co-operation.

Table 2. Selected National Minorities

	Size	% of General
Russians in…		
Estonia	392,000	28
Latvia	720,000	30
Ukraine	10,900,00	22
Hungarians (Magyars)		
Romania	2,000,000	9
Serbia	448,000	4
Slovakia	590,000	11
Ukraine	200,000	.5
Albanians in…		
Kosovo	1,800,000	n.a.
Macedonia	460,000	23

Source: *CIA Factbook* (1998)

Nevertheless, the political impact of national minority communities should not be underestimated. Broad-based Serb opposition to Albanian nationalism (and the political autonomy granted to Kosovo by Tito) propelled Slobodan Milosevic to power – and his policies in Kosovo were designed, in part, to retain that support. Magyar communities in Slovakia and Romania have frequently been subject to discriminatory policies, souring those countries' relations with Hungary. Recent efforts by both to improve inter-ethnic relations have contributed to regional stability, although nationalist objections to the Magyar communities still exist. Large ethnic-Russian communities will continue to generate insecurity in Ukraine, Latvia and Estonia about national identity and affect daily relations with their much larger Russian neighbour. While Kiev granted citizenship to all who resided within its borders, the official-language issue (Ukrainian only, or Russian and Ukrainian) periodically angers both sides. In the two Baltic republics, with proportionately larger minorities, Russian inhabitants feel excluded from full citizenship and political life. And, in the Balkans, modern leaders in all countries frequently manipulate the fierce loyalty to the 'nation' that emerged during the Ottoman era. The hibernation of ethnic conflict in Bosnia and Kosovo is almost certainly dependent on the NATO-led military forces deployed in both territories.

Throughout most of Central and Eastern Europe, large ethnic minorities have meant that governments' capacity to effect compromise on national identity issues has been very limited. Time might mitigate the more violent tendencies associated with inter-ethnic relations. In the short- to mid-term, however, it will not eliminate nationalist insecurities about identity and land.

Weak states. Unlike the Communist regimes that preceded 1989, many of the regional actors are now characterised by weak states where government authority is limited. Many of the countries have, as a result, been unable to effectively combat organised criminal activities, to develop long-term strategies for encouraging reforms or

to ensure that existing laws are upheld. In Romania, political rivalries, exacerbated by economic disparity, have led to violent confrontations with labour unions – the threat of a recurrence will continue. Countries whose ethnic makeup, economic weakness or under-developed political culture leaves them extremely susceptible to regional disturbances will also remain an obvious cause for concern. Bosnia-Herzegovina, Albania and Macedonia are the best examples. In Bosnia, the NATO-led Stabilisation Force (SFOR) continues to uphold the principles of the Dayton Peace Settlement (1995) – a compromise peace that stopped the fighting but was unable to reconcile the aims of the former combatants. Recent proposals (such as a joint armed forces) to create a stronger central government by weakening the authority of the two entities – Republika Srpska and the Croat-Muslim Federation – will not be welcomed by Bosnian Serbs (and possibly Bosnian Croats) who oppose Moslem political ambitions. In Albania, tribal rivalries translated onto the political stage continue to undermine government authority. In Macedonia, which sits astride Balkan trade routes, economic despair, limited reform, the war in Kosovo and the cost of maintaining the sanctions regime on Serbia have, at one time or another, exacerbated its frailty. The unrest in Kosovo will continue to impact upon Albania and particularly Macedonia, by radicalising local Albanian communities and providing an environment conducive to transnational organised crime.

Reform. In Poland, the Czech Republic and Hungary, economic and political reform has progressed considerably over the past decade. Although sectoral problems remain (e.g., agriculture in Poland), NATO membership in April 1999 and the ongoing negotiations for accession to the European Union (EU), possibly by 2005, reflect the progress so far achieved. Nevertheless, the level of economic development in these countries, and also in the Baltic Republics, will remain for decades considerably below that of even the poorest current member of the EU. Moreover, it will be many years before ongoing defence reform programs realise their goal of modern, NATO-inter-operable armed forces – reorganisation and equipment costs being prohibitive for economies undergoing transition to market economies.

Still, membership in Euro-Atlantic institutions, that nearly all regional actors desire, will in the near term be an effective incentive for implementing reforms. For example, Slovakia and Croatia, excluded from consideration by the undemocratic practices of previous governments, have begun to implement reform packages in an effort to be considered for early membership in NATO and the EU. Prospective membership will also urge continuing participation by others in Partnership for Peace and, by Balkan states, in NATO's Stability Pact and the EU's Southeast European Initiative (SEEI), all of which are designed to encourage transparency and regional confidence-building.

Countries throughout Central and Eastern Europe will still need to balance reform with the constraints of prevailing socio-economic conditions. In Albania, the loosening of state control led to wildly speculative pyramid schemes in 1996. When these investments collapsed, widespread rioting resulted and government authority collapsed throughout much of the country – it has yet to be fully restored. In Romania, the proposed ending of public support for the inefficient mining and defence industry sectors led to widespread and violent labour unrest. Confronted by trade unions and hobbled by coalition governments with ambiguous agendas, Bucharest has so far been unable to muster sufficient will to sustain a reform agenda. Should the former-Communist Social

Democrats (PDSR) emerge victorious from the presidential and parliamentary elections in late-2000, the pace of reform in Romania will almost certainly be further slowed.

Focus on Ukraine

The emergence of an independent Ukraine in 1991 was, next perhaps to German reunification, the most significant geopolitical development of the last decade in Europe. Ukraine's presence pushes Russia's southwestern borders back to where they were in the mid-seventeenth century, and insulates the states of southeastern Europe from Moscow's pressure, real or imagined. Barring serious regional crises that presently seem unlikely, those states can now concentrate on building civil societies and market economies rather than focussing on more traditional security concerns. Ukraine is fated by geography to be a borderland (*ykraina*), but it has also become the lynchpin to the post-Cold War order in Europe.

The ability to play such a role is, however, inextricably linked to the success of political and economic transition at home. Ukraine has achieved some progress in implementing political reforms, although last year's presidential election was seriously marred by unfair practices, as were the constitutional referenda of early-2000. Kiev's attempts to introduce broad market reform have tended to be even less successful. Government efforts, when made, were undermined by ideological differences with the left-wing majority in parliament, a lack of political will by President Leonid Kuchma, and pervasive corruption. The current government, led by Premier Viktor Yushchenko, has begun to change this. Under pressure from some Western governments and international financial organisations, especially the US and the International Monetary Fund, Ukraine has moved closer to a balanced budget, is considering a new taxation system and has reduced the size of the government administration. A GDP growth rate of five percent has been claimed for the first eight months of 2000, only the second time since 1991 that an increase has been posted.

Despite these efforts, problems remain. Foreign reserves to pay off loans are limited and the IMF has not yet indicated if it will grant Kiev's requests for additional funding. Foreign investors, who are necessary for economic growth, are still very wary of putting money in Ukraine, preferring instead safer climates in Central Europe. Serious wage arrears that led to widespread strikes in mid-year, continuing (some argue growing) unemployment and public despair about a decade of declining living standards will tax the government's ability to hold its course in coming months. Lastly, an emerging rivalry between President and Premier, or early parliamentary elections to increase Kuchma's influence, could divert energies away from the more important task of successfully completing the legislative program.

In most of the countries in this region – the exceptions being Poland, Hungary, the Czech Republic and the Baltic States – the rule of law is largely notional. Soviet-style clientelism and corruption are widespread, and organised crime is very active throughout the region. In the Balkans, the sanctions placed on Yugoslavia have created hardships for the economies of neighbouring states and have generated an extremely lucrative black market. In the near- to mid-term, these problems will continue. There is, nonetheless, a larger criminal dimension, as much of the drugs that are found in Western Europe transit through the Balkans. In southern Serbia (i.e., the Presevo Valley) and northwestern Macedonia, Albanian gangs, who dominate the drug trade in Germany, process narcotics from Turkey and the Middle East. Drug money from Western Europe then flows back into the southern Balkans, supporting a variety of groups (including nationalists) whose goals are not compatible with those of the international community. As long as prosperous Western societies desire illicit substances, this issue will evade a solution – with negative consequences for the stability of the southern Balkans.

Instability in Yugoslavia

Figure 1. Yugoslavia

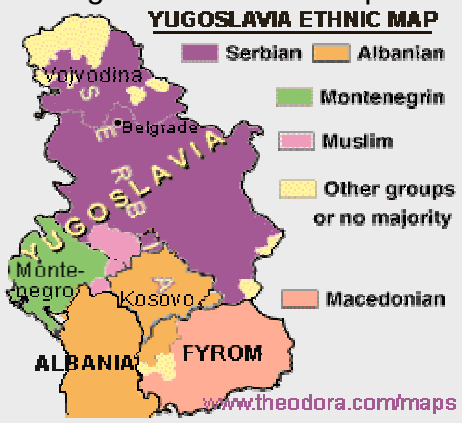
Map courtesy of www.theodora.com/maps used with permission.

Serbia & Montenegro. The situation in Yugoslavia continues to be dangerously unclear. The political, business and social elites have been compromised by their dealings with the regime of Slobodan Milosevic, and a palace coup is very unlikely. Moreover, as Milosevic is a masterful political tactician, his government should not be expected to collapse any time soon. Recent changes to the constitution now allow him to remain legally in office for several more years. Additionally, receipt of loans from the People's Republic of China and fuel oils from Russia is aiding the reconstruction of infrastructure and restoration of some social services following the war in Kosovo. The regime is, nevertheless, vulnerable. Sanctions have destroyed the economy and Serbia has the lowest standard of living in Europe. Successive defeats in war (Croatia, Bosnia and Kosovo) and the close, almost symbiotic, links between the regime and organised crime have eroded government legitimacy. A serious agricultural shortfall (to date, Yugoslavia has been self-sufficient in food) or a violent over-reaction to the opposition, either of which could lead to a widespread uprising, seem the most probable means by which the regime would be replaced. Regardless, Milosevic will not leave the political stage willingly, and a war crimes indictment prevents any form of negotiated withdrawal.

Opposition to Milosevic exists within Serbia but rivalries undermine its effectiveness. Animosity between the nationalist Vuk Draskovic and the more liberal Zoran Dzindzic shows no sign of abating. Draskovic's Serbian Renewal Party will not participate in the parliamentary elections in October 2000 and is fielding its own candidate in the presidential election. This division will make it easier for Milosevic to 'influence' the outcome of both votes. Given the stakes involved, it is improbable that the regime will accept electoral defeat. The reaction of the Serbian people to electoral fraud is, however, unpredictable.

The future of Montenegro is also an open question. Frustrated by Belgrade's resistance to economic reform and political change, it has threatened to secede from Yugoslavia. Belgrade is unlikely to accept secession, as Serbia would then become landlocked. Fearing another Balkan war, the Western community has urged Podgorica to remain inside Yugoslavia. Montenegro has refused to recognise the constitutional changes approved by the Federal Assembly in Belgrade, dominated as it is by Milosevic supporters. Any move toward secession is, however, fraught with uncertainty, not the least of which is a concern that it would split Montenegrin society itself. An intemperate move by either side could precipitate an escalating spiral of violence.

Figure 2. Ethnic Groups



Map courtesy of www.theodora.com/maps used with permission.

Kosovo. The entry of the NATO-led Kosovo Force (KFOR) in June 1999 stopped the civil war in Kosovo and led to the withdrawal of Yugoslav military and police units. The UN Mission in Kosovo (UNMIK) has sought to build a Western-style civil society in a post-war environment. Despite the best efforts of both missions, serious obstacles confront the goals of UN Security Council (UNSC) Resolution 1244 – a multi-ethnic, democratic province with considerable autonomy in the Yugoslav Federation. Although most Albanian-Kosovars have returned to Kosovo, the 180,000 ethnic-Serbs who fled in 1999 have not. While overall the killing has declined, non-Albanian ethnic communities (especially Serbs and Gypsies) remain dangerously exposed to violent, often deadly, attacks. Shadow elements of the Kosovo Liberation Army (KLA), an organisation formally disbanded and demilitarised, remain in existence and continue to import and conceal weapons, paid for by members of the Albanian diaspora or by profits from the lucrative drug trade. The Kosovo Protection Corps, the KLA's demilitarised successor, suffers from a lack of funding, and its members have frequently been caught in illegal activities: most of its senior officers, including its commander, held high-ranking positions in the KLA. Lastly, there is evidence that many of the Albanian community's leadership do not accept the most basic principles of democracy. Disagreements, often reflecting clan rivalries as much as ideological differences, have led to violence and murder. The upcoming local elections in late-October, for which few ethnic-Serbs are registered, will accentuate these tensions.

For KFOR and UNMIK, local opposition to UNSC Res. 1244's goals is not only frustrating, it is potentially dangerous. After holding two referenda on independence, the Albanian-Kosovars fought a war against Belgrade's continued rule. It is improbable that the advent of a different regime in Belgrade will alter the attractiveness of that goal. Supported by the vast majority of their people, the idea of autonomy within Yugoslavia has been categorically rejected by all Albanian-Kosovar leaders. The danger to KFOR and UNMIK will rise when, within the next few years, Kosovars come to see the international missions as the latest impediment to the achievement of independence.

Alongside the decades' old Serb-Albanian rivalry, Kosovo is also part of the region's 'Albanian question.' With Europe's highest birth rate and large communities in three states (i.e., Albania, Macedonia and Serbia), Albanians have long wanted a common homeland. Self-determination, which would almost certainly lead to a Greater Albania, would be a serious threat to the viability of Macedonia and to regional stability. For example, in early 2000, rising tensions in the Presevo Valley indicated that Kosovar activists were again advancing this goal. Despite international opposition to a common homeland, by 2020 more Albanians will likely live outside Albania than inside. Should this happen, it will be an unprecedented situation in modern European history, leading to demands for recognition that will be increasingly difficult to ignore.

Ben Lombardi

The South Caucasus and Central Asia

The South Caucasus

Independence in the South Caucasus in 1991, as in 1918, produced civil wars, border wars and persecution of minorities. None of the countries in this region has solved the problems of 1991 and what stability they have is very delicate indeed.

Azerbaijan appears the most stable of the three but that stability depends on President Aliyev who is 77. The unsettled question in Azerbaijan is whether it is to be a Turkic state, part of some potential Greater Turania, or a local state that must deal with its two large neighbours, Russia and Iran. Aliyev, because his support is rooted in pre-independence factors, has been able to side-step this question, but it remains. His two predecessors, each overthrown by a coup, personified, in turn, these two courses and their supporters are still active, at home and abroad. They are visibly readying their forces for Aliyev's departure. The air of stability and predictability that Aliyev has presented could disappear very quickly.

Georgia's stability is also tied to the life of one man. President Shevardnadze was invited back to Georgia by the authors of a coup against President Gamsakhurdia whose chauvinist policies had sparked a civil war inside Georgia and wars with two minorities. Gamsakhurdia is dead now, but there are constant difficulties emanating from his home base in Mingrelia in western Georgia. The wars destroyed Georgia's economy, which otherwise ought to have been one of the best of the Soviet successor states. Both South Ossetia and Abkhazia are *de facto* independent and the latter is especially defiant of Tbilisi. Like Aliyev, also a former Communist Party First Secretary, Shevardnadze is fairly old (72) and Georgia could again collapse into civil war on his departure.

The Karabakh war remains in stasis and periodic skirmishes have not broken the cease-fire, which has now held for six years. But the war has drained Armenia's economy, and Karabakh politicians and issues (the president himself used to be the leader of Karabakh) dominate Armenian politics. Armenia needs a settlement of the Karabakh question with Azerbaijan, if only to be able to profit from Azerbaijan oil money. There are persistent rumours that a land swap has been agreed between the two presidents but such an agreement will be hard to sell to the combatants of the three sides (Karabakh is not 'deliverable' by Yerevan). The assassination of the Prime Minister and other notables in 1999 is a reminder of how dangerous any settlement that extremists construe as surrender can be.

The large oil and gas deposits in the Caspian Sea have attracted the world's interest to the South Caucasus, but the area is only marginally stable and pipeline deals could collapse at any moment in a realignment of the political tectonic plates.

Central Asia

Most of the leaders of the Central Asian states would agree that stability is the highest value; in varying degrees, they would agree that that stability is best

accomplished by preserving the status quo. They would point to the experiences of the countries on their borders to make their case. They are much less interested – if not altogether contemptuous – of Western prescriptions for democracy or human rights, arguing that their countries are not ready for these.

They are very concerned about Islamic *jihadism* (*see box*) and point to bombings and invasions as evidence that they are not imagining this threat. Given that Moscow also regards itself as being, as President Putin has said, in the "front line" against these enemies, there is a considerable common security interest between Russia and four of the five Central Asian states (Turkmenistan keeps itself aloof from all associations). This co-operation will deepen. All states fear that a Taliban victory in Afghanistan could free thousands of fighters, trained in the Wahhabi- and Taliban-dominated *madrassahs* of Afghanistan and Pakistan, to attack Central Asia. Aid to anti-Taliban forces is now quite open.

Jihadists

Moscow and the Central Asian states are increasingly concerned that they are targets of Muslim extremists committed to the violent overthrow of their states. In this respect '*jihadist*' is a much better word than the more common 'fundamentalist' because we are not talking about religious beliefs but the use of violence to enforce certain religious beliefs. Today a large, perhaps dominant, component of the people fighting against Russia in Chechnya is *mujahaddin* committed to something quite different from a free Chechnya. In the words of Shamil Basayev, the leading Chechen commander on the *jihadist* side: "*Jihad* will continue until Muslims liberate their land and re-establish the *Khilafah* (Caliphate Islamic state)." Or, in the words of Khattab, the Arab leader of the Wahhabi forces: "Indeed this is Christian war and crusade against Islam and its people and it is an obligation upon the Muslims to support their *Mujahideen* brothers in the land of the Caucasus." Vladimir Putin has spoken of "an extremist international running along a so-called line of instability beginning in the Philippines and ending in Kosovo" against which Russia is fighting "in the front line." Both 1999 and 2000 saw attacks into Central Asia by *jihadist* fighters supported from Afghanistan and linked with Khattab (who personally fought in Tajikistan and Afghanistan) and the American *bête noire* Osama bin-Laden. All this can be learned on the *jihadists'* website www.qoqaz.net. In short, Moscow and most of the Central Asian states are creating a security alliance to protect themselves against what they see as a common threat. There have been many examples of military cooperation between them this year. This is a threat for which the NATO states can and will do little.

Several states have, or are thought to have, large oil and gas deposits but, because they are land-locked, their neighbours have some say in how these deposits will get out of their countries. This has led to a great deal of manoeuvring and deal-making, disguised, as always, as disinterested help. But geo-graphy rules and most of the exit routes will have to pass through Russia.

Therefore, the intersection of two facts, geography and *jihadism*, means that Russia's influence will remain great in the area. Russia has the essential territory for pipelines and only Russia is capable and prepared to assist when *jihadists* boil across the borders intent on establishing Taliban-style regimes in Central Asia.

G.P. Armstrong

The Middle East

Syria and Lebanon: All Quiet on the Northern Front

No Movement on the Syrian Track. A final settlement of the Israeli-Syrian dispute is unlikely in the near term. The fundamental stumbling block dividing the two countries has yet to be overcome. Syria demands that Israel commit itself to fully withdraw to the 4 June 1967 line – the line separating the belligerents on the eve of the Six-Day War – before normalisation, security, water and other issues are decided. Israel insists that Syria spell out the content of normal peaceful relations before it commits to a full withdrawal from the strategic Golan Heights. Further dimming prospects for progress in the coming months is new Syrian President Bashar Asad's preoccupation with consolidating his domestic power base and shepherding his country along the path of economic reform. For his part, Ehud Barak's focus will be on reaching an agreement with the Palestinians while trying to keep his fractured government alive until Knesset elections are held, possibly as early as next spring.

Map not available

After a four-year hiatus, Israeli-Syrian negotiations resumed under American auspices at Shepherdstown, West Virginia, on 3 January 2000. Following nine days of discussions, the two sides returned home to consider an American draft treaty. When the Israeli press subsequently published the document, an indignant Damascus suspended the next round of talks. It charged that Israel refused to demarcate the 4 June border, the precondition for addressing questions of normalisation, security arrangements and water rights. While indicating a general willingness to withdraw from the Golan Heights, Israel insisted that these questions had to be resolved before defining the border, based on the 1923 international boundary (*see Figure 1*).

President Clinton tried to break the logjam at a summit meeting with President Asad in Geneva on 26 March. Though fully aware of the Syrian position, Clinton gambled that he could persuade Asad to modify his interpretation of the 4 June line, particularly his demand that Syria return to the north-eastern shore of Lake Kinneret. He miscalculated.

The Syrians arrived in Geneva expecting that Clinton had, as one Syrian analyst later said, a "magic key in his pocket," a compromise from Barak going beyond his refusal to allow Syria access to the lake. They were surprised when Clinton had nothing new to offer and when he asked, instead, that Syria help Barak out of his domestic difficulties. Asad proved unreceptive to Clinton's requests, and the summit ended in failure.

The Israeli-Syrian track has remained deadlocked ever since, with little prospect of a breakthrough on the horizon. After Geneva, Barak concluded that Asad was not ready to make peace, and, while not closing the door to negotiations, decided to shift focus to the Palestinian track. For Barak, three key issues must be resolved before he will agree to a withdrawal: exclusive Israeli control of Lake Kinneret, post-withdrawal security arrangements, and an early-warning ground station on Mount Hermon with an effective Israeli presence. Meanwhile, Asad's successor, his son Bashar, echoes his late father's demand for a prior Israeli commitment to a complete withdrawal from every inch of occupied Syrian territory up to the 4 June line. Some speculate that, without the same personal stake in recovering the Golan as his father (who was Minister of Defence when it was lost in 1967), Bashar may prove more flexible in the precise interpretation of this line. Thus far, he has dismissed any suggestions that Syria accept a modified 4 June line. He certainly does not want to open himself to charges that he is betraying his father's legacy so early in his presidency.

Apart from the fundamental gap in their negotiating positions, both Asad and Barak have other distractions that argue against an early resolution of the dispute. Bashar was thrust into the presidency with death of his father on 10 June. The succession proceeded smoothly and the regime under Bashar appears stable so far, the prime concern of all key actors in the Syrian ruling elite.

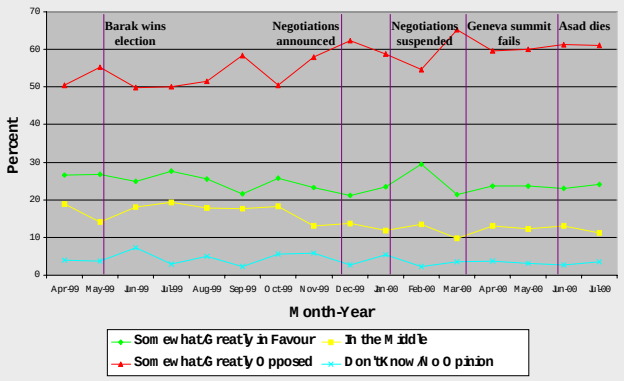
Nevertheless, questions have been raised as to Bashar's long-term survival. Still a relative political novice, Bashar must perform a delicate balancing act in the coming months. His first priority is reform of Syria's creaking socialist-style economy. As part of this restructuring, though, he must root out the corruption that pervades the system, a task he first started while his father was still alive and was there to back him up when he challenged entrenched interests. Now that he is on his own, he cannot move too quickly to push aside the corrupt Old Guard or he will alienate the very Alawite and Sunni commercial elite upon which he ultimately depends for support. Faced with these domestic challenges, Bashar is unlikely to have the time or the inclination to commit to an intensive and sustained effort on the peace process in the coming months.

Nor is Barak likely to push for an early resumption of talks. Even if he were so inclined, he could not deliver on a deal in the unlikely event that the two sides were able to reach one. Defections from his coalition government over the Palestinian track have left him with a minority in the Knesset. Under the so-called "Golan Law," a majority of 61 members must approve any deal in which sovereign territory is given up. After that, the public must vote on the deal in a national referendum. On 1 March of this year, the opposition Likud's proposed basic law on referenda passed first reading. The bill calls for a special majority of 50 percent-plus-one of all those with a right to vote, rather than a simple majority of those casting ballots, as in the government's counter-bill. Under the Likud proposal, those who do not participate in the vote for whatever reason – whether sick or outside the country – would effectively be regarded as having opposed the

agreement. Based on the May 1999 general election statistics, this means that a deal with Syria (or the Palestinians) would require the approval of roughly 65 percent of those voting.

This seems unlikely given the present mood of the Israeli public. A majority of Israelis have consistently opposed a full withdrawal from the Golan in exchange for full peace with Syria, a position that has hardened since Barak's election (*see Figure 2*). Even if he could manoeuvre an agreement with Syria through the Knesset, there is no guarantee that he could carry the referendum. Knowing this, Barak is unlikely to press for a settlement on the Syrian track in the short term.

Figure 2. Israeli Public Opinion on a Syrian Peace Deal



Source: *Tami Steinmetz Center for Peace Research* (Tel Aviv University) Peace Index Project

Quiet But Tense Along the Israeli-Lebanese Border. The situation in south Lebanon was transformed on 24 May of this year when Israel unilaterally withdrew its forces from the security zone it had occupied for the past 22 years. Though originally scheduled for 7 July, Israel moved up the withdrawal following the precipitate collapse of its client militia – the South Lebanon Army (SLA) – and the flight of 6,000 SLA soldiers and their families into northern Israel.

UN cartographers then set to work establishing the Blue Line – broadly based on the 1923 Israel-Lebanon international border – to serve as the yardstick for verifying Israel's complete evacuation from Lebanese territory, finishing their work on 6 June. Over the next eight weeks, UN and Lebanese officials investigated some dozen Israeli violations of the Blue Line before Beirut gave the go-ahead for UNIFIL to deploy throughout the south on 4 August. Five days later, a 1,000-man joint Lebanese army and Internal Security Force contingent moved into two bases in the south.

Despite the presence of UN peacekeepers and Lebanese security forces in the south, the situation along the border with Israel remains fluid. The Lebanese government has refused to deploy its forces to the border. It argues that their job is to maintain internal security and to prevent revenge attacks against former SLA personnel and their families, not to serve as a border patrol for Israel. Beirut will only dispatch forces to the border in the context of a comprehensive peace that includes the return of the Golan Heights to Syria and the repatriation of Palestinian refugees living in Lebanon.

Israel has criticised the Lebanese government for not assuming its responsibilities under UN Security Council (UNSC) Resolution 425 for security along the border. It has filed more than 400 complaints with the UN over stone throwing and other minor incidents that are an almost daily occurrence at places such as the Fatma border-crossing.

UN officials have also expressed frustration with the Lebanese position, hinting that UNIFIL's mandate may not be renewed when it ends on 31 January 2001.

The Lebanese position reflects Syria's interest in not allowing the situation along the border to stabilise in the coming months. Damascus is unlikely to encourage Hizbollah or Palestinian rejectionist groups to mount cross-border attacks into northern Israel. Israel has said that such attacks will be met with temporary ground incursions into south Lebanon as well as massive air attacks against Lebanese infrastructure and, probably, Syrian targets in Lebanon. Syria does not want to provoke a military confrontation with Israel while preoccupied with the leadership transition. Nevertheless, it prefers that the border situation remain fluid as a constant reminder to Israel that complete security in the north is not possible until a final settlement is reached.

Nor is Hizbollah likely to initiate cross-border attacks – whether guerrilla infiltration or Katyusha rocket attacks – at least in the short term. Its prestige has soared following its self-proclaimed victory over the retreating Israeli army. In elections held on 3 September, voters in the south and east of the country returned 12 Hizbollah legislators to Beirut, up from nine in 1996. Hizbollah is unlikely to jeopardise its enhanced domestic political influence by attacking northern Israel or Israeli targets abroad. Needlessly provoking retaliatory strikes against Lebanese civilians and infrastructure risks alienating those Lebanese who currently credit the resistance with spearheading the liberation of the south. Despite this, Hizbollah will maintain the capabilities and the pretexts to act against Israel. It has no intention of disarming, nor has Damascus or Beirut shown any inclination to force it to give up its arms. It will retain its weapons in order to deter, or retaliate for, Israeli strikes on Lebanon.

Should it decide to take the initiative against Israel, Hizbollah would likely justify this action in terms of Israel's failure to fulfil its obligations under UNSC Res. 425. It maintains, as does the Lebanese government, that Israel still occupies three sections of Lebanese territory and holds 19 Lebanese detainees in its prisons. However, it has promised to take its lead on these issues from the Lebanese government, and Beirut has so far indicated that it will try to resolve them diplomatically through the UN. Nevertheless, should Hizbollah decide at some point in the future that military action against Israel serves its interests, it would likely use these issues to justify its attacks.

Though a flare-up along the border is in no-one's interest, there remains the danger that other players – a breakaway faction of Hizbollah or a Palestinian rejectionist group – could take action that provokes Israeli retaliation against Lebanon. In such circumstances, Hizbollah would feel compelled to respond, possibly with Katyusha attacks against Israel's northern settlements. The Israeli response could draw Syria into the fray, leading to an escalation in violence that threatens the stability of the region. While the Israeli-Lebanese border is likely to remain quiet in the coming months, the danger of unintended escalation will remain ever present.

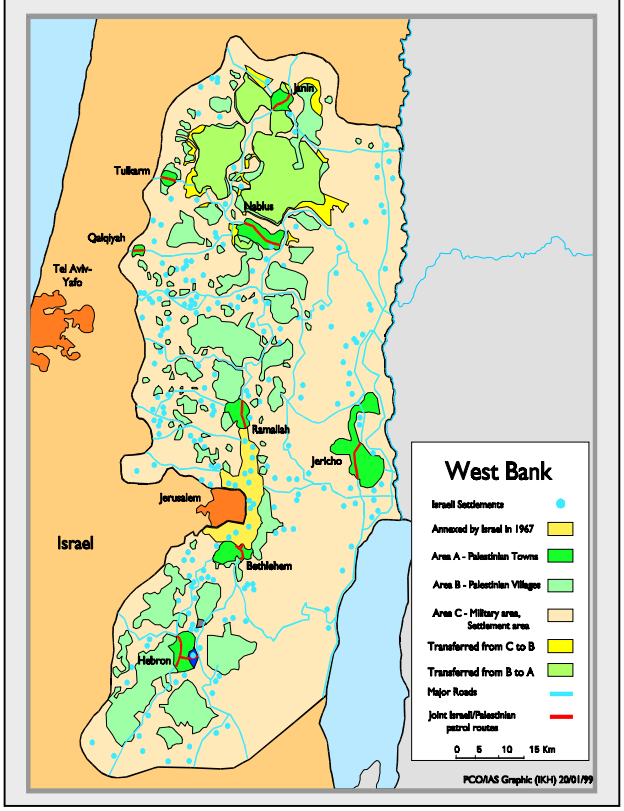
Israel and the Palestinians: What Next?

In the aftermath of the Camp David summit, it is difficult to say how the Israeli-Palestinian track will play itself out. Paradoxically, the incentives for agreement are compelling while, at the same time, the obstacles to compromise seem insurmountable.

While not ruling out the possibility of a 'surprise' agreement, it is more likely that talks will inch along in the coming months as negotiators search for common ground on the final status issues, building on the unprecedented progress made at Camp David.

Palestinian Unilateral Declaration of Statehood (UDS). Arafat has repeatedly promised to unilaterally declare a Palestinian state if a final settlement with Israel is delayed. In September, the Palestinian Central Council decided to postpone issuing a declaration on 13 September – the deadline for a permanent status agreement mandated under the Sharm el-Sheikh interim accord. This has refocused attention on two new dates: 15 November, the twelve-year anniversary of the formal declaration of independence issued at the Palestine National Council meeting in Algiers, and 1 January, the thirty-seventh anniversary of the founding of the PLO in 1964.

Figure 3. Israeli- and Palestinian-controlled Areas in the West Bank



Will Arafat declare statehood on either of these dates? Chances are that he will defer as he has on previous occasions. If no agreement has been reached but negotiations are ongoing, a unilateral declaration could kill the peace process. If Barak=s government falls after the Knesset reconvenes in October, a UDS would hurt the re-election chances of the one Israeli leader who has been the most forthcoming in trying to accommodate Palestinian aspirations, and would risk propelling the religious-nationalist bloc back into power.

However, at root, it is the fear of uncontrolled violence in the aftermath of such a declaration that pulls Arafat back from the brink. Palestinian officials insist that, should they proceed with a UDS at some time in the future, it need not lead to violence. Though they would declare a state with the 1967 Green Line as its border with Israel and East Jerusalem as its capital, they say that they would not try to extend their authority to areas not currently under complete or partial Palestinian Authority (PA) control, that is, beyond Areas A and B (*see Figure 3*).

Nevertheless, a confrontation would in all likelihood be unavoidable. Israel has threatened to annex all of Area C in response to a UDS, leaving the PA with a patchwork quilt of isolated enclaves. Palestinian officials have countered with warnings that Jewish settlers would effectively become hostages if Israel annexes large swaths of territory and seals off the PA areas. A violent flare-up in those circumstances seems inevitable, whether the trigger is Jewish settler or Islamic extremist attacks, a renewed Palestinian

intifada or mass Palestinian civilian marches on Jewish settlements. Once ignited, the violence could easily escalate out of control as Israeli and Palestinian security forces engage in armed clashes. Arafat recognises the dangers associated with a UDS. While he will continue to brandish it as a pressure tactic, he will likely back away from the abyss whenever a target date approaches.

Permanent Status Agreement/Framework Accord or a Partial Agreement? Despite dire predictions of collapse, Israeli and Palestinian negotiators resumed talks almost immediately after returning home from Camp David, trying to build on the unprecedented progress made at the summit. Both Arafat and Barak want and need a permanent status agreement. It would allow Arafat to declare Palestinian statehood with international recognition and billions of dollars in international support. An agreement would also allow him to escape the bind in which he has put himself, having repeatedly promised then delayed a UDS. For Barak, a final settlement would serve as one of the pillars of his re-election campaign – early elections would be a virtual certainty after an agreement was signed as the religious-right opposition musters more than enough support within the current Knesset to defeat a deal and, hence, Barak's government.

However, a permanent status agreement is doubtful any time soon. The time is too short and the issues too complex to resolve in the coming months. Instead, negotiators are trying to hammer out a framework accord that sets out the principles to guide the next stages of final status discussions. Even this will be hard to achieve, especially as the two sides remain divided over the thorny issue of Jerusalem.

Nor has either leader expressed much enthusiasm for a partial agreement that defers problems such as Jerusalem or Palestinian refugees. Barak prefers a comprehensive settlement that ends the conflict and ends all Palestinian claims on Israel. Postponing contentious issues only keeps these Palestinian claims alive. For his part, Arafat has made it clear that resolving Jerusalem's status is necessary before he will declare an end to the conflict, fearing that a partial agreement would weaken his future bargaining power over the city. In light of their apparent desire to solve all final status issues once and for all, a partial agreement does not seem likely in the coming months.

Israel and the Palestinians Keep Talking. To summarise the preceding analysis:

- Arafat is unlikely to unilaterally declare Palestinian statehood before the end of the year.
- Time is too short and the gaps too large between the two sides for a permanent status agreement or a framework accord to be concluded in the coming months.
- Neither Barak nor Arafat seems interested, at least at this point in time, in any partial agreement that does not address all the final status issues.

Thus, so long as Israeli and Palestinian security forces are able to restrain Jewish and Palestinian extremists and contain any violent outbreaks, the most likely scenario for the coming months sees talks continuing with no dramatic breakthrough on the horizon.

James Moore

The Persian Gulf

Iraq: Keeping Saddam in His Box

Saddam Still in Control. Despite recent unconfirmed rumours of ill health, Saddam Hussein is not expected to fall from power in the next year. Through his son and heir-apparent, Qusay, he maintains an iron grip on the Special Security Organisation, the Special Republican Guard and the Republican Guard. These security services have thus far been effective in protecting him from any and all challenges, and there is no indication that their loyalty or efficiency is likely to flag in the near term. Despite this, Saddam's many opponents in the West anxiously await a lone assassin, a military *coup d'état* or popular uprising to end Saddam's reign of terror. Whether and when this might happen cannot be predicted. At most, one can say that Saddam's violent overthrow, should it come in the next year, will be as much of a surprise to the West as it will be to him.

No Threat from the Opposition. It is unlikely that the Iraqi opposition will be the instrument of Saddam's hoped-for demise, at least in the foreseeable future. At home, Baghdad will likely keep the domestic situation more or less under control. The security forces should be able to contain the low-level guerrilla war in the Shia-dominated south, much as they have in the past. In the north, Saddam will likely keep a low profile and bide his time while the Kurdish Democratic Party and the Patriotic Union of Kurdistan continue to bicker over the distribution of power and money in Iraqi Kurdistan. He is unlikely to try to reassert control over the *de facto* autonomous north in the near term and risk provoking serious US military retaliation.

Outside the country, the exiled Iraqi opposition will remain little more than an annoyance for Saddam. In recent months, the umbrella opposition group, the Iraqi National Congress (INC), has pressed the US Administration and Congress to boost their support for its efforts to unseat Saddam. In the past year, the Clinton Administration spent US$20,000 of the US$97 million of military goods and services authorised under the Iraq Liberation Act (1998) to train three Iraqi exiles on civil-military relations. It gave the INC another US$265,000 in economic support funds from US$8 million appropriated for this purpose from Congress. An additional US$4 million grant followed in September, with another US$4 million in stages promised under a program to be worked out with the INC. And, this summer, the Administration agreed to train some 200 opposition members in international law, medicine and leadership, but not combat.

Administration reluctance to provide lethal aid and combat training to the INC stems from its conviction that the exiled opposition cannot pose a credible challenge to Saddam in the near term. Personality clashes and political differences have split the INC on more than one occasion, the most recent coming in July when the Iraqi National Accord withdrew from the group. Isolated after years in exile, the INC lacks any significant support within Iraq or, for that matter, among Iraq's neighbours. And, apart from the Kurds in the north and the Shia in the south – neither of whom is willing to cede authority over their paramilitaries to the INC – it has no serious military capability.

Nevertheless, the Clinton Administration gives limited material, organisational and rhetorical support to the opposition in order to fend off Congressional criticism of its "containment plus regime-change" strategy as well as to irritate and unsettle Saddam. Despite the bellicose campaign rhetoric coming from George W. Bush and Al Gore in the run-up to the November presidential election, this limited support is unlikely to change in the coming year, regardless of who wins the White House. The exiled opposition simply does not represent a viable near-term alternative to Saddam.

No End to Sanctions. With little prospect for Saddam's ouster in the immediate future, Washington has been content to focus on the containment element of its Iraq strategy. Central to this are the comprehensive sanctions imposed on Iraq following its invasion of Kuwait in the summer of 1990. These sanctions are unlikely to be lifted in the coming year. UN Security Council (UNSC) Resolution 1284, passed after months of acrimonious Council debate in December 1999, offered to suspend sanctions if Iraq co-operated with arms inspectors to resolve outstanding issues concerning its weapons of mass destruction (WMD) programs. Iraq has stubbornly rejected the resolution. It insists that it has fully complied with its disarmament obligations and that sanctions must end before it considers co-operating with the newly-created UN Monitoring, Verification, and Inspection Commission (UNMOVIC), whose first group of inspectors finished training at the end of August. Baghdad does not seem inclined to reverse this stand any time soon.

Quite simply, Saddam can live with the status quo, at least for now. The oil-for-food program provides the long-suffering Iraqi people with the minimum needed to survive. High oil prices and the removal of the cap on Iraqi oil sales under

A New Arrow in Saddam's Quiver?

Tight Oil Market. Crude oil prices hit ten-year highs in 2000, reflected in higher prices for refined products such as gasoline. Nor are these prices likely to ease in the coming months. Global demand remains strong and is expected to increase as the Northern Hemisphere enters the winter season. If the coming winter is colder than normal, the International Energy Agency warns that low stock levels could result in heating oil shortages.

An Iraqi Oil Cut-off? Iraq currently exports approximately 2.5 million barrels/day, accounting for roughly five percent of world crude oil production. Apart from Saudi Arabia, there is little or no spare production capacity among other oil exporters to offset the loss of Iraqi crude. The physical loss of Iraqi output along with the psychological impact of a cut-off on an already tight and volatile market would inevitably result in a temporary but sharp price spike.

Would Saddam consider temporarily halting oil exports? Fears of an Iraqi cut-off shook the oil market in September when Baghdad accused Kuwait of stealing Iraqi oil from their shared cross-border oilfields. Certainly, a cut-off would propel Iraq – and its demand for an end to sanctions – back to the top of the international agenda. Sufficient funds remain in the oil-for-food escrow account to cover food and medicine purchases for the short term. And sharply higher oil prices would boost Saddam's illegal income earned through gasoil smuggling.

Nevertheless, he is unlikely to take such action, at least prior to the US presidential election. A new Administration could present an opportunity – however slight – for a change in US policy. Disrupting the oil market during the campaign would only harden Bush's and Gore's already tough rhetorical stance on Iraq. If the change in Administration brings no change in Washington's approach, however, a temporary oil cut-off might become more attractive to Saddam, especially when winter demand for heating oil reaches its peak.

UNSC Res.1284 is expected to net Iraq an estimated US$18 billion this year. The increased cash flow to the program allowed food rations distributed to Iraqis to reach the U.N.-recommended level of 2,472 calories/person/day for the first time in July. Moreover, the hike in oil prices has significantly increased Saddam's illegal income, earning him an estimated US$42 million/month from oil smuggled out through Iranian territorial waters. This income gives him greater flexibility to buy the domestic support he needs to stay in power as well as to finance the gradual rebuilding of his WMD programs. Added to this, Venezuelan President Hugo Chavez's visit to Iraq in August – the first by a head of state since the 1991 Gulf War – and controversial Russian, French and Jordanian passenger flights to Baghdad in September highlighted the cracks that are appearing in Iraq's international isolation. In these circumstances, it is unlikely that Saddam will see any need or incentive to back down from his demand for an end to sanctions.

This, however, is not something to which the current or incoming Administration will likely agree. Despite increasing international concern over the impact of sanctions on ordinary Iraqis, Washington will continue to insist that they remain in place until Iraq has eliminated, under international supervision and verification, all vestiges of its nuclear, biological and chemical weapons capabilities. This aside, no Administration is likely in the foreseeable future to lift sanctions while Saddam remains in power. So long as he is contained, Washington, too, can live with the status quo.

The Air-war Continues. The other leg of the containment strategy is the low-intensity war of attrition that is being fought in the northern and southern No-Fly Zones (NFZs). There is little prospect that this one-sided duel will end in the year ahead.

Baghdad's immediate aim – or, more realistically, its distant hope – is to shoot down an American or British airplane patrolling the NFZs. This would provide it with a major propaganda coup, especially if the downed aviator were captured alive. However, despite its best efforts, Iraq has been unable to destroy a single aircraft in over 216,000 coalition sorties flown in the NFZs since they were first set up almost ten years ago. It is unlikely to improve upon this performance in the coming months.

In the meantime, Baghdad will draw attention to civilian casualties suffered in coalition retaliatory strikes against its air defence network, much of which is deliberately co-located in or near civilian areas. Earlier this summer, it claimed that coalition strikes had killed some 300 civilians and wounded another 900 since December 1998. The US has occasionally admitted to mistakes, such as the May 2000 attack on a nomadic camp in which Iraqi authorities claimed 19 people were killed and another 46 injured. However, Washington maintains that, while every effort is taken to avoid casualties, ultimate responsibility for such tragedies lies solely with Saddam Hussein and his insistence on challenging the NFZ patrols.

Regardless of who is responsible, the prospect of civilian casualties is unlikely to deter Washington from enforcing the NFZs. The air patrols are an important pillar in its "containment plus regime-change" strategy, the intent being to wear down Saddam's air defence network and to create sufficient discontent within the armed forces to provoke a military *coup d'état*. Barring a radical change in policy following the November presidential election – an unlikely prospect in light of the two candidates' stated positions on Iraq – the US will continue to aggressively patrol the NFZs over the coming year.

Iran: One Step Forward, Two Steps Back

Khatami to Win a Second Term. On 27 July, President Khatami announced that he will seek a second term as President in the election scheduled for May 2001. Though it is still early, he must be strongly favoured to win re-election. Indeed, his supporters are not concerned with whether he wins but, rather, with the margin of his anticipated victory, hoping to better the 70 percent vote he received in the 1997 election.

Why is he expected to win? His accomplishments to date have been more in terms of tone than substance. He has encouraged a greater sense of freedom in social and cultural matters. He has nudged the political debate between the traditionalist right and reformist factions into a framework emphasising the rule of law and the primacy of the Constitution. However, he has yet to reform the economy, an essential task if Iran is to absorb the millions of young people who will flood the labour market in the coming years. His most visible achievement – the blossoming of the reform press – suffered a severe setback in 2000 as the conservative-dominated judiciary shut down virtually all reform publications, and tried and imprisoned editors and journalists for their writings.

Nevertheless, Khatami has come to symbolise the Iranian people's desire for reform. Given the opportunity to choose between the traditionalist right and reform factions, they have consistently – and overwhelmingly – chosen the latter. The most recent demonstration of this came in the February Majlis election in which the reformist 2 Khordad Front emerged with over two-thirds of the seats in the 290-member Majlis. While some, including many within the politically active university student associations, may criticise Khatami for not moving fast enough or far enough on reform, there is, at this point, no alternative standard-bearer for reform. In May 2001, Khatami will in all likelihood once again be swept along in the Iranian people's desire for change.

But Hard Times Ahead for Reform. Despite the reform movement's victory in the Majlis election and Khatami's expected triumph in next year's presidential election, the reformers' path will not be easy in the coming year. First, there is no consensus among the reformers as to the path that should be taken. They do broadly agree that political and social liberalisation is the prerequisite to rejuvenating the economy. The first item on the reform agenda for the Sixth Majlis, for example, was amendment of the restrictive press law that the conservatives passed in the dying days of the last parliament. However, this emphasis on political reform before economic restructuring may also reflect the inability of members of the 2 Khordad Front to reconcile their different economic approaches. The modernist right Servants of Reconstruction, for example, favour a move toward industrial capitalism. Those on the Islamist left, such as the Militant Clerics Society and the Islamic Iran Participation Party, tend towards some form of Islamic socialism or restricted capitalism.

Moreover, notwithstanding repeated electoral defeats, the traditionalist right is still a force to be reckoned with. It controls key formal and informal state institutions such as the security forces, the Islamic Revolutionary Guard Corps (IRGC), the judiciary, the state broadcasting services, and the ubiquitous *bonyads* or economic foundations. The conservatives will offer stiff resistance to the reformers' legislative program through their control of the Guardian Council (*see Figure 1*). This 12-member body reviews legislation submitted to it from the Majlis to ensure it is consistent with Islamic law and

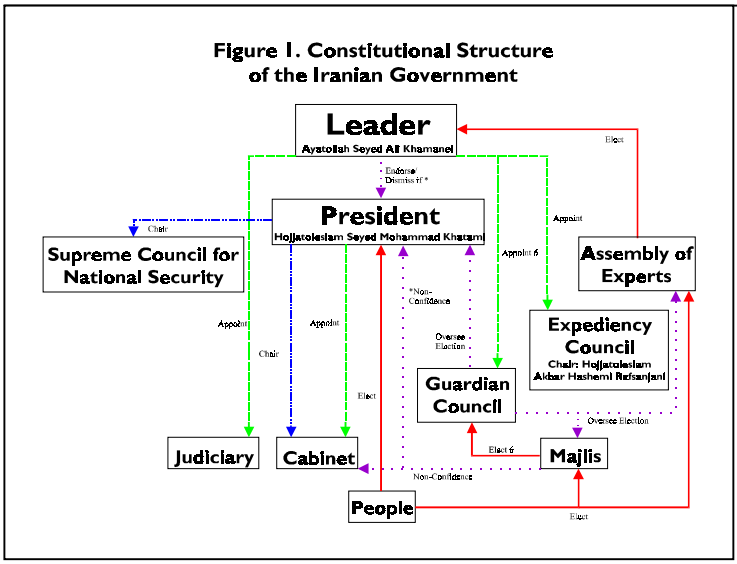


Figure 1. Constitutional Structure of the Iranian Government

the Republic's Constitution. Any differences between the Council and the Majlis are referred to the Expediency Council for resolution. This 31-member council, too, is a bastion of the traditionalist right under the chairmanship of conservative former President Rafsanjani. It will most likely support the Guardian Council over the Majlis in many of the disputes to come. Moreover, hardliners have shown that they will not hesitate to use violence to intimidate reformers, as when extremists disrupted a pro-reform university student association annual meeting in Khorramabad in August.

Ultimately, the near-term success or failure of attempts at reform will depend on the attitude of the Leader. Though at times holding to the middle ground in the factional competition, Khamenei inclines naturally toward the traditionalist right. Since the reformers' sweep in the Majlis election, he has become more unequivocal in his support for the conservatives. He has set out to steer reform efforts away from political liberalisation toward economic restructuring, under the slogan of combating "poverty, discrimination and corruption." And, in an unprecedented move in early August, he sent the Majlis a letter ordering legislators not to debate or vote on a proposed new press law, the centrepiece of the reform movement's legislative agenda. Should he abandon his perch between the factions and come down firmly on the side of the conservatives, the reformers' political agenda in the coming months will be dead in the water.

Janus-faced Foreign and Security Policies. Conflicting signals on foreign and security policies will continue to come out of Tehran, reflecting differences in attitude on international affairs between the President and his administration, and the Leader and the state and non-state institutions under his direct command.

Relations with the US. Relations between the two countries at the "people-to-people" level will slowly improve, but it is unlikely that Tehran will agree to open formal discussions with the US Government in the near term. Many Iranians believe that the time has come to normalise relations with the US. They recognise that Iran desperately needs foreign investment and support from international financial institutions in order to revive the economy. The US is the key to unlocking these investment gates.

Nevertheless, there remains a strong residual bitterness and mistrust of the US, especially among conservatives. This stems, in part, from the legacy of past and current US policies on Iran: the 1953 *coup d'état*, support for Saddam Hussein during the Iran-Iraq war, and unilateral economic sanctions imposed under the 1996 Iran-Libya Sanctions Act (ILSA), among others. As well, conservatives use the accusation that reformers want to restore ties with the US as a weapon with which to bludgeon their opponents.

Thus, the signals out of Tehran in the coming months will be somewhat contradictory. Khatami will encourage further "people-to-people" contacts with the US and try to attract American investment particularly in the oil sector. However, mindful of the potential conservative backlash should he normalise relations with the US, he will continue to rebuff Washington's offers for a direct dialogue, at least in the run-up to the May 2001 presidential election. At the same time, the conservatives, with the Leader at the forefront, will maintain their harsh anti-American rhetoric, charging Washington with plotting to subvert the Islamic Republic through its propaganda support for Western-style reform and through its cultural assault on the Republic's Islamic values.

Middle East Peace Process. Iran's leaders, whether conservatives or reformers, reject the peace process. They call for a just and fair solution to the Arab-Israeli dispute. They do not believe, however, that the current negotiating process will secure the legitimate rights of the Palestinian people, in particular an independent Palestinian state with al-Quds (Jerusalem) as its capital and the return home of all Palestinian refugees.

Reformers and conservatives differ, however, as to the extent of their active opposition to the peace process. Khatami has said that his government will not undermine the negotiations and will accept whatever arrangement the Palestinians ultimately agree with Israel. This does not appear to extend to Jerusalem, though. After the July Camp David summit, in which control over East Jerusalem and the Old City was discussed, Khatami quickly moved to co-ordinate and unite the Islamic world over the issue in his capacity as chair of the Organisation of the Islamic Conference. Iran's tough stand on this question may limit Palestinian President Arafat's flexibility in reaching a mutually acceptable arrangement with Israel over Jerusalem. As for the conservatives, they will, through the IRGC and security services under Khamenei's direction, support and encourage those Palestinian rejectionist groups trying to disrupt the peace process. These agencies will continue to provide limited financing and training to cadres from Palestinian Islamic Jihad (PIJ) and Hamas, and to promote greater co-operation between these groups and the Lebanese Shiite group, Hizbollah.

Weapons of Mass Destruction. Iran maintains a covert chemical weapons stockpile, and can produce biological agents, though there is no evidence that it has weaponised its research thus far. It has no active nuclear weapons program, but is positioning itself through its procurement and research programs to proceed with weapons development should that decision be made. However, it would take several years from the time of the decision to develop a nuclear weapon, unless it could acquire fissile material and other key technologies from elsewhere, possibly Russia or Kazakhstan. In July, it conducted the second flight-test of the Shihab-3 intermediate-range ballistic missile (IRBM), and is thought to be working on the longer-range Shihab-4 IRBM and the intercontinental-range Shihab-5.

Iran will proceed slowly but steadily with these programs in the year ahead. On this, there is broad consensus within the regime. Conservatives and reformers share the same fundamental strategic threat perception: Iran lives in a rough neighbourhood and must take whatever measures necessary to deter and defend against a range of potential long-term military threats, coming principally from Iraq, the US and Israel. WMD are seen as an integral part of this deterrent and defensive posture.

James Moore

Sub-Saharan Africa

More Turmoil and Uncertainty

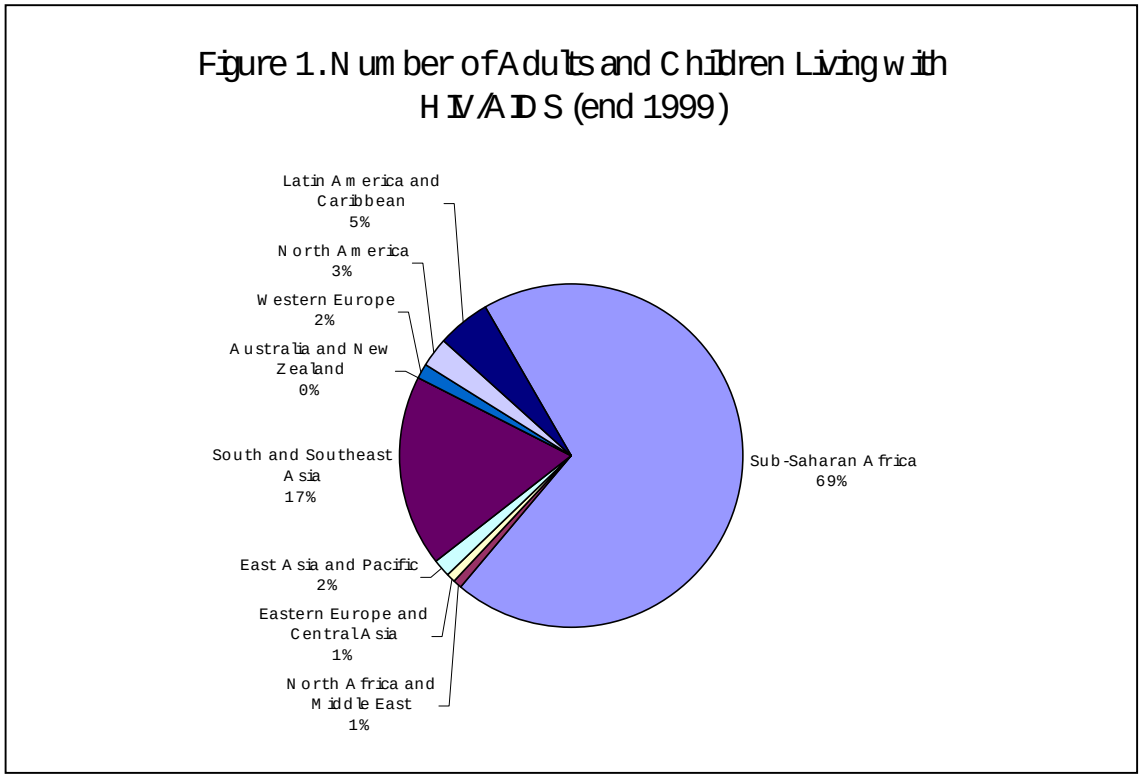
Sub-Saharan Africa lurched from one crisis to another during the year 2000, leaving little hope for any significant improvements in the near future in terms of political and social stability. The international community remains perplexed in the face of so much instability in sub-Saharan Africa. It hesitates to devote more and more resources to help resolve the problems at the root of this instability, given the lessons of past attempts and the demands created by emergencies elsewhere in the world. On the other hand, it cannot simply abandon the region to its plight because of the costs in terms of human suffering, missed economic opportunities and international instability.

Indeed, with over half a dozen countries mired in conflicts and many others experiencing various levels of turmoil, sub-Saharan Africa is one of the most unstable areas in the world. It represents only a small portion of the globe's economic activity, military power and population, so its predicament does not pose the greatest threat to global peace. Besides, the uninterrupted flow of its natural resources, such as oil and diamonds, to world markets has minimised the impact of the turmoil on international stability. However, sub-Saharan Africa is already absorbing a considerable amount of the world's resources in terms of humanitarian aid, debt relief and peacekeeping operations, not to mention the time spent by the UN Security Council on these issues. There will be no respite in the coming year since sub-Saharan Africa may face even more turmoil.

Sub-Saharan Africa currently has one failed state since no effective central government has been in place in Somalia since 1991. Efforts by elements of Somalian society and neighbouring states, notably Djibouti, to re-establish a central government have raised hopes that the country will soon emerge from its current anarchy. Meanwhile, many states in turmoil, notably the Democratic Republic of Congo (DRC), Sierra Leone and Zimbabwe, are in danger of becoming failed states. Even states with stable political systems or promising economic conditions can suddenly fall into turmoil. For example, a military coup in late 1999 toppled the government of Côte d'Ivoire, considered up to then one of the most stable countries in sub-Saharan Africa. In early 2000, massive floods wiped out much of the progress made in recent years in Mozambique, which had one of the fastest-growing economies in the world. Large and potentially powerful states such as Nigeria and South Africa face major social, ethnic and economic problems which, if not kept in check, can seriously blunt their economic and democratic development.

The Costs of the AIDS Pandemic

Sub-Saharan Africa faces an even greater predicament now that the long-term implications of the AIDS pandemic are becoming more and more evident. The situation is already serious, but it will become much worse in the coming years as the number of persons dying of AIDS in southern Africa continues to grow exponentially. While significant progress has been made in other parts of the world in dealing with AIDS, many countries in southern Africa have missed the chance to curb the spread of the



disease and to limit the mortality rate (*see Figure 1*). Thus, some of the world's weakest states are dealing with the worst possible scenario. The most developed among them, South Africa, faces the biggest potential crisis because disputes over the causes of the pandemic are delaying effective government action.

The long-term effects of the pandemic on the political, social and economic stability of many countries are dramatic. The increasing number of deaths among young adults is compromising the future economic development of many countries because it is decimating the workforce and reducing productivity. The rising number of children orphaned by AIDS and unable to get even basic education will also hamper economic development while creating conditions conducive to crime and social unrest. Governments already hard pressed to meet the demands of their citizens could be overwhelmed by the magnitude of the situation. Thus, the seeds for even more social and political instability in the next five to ten years are being planted if nothing is done to reduce the impact of the pandemic. In the more immediate future, governments may face the growing anger and despair of citizens questioning the ability of leaders and democratic institutions, if they exist, to respond to the crisis. The effects of the pandemic may further undermine the stability of states like Zimbabwe, which, thanks to the economic mismanagement of President Mugabe's government, is getting closer and closer to the brink of failed statehood.

Conflicts Drag On Despite Peace Accords

The Burden of Conflicts. The impact of the AIDS pandemic is demonstrated by the fact that more people have died of AIDS than as a result of the numerous conflicts

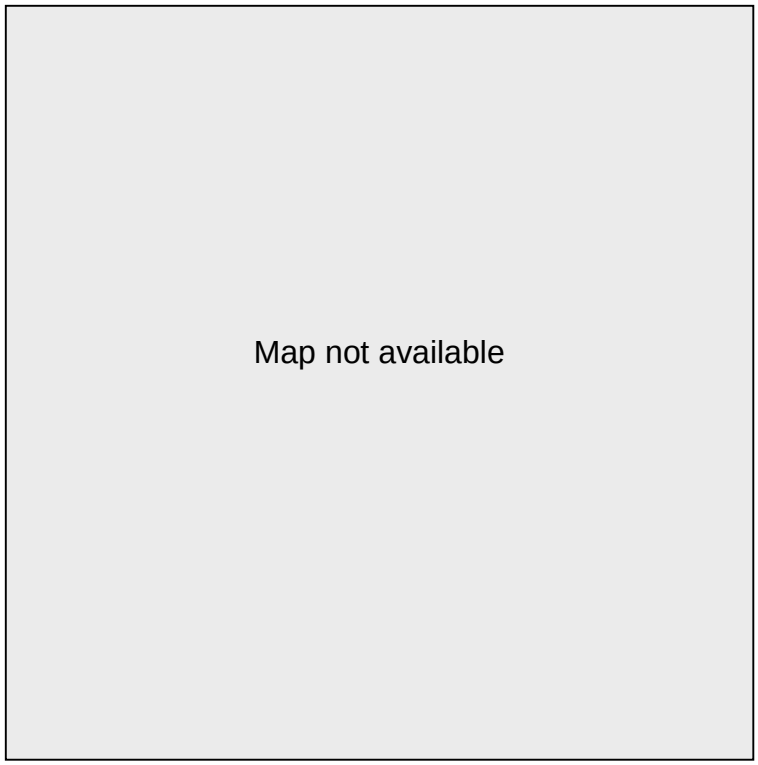
throughout the sub-continent. The extent of the health crisis is evident when the death toll from other diseases, notably malaria, is added. Nevertheless, even if conflicts are killing fewer people than diseases, they often create conditions which facilitate the spread of sickness by damaging the already limited health care infrastructure, hampering economic growth and displacing large numbers of citizens. Conflicts also create more instability since the displaced citizens compete with local residents for food and resources or become refugees in neighbouring countries ill equipped to help them. International humanitarian aid organisations are more and more hard pressed to meet the needs of persons fleeing conflicts, not to mention those of individuals facing famine conditions because of droughts and natural disasters. Amid signs of growing donor fatigue within the international community, agencies involved in Angola, Somalia and other troubled countries are now often falling short of their goals when requesting contributions from donors. There is already considerable anarchy in some areas of Angola, the DRC and other countries embroiled in conflicts where civilians roam the land for food and water while facing attacks from rebels and bandits equally desperate to find the staples of life. Countries dealing with conflicts or natural disasters will face even more instability in the coming years if international humanitarian aid fails to keep up with the demand.

More humanitarian aid would be available to victims of droughts and other natural disasters if there were fewer man-made calamities like conflicts. However, even where peace accords have been signed, conflicts seem to drag on interminably, thereby prolonging the suffering of civilians. Some of the major conflicts on the sub-continent, notably those in the Horn of Africa, in Sierra Leone and in the DRC, have taken place amid protracted peace negotiations or during the shaky implementation of peace accords. In the process, they have also raised questions about the future of peacekeeping.

Conflict in the Horn. Since 1998, Ethiopia and Eritrea have been engaged in an inter-state conflict, which was a throwback to the days when large armies attacked each other at great cost to regain small parcels of land. Ethiopia gained the advantage in early 2000 with a major offensive and, after protracted negotiations, a peace accord was signed in June. The accord paved the way for the deployment of a UN peacekeeping force, but the spectacle of two very poor countries facing drought conditions going to war for unclear motives did little to increase international hopes for peace in sub-Saharan Africa. Tensions between the two countries will likely remain high during the coming months, despite the deployment of the UN force. Both countries may also face internal turmoil while grappling with the effects of the high costs of the war.

Sierra Leone. Meanwhile, the situation in Sierra Leone is a more or less typical intra-state conflict where rebel groups are challenging the government's hold on power. However, the rebels raised brutality against civilians to new heights, prompting the international community to help restore peace as quickly as possible. A peace accord signed in 1999 gave the rebels a presence in the government and immunity from prosecution for crimes against humanity. Despite these controversial concessions to the rebels, the peace process proved to be very fragile, collapsing in early 2000 while the UN peacekeeping force was replacing the troops of the regional force, the Economic Community of West African States Peace Monitoring Group (ECOMOG). Through accident or design, the rebels resumed fighting, taking UN peacekeepers as hostages in the process. The intervention of a British military force, ostensibly to allow the

evacuation of UK nationals, prevented the situation from becoming even more chaotic. However, the humiliation suffered by UN forces not only threatened the future of the Sierra Leone operation, but also raised serious questions about peacekeeping in general. The UN now finds itself carrying out one of its largest peacekeeping operations in support of a very uncertain peace. Tensions will remain high in the coming months and there could be more clashes between rebels and UN peacekeepers. The decision by government and UN officials to put rebel leaders on trial for their crimes will also contribute to the climate of uncertainty. The financial resources of the rebels will decline thanks to international measures to monitor the sale of Sierra Leone diamonds, including those exported through neighbouring Liberia. Indeed, that country's leader will likely continue to exert influence on developments in Sierra Leone through his alleged contacts with the rebels, but increased international scrutiny will limit his room to manoeuvre.



Democratic Republic of Congo. The dilemmas of peacekeeping and peacemaking are even more complex in the conflict raging in the DRC since 1998. The conflict features not only the worst elements of both inter- and intra-state conflicts, but also a bewildering amount of delays and uncertainty in the implementation of a peace accord. One year after the signing of the Lusaka Accord in the summer of 1999, peace in the DRC remains a faint dream. The UN sent a small number of military observers, but has been reluctant to proceed with the deployment of some 5,500 personnel to monitor the cease-fire given the large number of armed clashes still taking place within the DRC. President Kabila's forces, supported by Angola, Namibia and Zimbabwe, and the three rebel groups, backed by Rwandan and Ugandan troops, continue to confront each other along the front dividing the country in half. Given the fragility of the cease-fire, little progress has been made in implementing other key provisions of the accord, notably the inter-Congolese dialogue. The dialogue is designed to bring together all the elements of Congolese society including opposition parties and rebel groups to pave the way for national elections. By refusing to deal with the internationally supported facilitator of the dialogue process and by establishing a transitional parliament with appointed members, President Kabila has created other major obstacles to the full implementation of the accord. In August 2000, Kabila demanded the re-negotiation of the Lusaka Accord.

Kabila has never shown much enthusiasm for the dialogue process because it threatens his hold on power. It forces him to make compromises with the opposition parties and the rebels and to run in elections where he cannot manipulate the selection of candidates. He has done everything possible to delay the dialogue in the hopes of clinging to power. One year after the signing of the accord, his tactics have paid off to some extent because he is still in power while the rebel groups and their supporters, Rwanda and Uganda, have demonstrated a knack to be their own worst enemies. Human rights abuses and clashes between ethnic groups in the areas they control have tarnished the image of the rebels. Tensions between the sponsors of the rebels, Rwanda and Uganda, led to battles between their troops in the city of Kisangani in the spring of 2000 which killed hundreds of Congolese civilians and provoked international condemnation. Amid all the delays in the implementation of the accord, the humanitarian situation throughout the DRC is steadily deteriorating. The large numbers of displaced persons, the rise in banditry and the increase in tensions between Hutu and Tutsi ethnic groups is creating a volatile situation which will make peace, if it ever comes, very fragile. UN peacekeepers, if phase two ever gets underway, will find themselves in the middle of a very tense and complex situation.

To some extent, the conflict has become a trap for all those involved. Kabila is trapped by a peace accord, which features a dialogue that will very likely remove him from power if it goes ahead. By blocking the dialogue, he is clearly identified as the major obstacle to peace and is vulnerable to the full fury of international condemnation and the venting of frustrations by allies tired of being caught in the DRC imbroglio. Rwanda and Uganda are also trapped because, even if the accord is fully implemented, various rebel groups like the Interahamwe may still pose a threat to their security, despite two years of war designed to neutralise the problem. Meanwhile, the international community faces a dilemma. In the face of growing African anger with its perceived preoccupation with conflicts in more strategically important parts of the world, it cannot ignore a conflict which risks entangling even more countries than it does now. However, it also fears the consequences if the mandate of the peacekeeping operation and the number of personnel deployed prove to be inadequate to the task. The situation in the DRC will likely remain very uncertain in the coming months. If Kabila continues to block the dialogue process, the stalemate will persist and the quality of life of the country's citizens will deteriorate even more. Even if Kabila allows the dialogue to proceed or somehow disappears from the scene, the implementation of the peace accord will by no means be easy. The dialogue process could be very long and complex. Besides, even if the fighting stops, peace in the DRC will be very fragile because of the ethnic tensions whipped up during the conflict and the continued presence of rebels.

Troubled States. Countries like Angola and Zimbabwe are also trapped by the DRC conflict. Angola remains allied to Kabila even though it is still embroiled in its own civil war. The humanitarian situation continues to deteriorate because of the conflict, with an estimated 2.5 million persons receiving no aid at all. The UNITA rebels will likely continue to mount guerrilla attacks despite recent defeats and the tightening of UN sanctions designed to limit revenues gained through the sale of diamonds. The chances for peace negotiations may remain slim if Savimbi, the UNITA leader, is not killed or captured. Meanwhile, Zimbabwe faces increasing political turmoil while the economy

continues to crumble. Like Angola, it can ill afford to have troops in the DRC to support Kabila, but cannot simply end its involvement in the conflict until the peace accord is implemented or its interests are otherwise protected. Whatever happens in the DRC conflict, Zimbabwe will continue its descent into anarchy, the issue of land reform being only one among many examples of the growing discontent and despair within the population. President Mugabe's leadership will remain a major obstacle to political stability and economic recovery. Another country touched by the DRC conflict is Burundi, which supports Rwanda and Uganda even though its troops have not always played a major role in the fighting. Burundi has been embroiled in its own civil war, which features a confrontation between a Tutsi-dominated government and Hutu rebels. Through the efforts of former South African President Nelson Mandela, acting as mediator, the government and many rebel groups signed an incomplete peace agreement in August 2000. Peace in Burundi will likely remain fragile during the coming months while the two main ethnic groups continue efforts to reconcile their differences.

Meanwhile, Kenya may join the growing list of countries sliding towards increasing turmoil because of deteriorating economic conditions, the effects of drought, uncertainty over the succession of President Moi, and a possible constitutional crisis. Other countries such as Côte d'Ivoire and Sudan may also face growing political instability. Even the most powerful and influential states on the sub-continent, Nigeria and South Africa, have an uncertain future. In Nigeria, ethnic and religious tensions combined with the social effects of a troubled economy may lead to more violent clashes which will seriously challenge the country's young democracy. South Africa may also face increasing social tensions as the African National Congress government reaches the mid-point of its new mandate. Although major projects designed to modernise its equipment are going ahead, the South African military is still having great difficulty integrating former rebel groups and the remnants of the apartheid-period military. Hampered by their own internal problems, Nigeria and South Africa will have a limited ability to help the development of an African peacekeeping capacity at a time when the demand for peacekeeping in sub-Saharan Africa is likely to increase.

Michel Rossignol

South Asia

With about 85 percent of the population of South Asia (including Afghanistan), and a similar proportion of the regional economy, with nuclear weapons, and above all with a history of conflict, India and Pakistan naturally get most of the international attention devoted to the region (these countries are covered separately in an earlier chapter in the Overview). Yet the remaining six countries are beginning to attract some international attention. Unfortunately the new interest is largely a product of severe internal conflict. A recent UN report has noted another unfortunate characteristic of South Asia: it is among the most corrupt and poorly governed regions in the world.

Political. In the circumstances, it seems somewhat paradoxical that regional countries are *relatively* stable politically. The average tenure of the effective heads of government of South Asia (excluding India and Pakistan) is just over ten years. Regional stability is relative in the sense that there are political and violent challenges to several regimes. In 1999, Sri Lankan President Kumaratunga was re-elected to a six-year term, but her party faces possible defeat in parliamentary elections in late-2000. In Bangladesh, a tradition of violent street protests and nation-wide strikes as a tool of winning power is seriously disrupting the political and economic life of the country. However, despite a violent history, the government seems likely to live out its term, which ends in mid-2001.

Civil Violence. Political, religious and ethnic violence is widespread, only Bhutan and the Maldives being relatively free of the problem. Three years ago, Bangladesh negotiated an end to a long-running tribal insurgency, and then secured the surrender of leftist rebels. By contrast, a Maoist insurgency in Nepal, begun in 1996, is spreading. The situation is far worse in Sri Lanka, where a civil war has raged since 1983. In late-1999, the Liberation Tigers of Tamil Eelam (LTTE) switched from guerrilla to conventional operations, handing government forces a series of defeats and nearly taking Jaffna. An infusion of foreign weapons enabled the army to hold Jaffna, but its defeats led the government to de-emphasise the military option and to turn again to finding a negotiated settlement. However, a devolution package prepared by the government has been rejected by the LTTE, has lost support from the main opposition party and is opposed by important elements of the majority Sinhalese. Over 50 moderate politicians have been assassinated, further polarising the situation. The chances of a negotiated agreement are faint, and neither side has the military strength to prevail (the LTTE has suffered heavy losses). In Afghanistan the opposition Northern Alliance continues to hold a corner of the country, thanks largely to material and diplomatic support from Iran, Russia, India and other states. The help Taliban receives is mainly in the form of volunteers and diplomatic backing from Pakistan, which regards Afghanistan as a nursery for the insurgency in Kashmir. Taliban still thinks it can secure military victory and consequently chips away at opposition lines of communication every summer. However, it is over-stretched and faces growing unrest in many of the areas it controls. Continued stalemate is likely.

The better news is greater international attention to regional conflict. Pakistan is facing increasing international pressure to reverse its backing for Taliban, and does seem to be reducing its active help. For most of the 1990s, the US largely ignored the Afghan conflict, but is becoming more engaged, both against Taliban and, increasingly, in

promoting a third-party solution. Similarly, in Sri Lanka the effort to find a compromise settlement is getting international backing (from the US, Norway and India). International pressure for the two sides in Nepal to start a dialogue is also growing.

Defence. Apart from India and Pakistan, military developments in a region as poor and insurgency-absorbed as South Asia are rarely of global significance. One area where regional states have made an important military contribution is in peacekeeping. Between them, Bangladesh and Nepal provided nine percent of UN peacekeepers in mid-2000. With US encouragement, they have emerged as key players in peacekeeping activities regionally. Bangladesh has signed the Anti-Personnel Mines (Ottawa) Convention (but not ratified it), and in March 2000 became the first regional state to ratify the Comprehensive Test Ban Treaty. Other South Asian states have been less supportive of arms control agreements.

Regional Hegemons? India believes it can play a leadership role in South Asia and was not shy of causing the postponement of the 1999 summit of the South Asian Association for Regional Co-operation. The meeting still has not been convened, to the irritation of several member states. Surprisingly, the regional weight of India's economy translates into limited influence in South Asia. It is a trading partner of significance only to Nepal and Bhutan, but in the former case, at least, is quite prepared to use its economic muscle. India's regional influence is more military and diplomatic than economic. The catalyst for Indian (and Pakistani) involvement in the affairs of other countries in South Asia is the widespread existence of insurgency. Apart from Afghanistan, where it is the main outside party, Pakistan's regional influence is limited, although it has twice supplied equipment at critical moments in Sri Lanka's civil war, helping prevent the fall of Jaffna.

India has intervened militarily in a number of regional countries: Bangladesh (1971), Sri Lanka (1987-90), and Maldives (1988). When Jaffna was on the verge of falling, Sri Lanka appealed to India for help. New Delhi has interceded with reluctance, being unwilling to repeat the experience of 1987-90 (when over 1,000 Indian troops died in an abortive peacekeeping mission), while also wishing to obviate a regional precedent for Kashmiri separation. Thus, India has offered to help promote dialogue while allowing Norway to lead the process. New Delhi did offer to withdraw the trapped government troops, and a US$100 million loan helped the Sri Lankan government to re-equip its forces. From its critical part in securing Bangladesh's independence in 1971, India has had a highly influential role in the political and security affairs of that country. In fact, the main parties tend to define themselves by their attitudes towards India, but even the presence of a pro-Indian government in Dhaka cannot prevent security disputes and there are frequent clashes on the ill-defined border.

Conclusion

South Asia is a paradoxical mix of political stability, economic misery and widespread insurgency, which has only recently begun to attract international attention. However, the levers available to outside powers are probably insufficient to influence protagonists as intransigent as the LTTE and Taliban. This creates a temptation for outsiders to support one side or the other rather than mediating between the parties.

Tony Kellett

Northeast Asia

While domestic economic and political considerations continue to preoccupy national governments, these issues have been overshadowed by the dramatic changes afoot in regional security. The regional security environment has become increasingly fluid and potentially unstable. Uncertainty centres around the still evolving political and security situation on the Korean peninsula and its potential implications for the correlation of forces in the region. Moreover, the host of problems in Sino-US relations, including US missile defence initiatives and the persistent danger of conflict over Taiwan, adds further uncertainty. Northeast Asia may be on the verge of a dramatic transformation if the Korean situation moves toward resolution and Sino-US relations worsen. It is possible that, within the decade, the regional security system could be fundamentally different from what exists today.

Economic Developments

While the economies in most Northeast Asian countries are growing, the overall picture is mixed. The Taiwanese and South Korean economies are leading the region in growth (China is covered separately in an earlier chapter in this Overview). In Taiwan, the economy continues to perform exceedingly well, especially in the booming high-tech sector. The GDP growth rate for 2000 is expected to be 6.5 percent. In South Korea, the economy continues to strengthen and GDP is expected to grow by 8.9 percent in 2000. The government's main focus is the as-yet unfinished reform of the corporate and financial sectors. Its commitment to restructuring and reform remains firm, despite opposition from unionists and some corporate interests.

However, the economic performance of Japan, North Korea and Mongolia are less positive. In Japan, the overall trend is positive, but problems remain. The economy grew by 0.5 percent in the fiscal year ending 31 March 2000, and the government is predicting 1.8 percent GDP growth this fiscal year. Officials believe that full recovery ultimately depends on strengthening domestic consumer demand, but economic restructuring has produced higher unemployment and falling incomes. The government is continuing its policy of fiscal stimulus, with a new spending package expected in the autumn estimated at three trillion yen (US$2.7 billion). Japan's current public debt is roughly 130 percent of GDP – a debt level that many economists believe is fiscally unsustainable.

North Korea's long-term economic prospects remain serious and there is no possibility for significant recovery without continuing foreign assistance and structural reform. The government has sought direct transfer payments, not reform and opening, so that it can manage and contain the outside influences that could threaten regime stability. Consequently, it is still doubtful that the regime will initiate fundamental economic reforms.

In Mongolia, the decade-long transformation from a Soviet satellite to a market economy continues. Privatisation has been the top priority, and most small- and medium-sized state enterprises have been privatised. Economic growth, although uneven, has been strong. GDP grew by 3.3 percent in 1999 and inflation has fallen from a high of 325 percent

in 1992 to 10 percent this year. The government remains dependent on foreign assistance, which is fuelling the dual problems of corruption and government debt. The reforms have also created new poverty and income disparities. A severe summer drought in 1999 and a very cold winter led to the death of roughly 2.5 million herd animals. Their loss has devastated a large proportion of the traditional nomadic population. It is yet to be seen whether the government can provide support to alleviate the impact of this catastrophe.

Political Developments

Four national elections have been held in Northeast Asia in recent months. Three of these were parliamentary elections, but only one resulted in a change of government. By far the most dramatic political result was the presidential election in Taiwan, which ended 51 years of single-party rule.

South Korea. In April, National Assembly elections saw the governing Millennium Democratic Party again fall short of a majority. This was not the vote of confidence President Kim Dae-jung was looking for halfway through his mandate. He now faces a more cohesive opposition, and the Grand National Party, led by Lee Hoi-chang, seems positioned to make a strong showing in the presidential elections set for 2002.

Japan. In June, lower house elections saw the return to power of the Liberal Democratic Party (LDP)-led coalition, but with a reduced majority. Although its coalition partners were hard hit, the LDP is even more dependent on their support to ensure majorities in both houses. The strong showing of the opposition Democratic Party of Japan may foreshadow the eventual emergence of a two-party system.

Mongolia. In July, the Mongolian People's Revolutionary Party (MPRP), the former Communist party, won a landslide election victory, taking 72 of 76 seats in the Great Hural. The MPRP rode a wave of popular anger against political gridlock under the bitterly divided and corruption-tainted Democratic Union coalition government. Although committed to reform, the new government is expected to slow the pace of capitalist-style liberalisation. Prime Minister Enkhbayar Nambariin will also have to fight entrenched interests in his own party that are opposed to any further liberalisation or reforms.

Taiwan. In the March presidential elections, an estimated 82.7 percent of Taiwan's 15 million voters cast ballots. The pro-independence Democratic Progressive Party (DPP) candidate Chen Shui-bian was elected, receiving 39 percent of the vote. His victory was made possible by a split among Kuomintang (KMT) supporters when James Soong ran as an independent. President Chen was elected in large part on the basis of his pledge to clean up Taiwanese politics. The KMT's business empire has been valued at US$3.7 billion, which the DPP charges was built through political favours from a government that was inseparable from the ruling party. The KMT have a 55 percent majority in the Legislative Yuan to the DPP's 31 percent, and parliamentary elections will not be held for two more years. So long as the KMT controls the Yuan, it can block proposed legislation that would curb its influence. Nevertheless, there are elements within the party that are trying to reposition the KMT as a party of reform. Whether this transformation is truly credible, it may help foster a constructive climate in parliament.

Military Modernisation

Northeast Asia is, and will likely remain, one of the most heavily armed regions in the world. All regional states, except Mongolia and Russia, continue to modernise and improve their military capabilities. Barring China and North Korea, regional militaries remain defensively configured and possess only modest force projection capabilities. However, the focus of recent acquisitions is on capabilities with enhanced range, endurance and accuracy. This may reflect heightened requirements to prepare for potential regional contingencies.

Japan. The steady modernisation of Japan's already large and sophisticated armed forces continues, with particular emphasis on advanced, longer-range capabilities. Having recently brought into service a fleet of AWACS aircraft, a key priority is the acquisition of in-air refuelling aircraft to extend the range of Japan's large force of tactical aircraft. There are also rumoured plans to develop new 'air-capable surface combatants' (i.e., helicopter carriers) to replace the navy's ageing ASW destroyers.

South Korea. Current force modernisation plans include area defence destroyers, submarines, new fighters, attack helicopters, air defence missiles, long-range counter-artillery capabilities and unmanned aerial vehicles. These projects indicate not only a response to the threat posed by North Korea, but also interest in developing future-oriented air and naval capabilities to prepare for an uncertain and potentially dangerous regional security environment.

North Korea. While much of its equipment and weapons systems is obsolete, the North has emphasised quantity over quality. In particular, the North continues to focus on capabilities, such as weapons of mass destruction and ballistic missiles, that exploit the weaknesses of South Korean and US forces. There is no evidence to suggest that the North's commitment to developing, deploying and exporting ballistic missiles has been altered by the recent rapprochement in inter-Korean relations.

Taiwan. Continuing efforts to modernise the armed forces are tied directly to the threat posed by China. Although Taiwan retains a qualitative superiority over Chinese forces, there is growing concern that this superiority will be eroded in the coming years. In particular, China's numerical advantages and qualitative improvements in its air forces may diminish Taiwan's capacity to ensure air superiority over the Taiwan Strait. Similarly, Taiwan's continuing inability to acquire a foreign supplier for new submarines may make it vulnerable to blockade operations. Perhaps most critically, China has a large and growing ballistic missile force where Taiwan has only a limited missile defence system. Key priorities, therefore, are to upgrade Taiwan's air and missile defence system, and to acquire an enhanced capability to cope with the Chinese submarine threat.

Regional Security

The Northeast Asian security environment is now characterised by a high degree of fluidity and unpredictability. In the wake of Taiwan's recent presidential elections and the surprise rapprochement in inter-Korean relations, the dynamics of the regional security

system have changed. Events over the next year may profoundly alter the nature and stability of the regional security system.

Sino-US Relations. The Sino-US relationship and the potential for its further deterioration will have a major impact on the relative tranquillity of Northeast Asia. The list of contentious issues includes trade and human rights, Taiwan, US missile defence initiatives and allegations of Chinese espionage and missile proliferation. The further politicisation of the relationship seems likely regardless of the outcome of the US presidential election. This, in turn, will feed growing nationalistic sentiment in China and perceptions that the US is intent on encircling and containing China. The missile defence issue and the Taiwan question will be the litmus tests of the relationship, and both issues have the potential to reach critical decision points in the near future. Regardless of whether these issues are resolved, it appears almost inevitable that both sides will increasingly view each other as strategic competitors. While this may lead to a clearer demarcation between Chinese and US interests, it will complicate the security calculations of regional states.

Missile Defence and Regional Security

The United States has not made a decision to deploy either National Missile Defence (NMD) or upper-tier theatre missile defence (TMD). However, if these systems prove to be technologically feasible it will likely decide to deploy them. NMD will continue to strain Sino-US relations, while TMD promises to act as lightning rod for tensions in Northeast Asia. In the worst case, if the US proceeds with missile defences, it could cause the polarization of Asia and force countries to choose between the United States and China.

China has argued that NMD will undermine the deterrent effect of its strategic arsenal, which in turn may compel it to increase the size of its strategic forces and to develop more advanced warheads. It has also warned that abrogation of the ABM Treaty and missile defence deployments would undermine US-China relations. **North Korea** has objected to US missile defence, especially the reference to a North Korean threat. It has demanded substantial compensation from the US in exchange for any agreement to stop missile exports, and has at least tacitly implied that it might cease development of its long-range missiles if another state will launch its satellites.

At present, all states are working to upgrade their air defence systems, including enhanced capabilities against cruise and ballistic missiles. **South Korea** has rejected upper-tier TMD in favor of developing longer-range conventionally armed missiles to provide a capability to retaliate in kind. It is interested in lower-tier TMD, and its current five-year modernization program includes new surface-to-air missiles and production of a new area defence destroyer. **Japan** has already deployed a limited missile defence system and has committed funds to joint technology research for the upper-tier Navy Theatre Wide system. The government plans to make a decision on upper-tier missile defence after determining its feasibility. **Taiwan** has accelerated plans to construct a comprehensive missile defence network. This would include an early-warning radar network and upgraded lower-tier systems. Although again rejected by the US, Taiwan will continue requesting the sale of additional missile defence systems, including *Aegis*-equipped warships.

The Taiwan Question. China's principal regional objective is to achieve the reintegration of Taiwan. In the wake of Taiwan's presidential election and conciliatory gestures from the Chen government, there appears to be little flexibility in the Chinese position. The principal impasse relates to the definition of "one China." The Taiwan government has suggested that they can accept that there is "one China," but they should be free to have their own definition of that "China." The Chinese government has also

suggested that "one China" could be interpreted simply as the mainland and Taiwan, but it has recently reasserted, within the context of World Trade Organisation negotiations, that the People's Republic of China is the sole legitimate government of China, and that Taiwan is an inalienable part of its territory. This formulation is unacceptable to Taiwan.

While there is no immediate prospect for the dispute erupting into open conflict, it appears that the Chinese government is increasingly impatient with the lack of progress toward unification. Although China is likely to exercise restraint during the US election season, China's leadership may feel compelled to use its military to back up its rhetoric. While China lacks the capability to launch an invasion with any certainty of success, it could initiate military demonstrations reminiscent of 1995-96, or attack the Taiwanese-controlled islands adjacent to the Chinese mainland. Nevertheless, China is cognisant of the potential for US involvement. It continues to adjust its military doctrine and war-fighting scenarios to try to deter or minimise the impact of a US military response. Therefore, the Taiwan issue remains a very serious flash point.

Korean Rapprochement. The June summit meeting between Kim Dae-jung and Kim Jong-il was an historic watershed in relations between the two Koreas. During the summit, the two sides agreed to promote eventual reunification, to permit at least limited family reunions and to promote the "balanced development of the national economy" (i.e., investment in the North). The two sides continue to make moderate progress on a range of economic and social issues. However, they have yet to agree on a promised return visit to Seoul by Kim Jong-il, and the difficult issues relating to the military confrontation have yet to be addressed. Therefore, while there has been significant progress, the Cold War stand-off will likely persist for some time to come.

The North's stunning reversal in negotiating priorities (it previously ignored the South in favour of the US), would appear to reflect an assessment that it is South Korea that is the most likely to provide substantial and unconditional economic assistance. In contrast, Japan and the US continue to demand concrete changes in North Korean behaviour in exchange for broadening economic and/or diplomatic relations. The North may be attempting to decouple South Korea from the United States by emphasising potential reconciliation on the peninsula without regard to the continuing threat that it poses to the region and, notably, to Japan. Despite statements to the contrary, and given the time left in President Kim's mandate, there is concern that South Korea may be prepared to make concessions to the North which will have security implications for Japan and the United States. This specifically applies to the potential for South Korea to side step the others' concerns about North Korea's missile and nuclear programs. Despite the North's recent diplomatic activity, there is no indication that it has or will lessen the priority attached to expanding its offensive military capabilities, especially weapons of mass destruction and ballistic missiles.

Looking to the future, if North Korea sheds its rogue state image, the rationale for a continuing US military presence in South Korea (and for missile defence) may be undermined. There may come a time when the United States will be asked to withdraw its military personnel from Korea. There is also the question of Korea's future alignment. A Korea less dependent on the US security commitment may again fall within China's sphere of influence. In the long run, moreover, a unified Korea (and one armed with ballistic

missiles and WMD) may be more willing to assert itself vis-à-vis Japan. Should these events transpire, the US and Japanese governments will face the challenging task of redefining their security relationship within an altered regional security environment.

Japan's Quest for 'Normal' Status. The past few years have jolted Japanese complacency about national security, and critical public and political attention is now focused on defence issues. While this has centred largely on the direct threat posed by North Korea, there is also anxiety about China's strategic intentions. It is within this context that Japan has expanded its role to support US forces in a regional crisis and commenced joint missile defence research with the US. For the first time in Japan's post-war history, all of the major political parties support the alliance with the United States. In February 2000, moreover, two commissions in the Diet opened debate on amending the Constitution, including a review of Article Nine. This article, which renounces war as a sovereign right and the maintenance of military forces with which to wage war, has been interpreted as precluding Japan from entering into collective security arrangements and restricting it to 'defensive' capabilities only. Debate and possible amendment of the Constitution worries regional states, particularly China, which view any Japanese effort to 're-militarise' as a threat.

Japan is not returning to militarism. Nevertheless, after years of cautious international behaviour, a consensus appears to be emerging that Japan should assert its national interests more forcefully and be a more 'normal' power able to participate more fully in regional and international security affairs. This reflects not only the emergence of a younger generation of leaders, but also a growing realism about threats to peace in Northeast Asia. While Japan will maintain its strong defence ties with the United States, over time, it may also seek to expand its influence in Asia and adopt a more independent security policy, especially if the nature and extent of the US regional commitment change.

Conclusion

The regional security situation has become increasingly fluid and potentially unstable. The key security challenges are the Taiwan question and the Korean peninsula – issues with linkages to offensive missiles and TMD as well as to the state of Sino-US relations and perceptions of Japan's regional role. How Sino-US relations evolve will significantly determine the future shape of the region's strategic environment and the prospects for peaceful resolution of the key security challenges. Moreover, any sudden and dramatic change in the inter-Korean relationship could have profound and unpredictable ripple effects throughout the region.

S.E. Speed

Southeast Asia

Most states continue to face pressing domestic economic and political concerns of varying intensity. Despite recovery from the effects of the recent financial crisis, the region has experienced an upsurge of violence. This is most visibly seen in Indonesia, which appears to be on the verge of tearing itself apart. Internal preoccupations, coupled with a seeming incapacity to organise a meaningful regional response to key concerns, may ultimately mean that the region's collective influence and importance will decline, especially in comparison to Northeast Asia.

ASEAN: Unity and Irrelevance?

All of the states of Southeast Asia are now full members of the Association of Southeast Asian Nations (ASEAN). However, this long-sought-after goal has undermined ASEAN's capacity to perform a proactive role in addressing serious regional issues. The divergent interests of member states, coupled with the reaffirmation of the ASEAN framework of consensus and non-interference, means that, except in pockets of substantive co-ordination, ASEAN remains incapable of concerted action. Member states have agreed that they must begin to address issues such as human rights and democracy, but non-interference continues to have primacy over other concerns.

In July, the ASEAN foreign ministers agreed to create a joint crisis-response mechanism to deal with political and security problems affecting the region. Any member will be able to request the formation of an ad hoc troika of foreign ministers to deal with emergency situations. However, the mechanism can only be activated with the approval of all ten members, and countries involved in such situations have a right of veto. While Thailand hopes that the mechanism will prevent ASEAN from being paralysed by inaction, as it was during the financial crisis, it is unclear what kind of emergencies it will be able to handle. International concerns about the organisation's willingness and capacity to tackle complex regional issues appear increasingly well founded.

Thai-Burmese Border. ASEAN's non-interference norm is complicating Thai efforts to contain the escalating drug trade. In addition to an established heroin trade, methamphetamine tablets are flooding into Thailand from Burma's northern Shan state. The source of these drugs is believed to be the United Wa State Army, which is closely associated with LGen Khin Nyunt, head of military intelligence and a leading figure in the Burmese junta. Thai authorities are unconvinced by Burma's explanations that it is unable to control the Wa, and contend that the Burmese military is actively helping them. Thailand's frustration with Burma has reached high levels and the government is under pressure to act decisively. Given this growing security crisis, the Thai military has stepped up border operations, including rumoured clandestine operations inside Burma. Consequently, the potential exists for an escalation of cross-border tensions. How or if ASEAN would respond to an escalation is anyone's guess, but it appears that Thailand may now regret having supported Burma's entry into ASEAN in 1997.

Australia and Regional Security

Throughout much of the 1990s, Australian leaders attempted to forge economic, political and cultural links in Asia, arguing that engagement was the key to Australia's future. Over the past year, however, the nature of Australia's commitment to the region has been called into question abroad and at home. In September 1999, Australia led the international force which helped bring peace to East Timor, for which it received praise in Europe and the US but less so in Asia. Shortly after the intervention, Prime Minister John Howard suggested that Australia might assume a 'deputy' position alongside the US as the region's guarantor of security. Although he subsequently withdrew the statement, regional leaders and domestic opponents alike criticized him. Prime Minister Mahathir of Malaysia called Howard an "opportunistic bully" who is not welcome in Asia, and hostility towards Australia in Indonesia has undermined efforts to rebuild ties between the two countries.

At issue for Australia is to clarify what its interests are in the region and what its role will be. In a sense, Australia is again confronting the choice of whether it wishes to be an Asian or a Western country. Opponents to the government appear to believe that Australia's economic future means adapting or acquiescing to the mores and sensitivities of its neighbors. The Prime Minister, on the other hand, seemingly believes that it is the country's Western character that makes Australia respected and valuable in the region. For many, the notion of a powerful Australia assuming a qualitatively bigger and more assertive leadership role is unwelcome, but the fact remains that the Australian government is increasingly concerned with the so-called "arc of instability" to its north, embracing Indonesia, Papua New Guinea and the Solomon Islands (as well as Fiji to the northeast). There is deep anxiety about the region, especially since there is little doubt that Australia would be called upon to play a prominent role in any international peace support operations involving its neighbors.

It is in this context that the Australian government commenced an unprecedented public consultation, which will lead to a new Defence White Paper by the end of the year. The goal is to identify what Australians want their military to be able to do and where, which will help determine core force structure and budgetary requirements in what is perceived to be a deteriorating regional strategic environment. This, in turn, will determine whether, and to what extent, Australia wants to or will remain capable of assuming a leadership role in the region.

Spratlys Dispute. The most intractable regional security problem is contested sovereignty over the Spratly Islands, which are claimed in whole or in part by China, Vietnam, Taiwan, Malaysia, the Philippines and Brunei. After a flurry of military construction and incidents in 1999, the Spratlys dispute has again subsided as a regional preoccupation. Nevertheless, the problem persists and there seems little prospect for a region-wide solution. China continues to object to the ASEAN Regional Forum serving as a venue for discussion, and ASEAN's role appears limited to its ongoing negotiations with China to formulate a 'code of conduct' for the South China Sea. Indeed, with the collapse of ASEAN solidarity on the issue last year, there is a growing sense of 'every man for himself' in the Spratlys. This is certainly the case in the Philippines, which believes that it has been at the 'receiving end' of activities by China, Malaysia and Vietnam. The lack of a coherent regional response to the challenges in the Spratlys may make the region and individual states increasingly vulnerable to external pressure.

Military Modernisation. Through the mid-1990s, rapid economic growth in Southeast Asia, especially in Malaysia, Singapore and Thailand, facilitated higher levels of military spending and the acquisition of advanced weapon systems. The previous emphasis on ground forces for internal security purposes gave way to increasing

emphasis on naval and air forces to meet the new, and increasingly maritime, challenges and interests of regional states. With the exception of Singapore, the Asian financial crisis brought military modernisation to a grinding halt, as countries cancelled contracts, slashed defence budgets and cut into training, operations and maintenance.

With economic recovery, there are signs of renewed interest in defence modernisation, albeit on a more modest scale. Offshore patrol vessels, tactical aircraft, sealift and airlift figure prominently in many modernisation programs, reaffirming the pre-crisis interest in expanding national capacities to monitor and secure extensive maritime resources and territorial claims. While both the Philippines and Indonesia have expressed an intent to expand their maritime forces, the upsurge of internal security problems and the lack of funds to support major force improvements impede both.

Economic Developments

In the wake of the financial crisis, regional states to varying degrees continue efforts to restructure and liberalise their economies. This was most recently demonstrated by Vietnam's conclusion of a bilateral trade agreement with the United States and its pledge to reduce import tariffs on goods and services from foreign countries. Overall, the region's economic performance has improved, but most face serious economic problems ranging from shaky investor confidence and unreformed banking sectors to aid dependence, corruption and government mismanagement. In Indonesia and the Philippines, moreover, political instability has hurt investor confidence, damaged the value of national currencies and stalled economic reforms. The perception of political risk in the region has hurt efforts to attract investment, a situation that will only be complicated by China's expected entry into the World Trade Organisation.

The region's two best performers are Malaysia and Singapore, but even they face potential problems. Malaysia's economy, protected by capital controls, is expected to grow by between five and eight percent this year. However, because of the undervaluation of the currency, the central bank has controlled inflation by borrowing heavily from the banking system, thus draining liquidity from the domestic market. Many economists predict that economic turmoil in Malaysia may be looming within three to five years because of growing fiscal debt brought on by the state's rescue of troubled companies and the minimal restructuring of the economy during the financial crisis. Singapore's problem is geographic. Although its growth rates rival those of Northeast Asia, it remains vulnerable to the fallout from the political and economic turbulence of its neighbours.

Political Developments

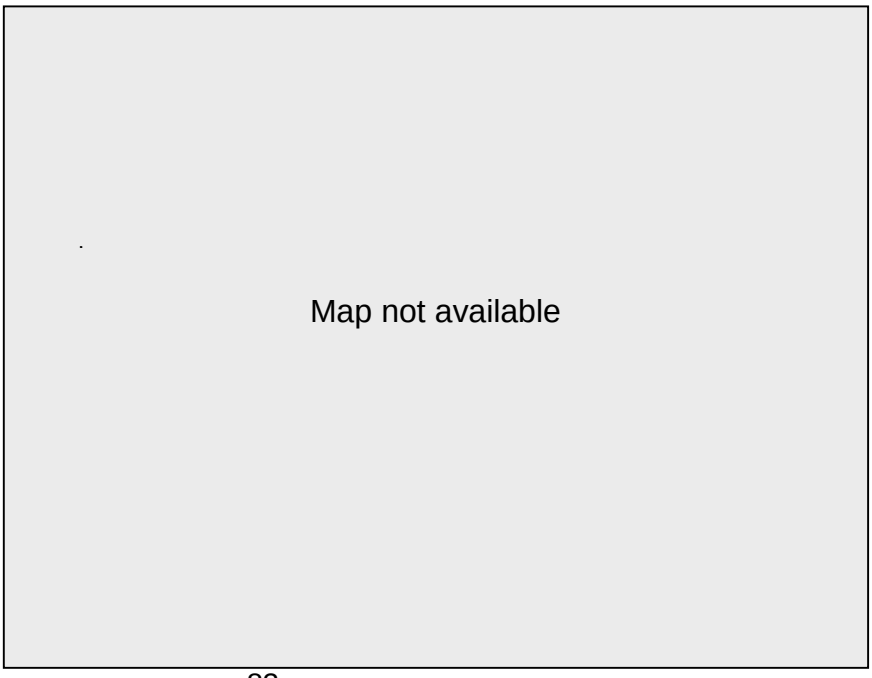
The Philippines. President Joseph Estrada has been unable to shake the impression that his administration is inept and corrupt. The appearance of 'crony capitalism' within his circle of friends and advisors, the sluggishness of the economy and the inability to quell the Muslim revolt in the south have undermined Estrada's popularity. The perception is one of policy drift and incompetence. The only recent bright spot was the army's offensive against the Moro Islamic Liberation Front, which culminated in the July

capture of their main base. However, while the government declared victory, the insurgents responded by calling for a *jihad* to win independence for Mindanao. At the same time, the Abu Sayyaf, which has reported linkages to Osama bin Laden, continue to hold for ransom a number of Western and Filipino hostages, and have received substantial funds for the release of others. It seems doubtful that the government's efforts to pacify Mindanao will succeed in the foreseeable future.

Malaysia. Prime Minister Mahathir Mohammed easily won last year's parliamentary election and in May 2000 squashed all challenges to his rule of the United Malays National Organisation (UNMO). 'Politics as usual' within UNMO means patronage politics. Mahathir has hinted that his current five-year term as prime minister will be his last, but few people are convinced. In the meantime, the main priority of senior party members and government officials is to hold onto their positions of influence. While this may be good for Mahathir and for the UNMO ruling elite, the growing cynicism of ordinary Malaysians may hurt the party during the next election. The prosecution of former Deputy Prime Minister Anwar Ibrahim has sharpened this cynicism. The media reporting on allegations of abuses of power involving not only Anwar but also Mahathir and other senior politicians gave Malaysians an unprecedented look at the workings of government. While some hope that this may help revive interest in issues such as transparency and accountability in government, only the next general election will determine whether Malaysians truly want an alternative to 'politics as usual'.

Thailand. Thai politics are heating up in anticipation of general elections that must be held by mid-November. The Democratic Party-led government has vowed to stay in office long enough to pass the 2001 national budget and amend the country's electoral laws. Electoral amendments are crucial if reforms articulated in the 1997 constitution are to be sustained. It took the Election Commission over three months to resolve the allegations of fraud surrounding the country's first Senate elections held in March. If similar delays result from the forthcoming lower house vote, a constitutional crisis could result. The conflict between the forces of change and the status quo will intensify, testing Thailand's commitment to political reform.

Indonesia. The future stability and unity of Indonesia are in doubt. A resurgence of popular protest and social tension has caused nervousness in financial markets and undermined the *rupiah*. Opposition to President Abdurrahman Wahid within parlia-



ment reached the point in August where he apologised for his government's failings, turned over the day-to-day running of government to Vice President Megawati Sukarnoputri and instituted a cabinet shuffle. While these moves averted an imminent political showdown between parliament and the president, the sense of official insecurity and public uncertainty continues to build, which will do nothing to restore economic confidence.

Perhaps the government's greatest challenge is the growing internal security crisis. Secessionist activities in Aceh and West Papua (Irian Jaya) and sectarian violence in the Moluccas pose a serious challenge to Indonesia's internal stability. At present, the gravest situation is the crisis in the Moluccas Islands. Fighting in the islands has claimed more than 3,000 Muslim and Christian lives since January 1999. The violence escalated in June/July 2000, due largely to the arrival of armed Laskar Jihad militants from East Java. Moreover, there is evidence that some military elements have been actively supporting Muslim operations. The government's slow and ineffectual response to the growing crisis in 2000 hurt its domestic and international image. The upsurge in Timorese militia activities in the border areas of East Timor and militia attacks on UN and NGO workers in West Timor's refugee camps underscores Indonesia's inability or unwillingness to contain the violence within its borders.

Conclusion

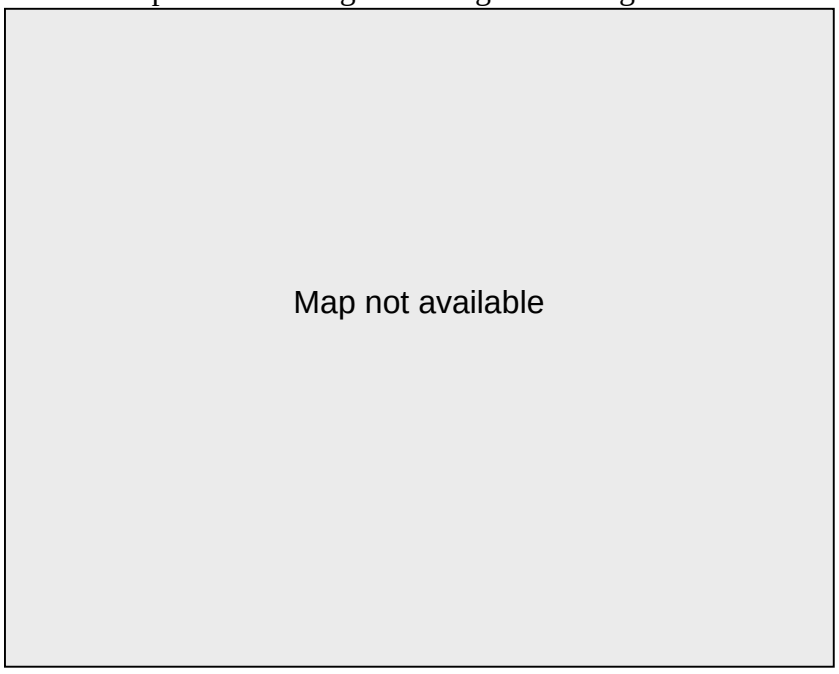
The internal preoccupation of most Southeast Asian states will persist as they continue to grapple with economic and political challenges of varying intensity and scope. Indonesia faces the gravest threats to domestic stability – a situation with potential international implications. Given the inward focus of most Southeast Asian states, regional security will continue to be a secondary consideration and regional co-ordination will remain largely *pro forma*. In the event of a disruption of the regional security status quo, it seems doubtful that ASEAN or individual states have the will or capacity to take forceful actions in response.

S.E. Speed

Latin America and the Caribbean

Colombia: More Instability in Prospect

Regional Impact. One of the most troubled countries in Latin America is Colombia, which is not only mired in a decades-old civil war but is also caught in the grips of a still-expanding illegal drug trade. Indeed, the country is sliding closer to the brink of anarchy with the civil war becoming inexorably intertwined with the drug trade. Both leftist guerrillas and the right-wing paramilitary forces opposing them are taxing drug producers and shippers to finance their activities. In other words, the drug trade is fuelling a conflict that can trace its origins to the 1946 confrontation between conservative and liberal parties during a period subsequently known as *La Violencia*. Since the 1960s, the conflict has pitted left-wing rebels against the government. The Revolutionary Armed Forces of Colombia (FARC), the largest and most powerful rebel group with some 15,000 fighters, still uses Marxist rhetoric from the 1960s. Two other rebel groups are also active, the National Liberation Army (ELN) with some 5,000 fighters and the much smaller Popular Liberation Army (EPL). Despite the efforts of the armed forces and the police to improve their ability to deal with the rebels, right-wing paramilitary forces, now under the banner of the United Self-Defence Groups of Colombia, decided to take matters into their own hands, launching brutal attacks against alleged rebel sympathisers. Meanwhile, the drug trade and the country's economic problems fuel a steady increase in criminal activity.



In a bid to restore some stability, President Pastrana has initiated a peace process which has given FARC not only a seat at the negotiating table, but also control over a zone vacated by the army. However, the peace process often takes two steps backwards for each one forward. Hopes raised by significant progress in the negotiations are often quickly dashed by a new round of massacres. Indeed, by mid-2000, FARC and the government were only making slow progress in the negotiation of a cease-fire agreement, and the commitment of the rebels to the peace process was by no means certain. FARC has taken advantage of the situation to consolidate its position in the demilitarised zone, thereby hampering military and police efforts to stem the production of illegal drugs. In

fact, production has increased to such an extent in southern Colombia that the gains made in recent years in reducing, through crop eradication, exports from Bolivia and Peru have been all but nullified.

Colombia's problems have an impact far beyond its shores. It is supplying 80 percent of the world's cocaine and is one of the major sources of heroin. While the United States remains a major market for illegal drugs, some 40 percent of Colombian cocaine is finding its way into Europe and that market is growing. The flow of illegal drugs between the Andean region and the major markets is exacerbating corruption in government, police and business circles in Mexico, Haiti and many other Latin American countries. Colombia's immediate neighbours such as Brazil, Ecuador, Peru and Venezuela are especially vulnerable to the corruptive effects of the illegal drug trade, which is increasingly using their territory as transit routes. The corruption is undermining the ability of governments to respond to the needs of the population as well as hampering police efforts to curb the flow of drugs. This is especially true in politically unstable Haiti, which, not coincidentally, is becoming a major transit point. Even a much more stable country like Mexico faces a serious corruption problem fuelled by the illegal drug trade. Vicente Fox's decisive victory in the July 2000 elections represents a major change in Mexican politics. However, it remains to be seen to what extent the new administration will be able to limit the spread of corruption. Pending the promised reform of government and police structures in Mexico, the illegal drug trade has time to find alternative routes.

Indeed, the illegal drug trade quickly shifts to new routes whenever increased surveillance makes existing ones more risky. For example, shipments along Mexico's Pacific coast have declined thanks to more effective US and Mexican police efforts, but the flow of drugs has increased through Haiti and other Caribbean countries where surveillance measures are hampered by a number of factors. These include limited co-operation between US and Cuban authorities, which creates gaps in the surveillance network. Besides, drug traffickers are constantly exploring new routes as well as different shipping methods to elude surveillance efforts. For example, the seizure of almost ten tons of cocaine in a Chilean port in early 2000 was an important success for anti-drug efforts, but also highlighted the increasing use by traffickers of indirect routes. Instead of going north from Colombia, more and more drugs bound for the US and Europe are apparently flowing in a roundabout way to avoid detection. In the process, Argentina, Brazil, Chile and other countries far from Colombia risk being dragged more and more into the net of drug-trade corruption. Combined with the growing use of more exotic and expensive means to camouflage shipments, the trend towards indirect routes will complicate the task of surveillance and police forces throughout the Americas, including Canada.

Increased US Aid. Given the social impact of drug use, the increasing burden of surveillance efforts and the corruptive effects of the drug trade, curbing production at the source is being given greater priority, at least by the United States. In conjunction with the Plan Colombia launched by President Pastrana to revitalise the peace process, the United States government decided in early 2000 to provide Colombia with some US$1.3 billion in military, economic and humanitarian aid over the next two years. About 80 percent of the funds will be used to increase the capacity of the Colombian military and police forces to deal with the drug trade. This includes US$441.9 million for the training

by US soldiers of three counter-narcotics battalions of the Colombian army, and the delivery of 16 Blackhawk and 30 Huey II helicopters which will transport the units into coca-growing areas of Colombia. Additional helicopters will be provided to the Colombian National Police to boost its existing anti-drug capabilities. Indeed, most of the aid previously accorded by the US was allocated to the police rather than to the military because of the latter's alleged links to right-wing military forces involved in human rights abuses. Thus, the new aid package represents a significant and controversial shift in US policy. European governments, while anxious to deal with the drug problem, are generally uneasy about the new emphasis on military actions. In the US itself, concerns have been raised about the country's increasing involvement in the unstable situation in Colombia and the possibility that counter-narcotics operations will become counter-insurgency efforts. The US government insists that its aid is aimed only at curbing the drug trade, but others, especially the FARC rebels, may fail, deliberately or not, to make the distinction.

The US aid plan has already provoked an angry reaction from FARC, which has responded with an increasing number of attacks against Colombian police and military units despite its declarations of peace at the negotiating table. FARC's mistrust of US intentions, the demands of the other major left-wing rebel group, the ELN, for its own peace process, and the steady decline of popular support for Pastrana's policies do not bode well for the success of the peace process. Tensions in the country will likely increase while the counter-narcotics battalions complete their training and undertake more and more operations in support of eradication efforts. Thus, in the coming year, the peace process may make little progress, if not verge on collapse, while the army's effectiveness in counter-narcotics operations will remain far from certain. All the uncertainty of the coming months will do little to encourage foreign investments which the country badly needs to emerge from a deepening recession. The poor prospects for peace and economic development may exacerbate Colombia's growing social and economic problems, further undermining support for Pastrana's government. As in the rest of the Andean region, bedevilled by increasing political and social turmoil and facing a growing threat of military coups, notably in Ecuador, civil-military relations in Colombia may become more delicate.

Given the situation, the US runs some risk of becoming bogged down in Colombia. It will take time for the anti-drug efforts to produce significant cuts in the flow of drugs from Colombia. In the absence of quick results, the US could be tempted to provide more aid, but will not necessarily become more directly involved in military operations. Nevertheless, the US cannot afford to ignore the growing instability in Colombia and in the surrounding region. The problems caused by drugs and corruption at home and abroad are a major reason for the growing preoccupation of the US with the region, but oil supplies are another. Although it risks becoming an importer of oil in a few years at the current rate of development, Colombia remains the seventh-largest supplier of oil to the US. New exploration and development projects are needed for Colombia to remain an oil exporter, but these will be hampered if there is more instability. For the US, the Andean region is an important source of oil at a time when turmoil in other regions of the world could eventually affect the flow of supplies. This is especially true given all the uncertainties the US faces in its relationship with one of its

main oil suppliers and the third-largest producer among the members of the Organisation of Petroleum Exporting Countries (OPEC), Venezuela.

Venezuela: The Chavez Decade Will Make Waves

The flawed process through which President Fujimori of Peru obtained a third mandate attracted a lot of international attention in mid-2000 because it highlighted the growing fragility of democratic values in the Andean region. However, developments in Venezuela may have an even greater significance in the long term. Venezuelan politics have been in upheaval since the election of Hugo Chavez Frias as President in late 1998. Chavez, a former colonel famous for leading an unsuccessful coup in 1992, spent most of 1999 and the early part of 2000 consolidating his hold on power by amending Venezuela's Constitution to suit his vision of the future. This paved the way for new presidential elections in July 2000 which Chavez easily won despite some erosion of the massive support he enjoys among the poor and signs of growing unhappiness in the military. He now has a six-year mandate and will be able to seek a second one thanks to the Constitution he modified so carefully. This and the majority his supporters enjoy in parliament leave him in a strong position to influence developments not only in Venezuela, but also in the Americas as a whole during the coming decade.

Having shaped the country's political system to suit his style of government, President Chavez now has to deliver on his promise of improving the social and economic situation of Venezuela's numerous poor. His task is not an easy one. His efforts to eliminate corruption may ensure a better distribution of the wealth generated from oil exports. However, the rest of Venezuela's economy is in poor shape, thanks in part to the lingering effects of the regional economic recession and the impact of massive floods in late 1999. Chavez's antics and erratic statements have not helped matters since they have put off foreign investors. Since the economy and his ability to fulfil his promise to Venezuela's poor are so dependent on oil revenues, Chavez has become, not surprisingly, a strong advocate of high oil prices. While renowned in the past for ignoring OPEC agreements on production quotas, Venezuela, under Chavez, is now a champion of unity among OPEC countries and a strong advocate of keeping oil prices high. Chavez is clearly counting on a steady rise in oil revenues to improve the lot of Venezuelans and to camouflage the inadequacies of his economic policies. The impact of his policies is being felt far beyond Venezuela's borders. Indeed, given his role in encouraging the production cuts by OPEC countries that led to the significant increase in world oil prices, Chavez contributed to some extent to the rise in instability in many parts of the Americas in recent months. Many countries have had to deal with numerous and often violent protests by truckers and other citizens against the social and economic effects of high fuel costs.

Oil is also at the centre of the increasingly uneasy relationship between Chavez's Venezuela and the US. Venezuela remains one of the three main suppliers of oil to the US and cannot afford to lose such a customer given the importance of oil revenues to Chavez's so-called "revolution." However, this has not curbed Chavez's tendency to flaunt his country's independence from US policy, as shown by the growing ties with regimes with antagonistic attitudes towards the US such as Cuba, Iraq and Libya. Relations with Iraq and Libya have developed mostly because of OPEC policies, but

Chavez's close friendship with Cuba's Castro has raised concerns in the US. In any case, like many nationalist leaders, especially those with authoritarian tendencies, Chavez jealously protects his country's sovereignty. Among other things, this led him to deny permission for overflights of Venezuela by US counter-narcotics surveillance aircraft. Since some Colombian drugs are flowing through Venezuela despite its efforts, the lack of co-operation on overflights has created another irritant in US-Venezuelan relations. Tensions between the two countries will likely continue to increase in the coming year, especially if stability in neighbouring Colombia continues to deteriorate. Indeed, relations between Colombia and Venezuela may become more strained if the anarchy in the former spills over even more than it already has into the latter.

Growing Instability in Northern Latin America

Venezuela's territorial claims against neighbouring Guyana are another potential source of tensions in the northern portion of South America. Indeed, border disputes are increasingly becoming a prominent feature of northern Latin America. They multiplied rapidly in late 1999 and early 2000 in Central America, a reflection of the political and economic turmoil in this region in the wake of the natural disasters of 1998. For example, a border dispute flared up between Honduras and Nicaragua, as did an old quarrel between Guatemala and Belize. Meanwhile, other Central American countries are grappling with a steadily rising level of crime which, in some cases, has prompted the deployment of troops in cities and rural areas to stem the decline of security. Border tensions and high levels of crime are hampering economic development, which suggests that social, political and economic instability will continue to increase.

The instability in Central America, in the Andean region and, to a lesser extent, in the Caribbean is in contrast with the progress being made in Brazil and in the southern cone of Latin America. Brazil has successfully dealt with the economic problems caused by its currency devaluation in early 1999. It is taking advantage of a fairly stable political and economic situation to show more and more leadership in regional affairs, as demonstrated at the summit meeting of South American leaders in early September 2000. Indeed, after a rocky period following the Brazilian devaluation, the world's third-biggest free-trade grouping, Mercosur, again appears to be on track to promote greater economic and, possibly, political integration of its members (Argentina, Brazil, Paraguay and Uruguay) with Brazil leading the way. While somewhat hobbled by political instability in Paraguay and Uruguay, Mercosur is in a stronger position thanks to the growing strength of democracy in Argentina, Brazil and Chile, the latter now negotiating to become a full member.

Argentina saw a smooth transfer of power following the election in late 1999 of Fernando de la Rua as president. His victory ended ten years of rule by the Peronists and Carlos Menem, who could not run for a third consecutive mandate. The elections confirmed the growing maturity of Argentina's democracy, but the new government is having difficulty pulling the country out of a serious recession. It is determined to significantly reduce the country's fiscal deficit and has made cuts in, among other things, military spending. Nevertheless, the new government has reaffirmed Argentina's commitment to participate in peacekeeping operations. During the election campaign, de

la Rua had expressed strong criticism of the willingness of Menem's government to volunteer for peacekeeping operations and to strengthen diplomatic ties with the US and NATO. However, after taking power, de la Rua's government insisted that Argentina's foreign and security policies will remain basically the same. Meanwhile, democratic values also became more entrenched in Chile thanks to the presidential elections in early 2000 and other factors. The left-wing candidate of the governing coalition, Ricardo Lagos, won the elections with the promise of no radical changes in the political and, especially, the largely successful economic policies of the country. The smooth transition of power together with the controversy over the arrest in the United Kingdom of Senator Pinochet, the former military dictator, helped Chile come to grips with its past. While there have been tensions in civil-military relations as a result of the Pinochet situation, the Chilean military is increasingly more preoccupied with the future than with the past. The future holds some promise of more modern equipment like fighter aircraft, but also features uncertainties due to the government's desire to strengthen civilian control of the military and to limit defence expenditures.

Through their growing political and economic strength, the Mercosur countries can help, through closer ties with the Andean, Central American and other developing free-trade areas, to promote social and economic developments other regions of Latin America so badly need to ensure peace and stability. However, there is a possibility that Mercosur and the other major free-trade area in the Americas, NAFTA, will concentrate on developing trade and other links with other parts of the world, leaving the troubled middle of the Americas to fend for itself. Thus, decisions in the coming months concerning free trade, including those taken at the Summit of the Americas in 2001, may have long-term implications for peace and stability in the Americas.

Michel Rossignol

Functional Issues

Arms Control

In recent years, efforts to advance the global arms control agenda have faltered. While progress was evident in a few areas, the late 1990s were mostly characterised by missed opportunities and doubts about arms control's continued relevance. United States and international support for existing agreements has lessened, giving way to divergent views on how best to deal with challenges such as proliferation. In addition, the premise that, under certain conditions, a privileged group of states should be permitted to retain certain classes of weapons while others must forsake them is on increasingly shaky ground, casting doubt on the viability of instruments fashioned during the Cold War period.

What then is the future of arms control? Optimists predict an expanding writ, pushed forward by a broadening of the current regime. Pessimists see, at best, an attempt to muddle through and, at worst, gridlock on the major issues, potentially leading to collapse. A third group foresees radical changes in the way arms control is pursued. To better understand the current situation and anticipate future developments, this chapter examines three major trends: US concerns that arms control is undermining its security; diverging interests among pivotal states, hampering further progress in key fora; and the emergence of new actors and mechanisms to deal with the humanitarian and practical sides of arms control.

US Perceptions: Paradigm Shift?

The US security community has grown increasingly critical of the current arms control and non-proliferation regime. Universal accords that treat every state equally are perceived as unrealistic and subject to cheating. There is growing support for solutions that depend solely on US capabilities rather than on the compliance of others. These attitudes led the Senate in October 1999 to reject the Comprehensive Test Ban Treaty (CTBT) and are also driving US policy on national missile defence (NMD). Even among officials who continue to praise the Anti-Ballistic Missile (ABM) Treaty as a cornerstone of strategic stability, the 1972 accord in its current form is considered an impediment to a limited NMD system that would defend US territory against long-range missile threats. More generally, opinion is shifting away from agreements for which mutual assured destruction is the core operating principle.

Though widespread, this position is not unanimous. Arms control advocates accuse the US of a failure of leadership during a critical period. In the wake of the Indian and Pakistani nuclear tests, North Korea's launch of a three-stage missile over Japan, and the lack of movement toward deeper strategic nuclear reductions, lost opportunities on CTBT and START II are seen as all the more dangerous. Supporters of a treaty-based regime predict NMD deployment will trigger a nuclear chain reaction characterised by renewed build-ups and accelerating proliferation. Meanwhile, the Nuclear Non-Proliferation Treaty (NPT) would be damaged and longstanding agreements would be in peril. In the final analysis, arms controllers argue, the entire structure could crumble, resulting in no diplomatic or legal constraints on the accumulation and spread of weapons world-wide.

The Current Regime: Success or Failure?

Ironically, both supporters and detractors of arms control believe the global treaty regime is in crisis. Their views on the source of the problem and how to remedy it, however, are quite different. The former argue that existing agreements are generally sound and that the significant gains of the early post-Cold War period have been frittered away by the ambivalence and diplomatic inertia of the nuclear weapon states. The latter reject any linkage between the nuclear policies of the US and its allies, and the decision by proliferators to develop or acquire weapons of mass destruction. They see current treaties as unenforceable and largely irrelevant for the hard core of countries pursuing nuclear, biological and chemical (NBC) weapons programs. Rhetoric aside, how effective is the global regime in reducing arsenals and countering the spread of mass-destruction weapons? The evidence of recent years indicates a decidedly mixed record.

START. The START experience reflects a broader trend in arms control where the gains achieved in dismantling and ultimately eliminating weapons have not carried over into the political realm. On the one hand, START's practical benefits are undeniable. Since 1991, the US and Russia have together reduced their accountable deployed forces by some 6,600 strategic nuclear weapons and are ahead of schedule in reaching the 6,000 warhead ceiling. On the other hand, while Russia finally ratified START II in April 2000 after seven years of delay, it may be a decade or more before deeper reductions are fully implemented. Senate Republicans oppose a series of protocols that multilateralise the treaty, extend the implementation timetable and distinguish theatre from strategic missile defence systems. START II also remains hostage to the current impasse on NMD, for which no resolution is in sight.

Table 1. Strategic Nuclear Forces – United States & Former Soviet Union

Declared Pre-START Forces			**START I Limits**	**Current Forces (as of 1 January 2000)**		**START II Limits**	
Warheads	**US**	**USSR**	**US, FSU**	**US**	**FSU**	**US**	**RUSSIA**
ICBMs	2,450	6,612	Total 4,900 each	2,409	3,810	no sub-limits	no sub-limits
SLBMs	5,760	2,804		3,776	2,336	1,750	1,750
Heavy Bombers (with and without ALCMs)	2,353	855	No sub-limits	1,578	852	no sub-limits	no sub-limits
Totals	10,563	10,271	6,000	7,763	6,998	3,000-3,500	3,000-3,500

It is not inconceivable that negotiations could achieve a breakthrough, with Russia trading acquiescence on NMD for deeper reductions in strategic nuclear arsenals as part of a START III agreement. It is just as possible that US-Russian talks could break down over the future viability of the ABM Treaty. Moscow has warned that any move towards a nation-wide missile defence system would cripple existing bilateral accords on offensive forces. Should it become clear, however, that NMD is proceeding with or

without Russian consent, Moscow may wish to cut a deal that at least limits the scope and effectiveness of US missile defences. There is no guarantee that by the time Russia is willing to compromise, a deal will still be possible. Leading Republicans, including presidential candidate George W. Bush, have generally argued against a bilateral agreement that would restrict US NMD deployment options.

Beyond the stalemate over missile defence, there are signs the START era, characterised by numerical parity and formal treaties, may be coming to an end. Russia's nuclear force structure is dictated increasingly by budgetary factors and technological obsolescence. Within a decade, its strategic arsenal may number as little as several hundred warheads. Under those circumstances, a policy of minimal deterrence may make eminent sense. The US, too, may be reconsidering the logic of START. In a recent speech, Bush proposed ending America's reliance on mutual assured destruction, instead emphasising robust missile defences. China, whose minimal force of intercontinental missiles is poised to expand significantly over the next decade, will also affect strategic nuclear relations. Finally, should US and Russian warhead levels fall below five hundred, British and French nuclear forces may also become subject to multilateral arms control considerations.

NPT. The global treaty regime is shaped not only by interaction among the nuclear powers but also by their often-strained relations with the rest of the world. As outlined, progress on START and CTBT remains on hold. The May 1998 South Asian nuclear tests and the international community's tepid response are sources of deep concern. For several years, divergent priorities have deadlocked the UN Conference on Disarmament. The International Atomic Energy Agency's (IAEA) strengthened safeguards regime is yet another disappointment, with momentum waning on efforts to gain support for more intrusive monitoring of nuclear facilities. Meanwhile, with no UN or IAEA inspections in Iraq since December 1998, fears mount that Baghdad has resurrected its NBC and long-range missile programs.

These setbacks led many to believe the 2000 NPT Review Conference would end in failure. In the event, the Conference achieved consensus for the first time in 15 years, restoring at least some measure of faith in the process. Russia helped create a positive climate by ratifying the CTBT and START II in advance of the gathering. For the first time, the five nuclear weapon states no longer made the commitment to eliminate their arsenals dependent on the Article Six condition of "general and complete disarmament." Other initiatives were mostly a restatement of existing objectives, though they represented a program which nuclear haves and have-nots alike could support – no small achievement. That said, fundamental cleavages remain. Other states see the policies the nuclear powers consider prudent – maintaining arsenals under safe and secure conditions for the purposes of deterrence – as blatantly unfair. Why should the Permanent Five be allowed to possess nuclear weapons while India and Pakistan are condemned and punished for seeking a similar capability? Ultimately, these positions reflect differing conceptions of national security and are likely to make implementation of NPT-related measures a slow and arduous process.

CWC, BTWC AND MTCR. In part, the US has justified its retention of a robust nuclear posture on the need to deter biological and chemical weapons use by a small

group of proliferators outside the existing regime. In other words, contemporary agreements may work well for the vast majority of states who uphold their international obligations. For a select few, however, political or military objectives demand the pursuit of mass-destruction arsenals, and no treaty, regardless of how widely supported, is likely to stand in their way. Yet how real are these concerns? How effective are treaties and supply-side controls in countering the spread of NBC weapons and ballistic missiles?

The sheer breadth of the Chemical Weapons Convention (CWC), which outlaws chemical weapons and establishes an unprecedented degree of on-site inspection, is perhaps its greatest strength. The simplicity of its all-encompassing ban, however, masks the complexities involved in its implementation. By June 2000, 135 states had ratified the Convention, some 700 inspections had been carried out, and three states that declared chemical weapons stockpiles – the US, India and South Korea – had met their initial destruction deadline. Yet implementation has not been problem free. Countries known to have robust chemical weapons programs (largely in the Middle East) remain outside the regime. Russia has been slow to ratify and implement the Convention as funding shortfalls postpone destruction work. Meanwhile, the Australia Group's export controls on biological and chemical materials raise fears that a two-tiered system remains embedded within the larger, supposedly non-discriminatory regime.

At the same time, the problem of dual-use materials and facilities has hampered efforts to negotiate enforcement mechanisms for the Biological and Toxin Weapons Convention (BTWC). Here too, the Australia Group divides Western and developing states while agreement also remains elusive on issues such as the role and scope of inspections, the types of facilities and items that would require declarations, and procedures for launching an investigation. As evidence emerges regarding past violations of the BTWC by Iraq and possibly Russia, and new proliferation threats are identified, the US has little appetite for measures that could inadvertently encourage the spread of sensitive technologies. At the same time, its pharmaceutical industry is concerned about the additional costs and regulatory burdens a strengthened BTWC would impose. Looking ahead, it appears doubtful negotiators can complete their work by the May 2001 Review Conference.

For over a decade since its inception in 1987, the Missile Technology Control Regime (MTCR) was fairly successful in limiting exports of ballistic missiles and their components to suspected proliferators. The regime's membership expanded, restrictions were extended to cover biological and chemical payloads, and remotely piloted vehicles and cruise missiles became controlled items. But high-profile missile tests in North Korea, Iran and Pakistan during 1998, missile-related transfers from Russia and China, the possible use of civilian space launch technologies to further ballistic missile programs, and large revenues garnered by North Korea from missile-related exports have underscored the limits of supply-side controls. Unfortunately, while MTCR members generally agree on the regime's shortcomings, they are far less united on proposals to improve its effectiveness. Some see utility in reaching out to proliferators through confidence-building measures and incentives for peaceful co-operation. Others are sceptical of initiatives that would complicate MTCR decision-making or weaken export restrictions. The US trend towards unilateralism further complicates efforts to broaden the MTCR's mandate.

Overall, the record of non-proliferation agreements is uneven. NBC and missile programs have not accelerated as quickly as they would have in the absence of the existing regime. Arms control has raised the cost of developing non-conventional arsenals. The decades-long taboo on the use of poison gases and disease as methods of warfare remains intact, however tenuously. Yet the slow, steady progression toward more capable systems, and the emergence of suppliers outside the regime and thus not subject to its constraints, suggest that current instruments may have reached the limits of their effectiveness.

Alternative Futures

Some advocates of a new approach to arms control argue that, over time, agreements may need to be renegotiated to reflect fundamentally changed circumstances. Whereas all concerned agreed on the need for adapting the Conventional Forces in Europe Treaty – specifically, replacing bloc limits with national ceilings, affording Russia greater latitude in the disposition of its forces, and increasing transparency – the same cannot be said for amending the ABM Treaty. One option is to devise accords that have built-in flexibility, perhaps in the context of less formal arrangements such as the 1991-92 US and Russian unilateral pledges to eliminate or de-activate their tactical nuclear arsenals. Yet this case also demonstrates the limits of such an approach, namely the absence of agreed verification mechanisms and, by definition, the political as opposed to legal status of commitments. Practical disarmament carried out under US Co-operative Threat Reduction programs – dealing with the disposition of excess fissile materials, the rehabilitation of Russia's formerly closed nuclear cities and incentives to curtail co-operation with proliferators – is another way of bypassing the formality of treaty negotiations. However, these initiatives are closely tied to START and would not likely survive without the core treaties.

Another approach that has gained prominence in recent years has seen non-governmental organisations (NGOs) force issues of concern onto the global security agenda. It is not clear, however, whether the success of the 1997 Ottawa Convention banning anti-personnel landmines is transferable to other 'human security' priorities. The challenge of controlling small arms is formidable, given the difficulty of monitoring weapon flows and shutting down production and transport networks. While agreements to counter proliferation have focused on limiting exports and outlawing illicit manufacturing and trafficking, reversing 'cultures of violence' that fuel demand is a far more onerous task. Multilateral efforts to improve the plight of war-affected children and their use as combatants have likewise been limited by the protracted nature of intra-state conflicts. Despite fieldwork focused on demilitarisation and rehabilitation, and the global campaign to alter participation and recruitment practices, the situation on the ground has not changed markedly. Ultimately, progress on both issues depends on ending hostilities and rebuilding broken societies.

In the years ahead, the role of advanced technology in verifying arms control agreements will likely grow. The level of intrusiveness needed to verify a possible START III agreement, where inspectors may be called upon to remotely determine the contents of re-entry vehicles or the rate of stockpile destruction at closed facilities, could

mean increased use of unattended sensors, sophisticated data fusion techniques and more rugged, portable equipment. At the same time, it may be difficult to establish effective controls over high-tech systems and capabilities. How will demands for space-based weapons be satisfied? How can information operations be restrained, given the connected, integrated nature of computer networks and their critical role in everyday life? In the future, arms controllers may need to focus less on limiting hardware and more on ensuring that knowledge is not used for harmful purposes. Programs offering legitimate employment to scientists formerly engaged in NBC-related work and recent Russian disarmament proposals seeking to outlaw information warfare indicate such a shift may already be underway.

Conclusion

The gloom that has permeated arms control circles and which has led some to ruminate about the demise of the existing treaty-based regime reflects the many obstacles faced by negotiators over the last few years. The difficulties are widespread and include unratified treaties, agreements that lack adequate enforcement provisions, a hard core of states engaged in the sale and purchase of dangerous weapons, increasingly sophisticated concealment and deception techniques which hamper verification, the risky side effects of dismantled arsenals and weapons complexes, the seemingly intractable intra-state conflicts that fuel demand for arms and combatants, and finally, the emergence of new types of warfare that elude controls.

Given these challenges, merely continuing along the same path is not likely to result in the desired breakthroughs. First, the US needs to do a better job explaining to allies and adversaries alike its concerns regarding proliferation and, thus, its perceived need for defensive as well as offensive forces. This could encourage compromise on NMD and allow for further START reductions. Second, the lesson of the 2000 NPT Review Conference – acceptance of modest goals and the less-than-perfect bargain at the heart of the Treaty – should carry over into the Conference on Disarmament and the BTWC negotiations. In both fora, a dose of realism and less posturing could mean progress on long-deferred issues. Third, an emphasis on practical disarmament, from dismantling nuclear warheads to de-mining, makes sense in a world ill-disposed towards all-or-nothing agreements. Lastly, the human security agenda demands greater focus on the underlying causes of conflict within societies. Absent hostilities, demand for the implements of war is likely to diminish significantly. Taken together, these steps could invigorate global arms control efforts in the years ahead.

Michael Margolian

Terrorism

A recent survey found that international terrorism was seen as the biggest security threat facing Canada, and US Secretary of State Madeleine Albright described it as the "biggest threat to our country and the world." Perhaps terrorism provokes such concern because it seems more likely than other forms of conflict to affect citizens of otherwise peaceable states. Yet the actual number of international terrorist incidents (those that involve the citizens or territory of more than one country) is generally in decline: in 1999 there were 392 incidents compared to 666 in 1987. Of 3,824 attacks world-wide during the 1990s, only 20 occurred in North America, indicating the protection conferred by geography. As ever, American citizens and property abroad remain the favourite target of international terrorism. Canada is largely a chance target of acts of terrorism outside the country (a Foreign Affairs list shows 17 such incidents between 1994 and October 1998).

The impact of terrorism is much higher than the above statistics suggest since they do not include incidents of domestic terrorism. Data on the latter are unreliable, but for most liberal democracies, domestic terrorism is a minor distraction. Left-wing terrorism has declined greatly since the end of the Cold War, and overall there has been a considerable reduction in the incidence of ethnic/nationalist terrorism in the few Western states (notably Britain and Spain) seriously affected by this type. Between 1960 and 1989, Canada had 366 domestic terrorist incidents, most of them in the 1960s. During the 1990s incidents seem to have been few and minor, although over the past 15 years terrorists have moved from support roles to actually planning and preparing terrorist acts from Canadian territory. According to the Canadian Security and Intelligence Service, domestic terrorism in Canada is limited to the potential for violence stemming from aboriginal extremism, white supremacists, right-wing intolerance, violence on both sides of the sovereignty debate, and single-issue extremism (animal rights, environment, etc.).

Given the decline in international terrorism, there are several reasons why it could still be termed the biggest security threat to a superpower with little domestic terrorism. Apart from the US being the primary terrorist target outside North America, there is growing concern about possible terrorist use of weapons of mass destruction (WMD). Such weapons could be used as a tool of asymmetric warfare (a strategy whereby a weaker party seeks to exploit the vulnerabilities of a stronger one) on American soil.

Terrorist Groups, Tactics and Targets

Groups. Traditionally, terrorist groups tended to comprise individuals living underground on a more or less full-time basis, with a well-defined leadership structure and in many cases the backing of a foreign government. The longest-lived have been the ethnic/nationalist ones, such as the Provisional Irish Republican Army (PIRA) and the Basque Euzkadi ta Askatasuna (ETA). Wide community backing and clear goals explain much of their durability. Some of the long-lived nationalist groups have seen their goals approach realisation, and thus have inclined towards politics and away from terrorism. This increasingly appears to be the case of the PIRA and of some of the groups in the Middle East, as a Palestinian state emerges. Left-wing terrorism has been on the decline

in Europe and North America since the end of the Cold War, and right-wing terrorism had little impact until the rise of the Christian Identity movement in the US in the 1990s.

In 1968 none of the identifiable international terrorist groups were religious in character. Thirty years later, over one-third were primarily actuated by religion. The rise of religious extremism is seen as greatly increasing the potential for mass-casualty incidents. A parallel development of recent years has been the growing role in terrorism of single individuals or loose groupings of like-minded extremists, such as the "Unabomber" and Timothy McVeigh. Terrorism that protests abortion and other issues is also on the increase in North America and is often the work of individuals.

Recent evidence proves Soviet-bloc sponsorship of terrorist groups, such as the Popular Front for the Liberation of Palestine (PFLP), the PIRA and the German Red Army Faction, as well as direct involvement in terrorist acts. Hence, the USSR's fall removed a major support for modern terrorism. Other state sponsors have also greatly reduced their backing for terrorism. This development has several implications. State-sponsored terrorism was more interested in pursuing the foreign policy goals of the sponsoring countries than in acquiring publicity and, thus, tended to be much more lethal than attacks carried out by independent groups. With less possibility of attracting financial, material, training, planning and logistical support (as well as sanctuary) from foreign governments, terrorists instead are more apt to form loose, transnational affiliations based on religious or ideological affinity. Terrorists have always networked, and the loss of state sponsorship has to some extent been offset by the rise of organisations such as Osama bin Laden's al-Qaida, although the degree of his involvement in international terrorism has probably been exaggerated.

Tactics. Terrorist tactics may reasonably be expected to match terrorist motives. Thus, left-wing groups often kidnap or assassinate persons they blame for economic exploitation or political repression, and also bomb symbolic targets. Émigré groups tend to strike at diplomatic missions, and ethnic/nationalist ones to attack the security forces. In selecting their tactics, terrorists are guided by what they think are their constituencies. Religious groups tend not to direct their attacks at a particular constituency, as a 1990 study of Shia terrorists found. Thus, the attacks of religious terrorist groups have typically been more indiscriminate (and lethal) than those of other groups.

Terrorists have usually been tactically conservative. Bombings remain their favourite tactic (over half the attacks in 1998 and 1999 were bombings) because they lend themselves to both coercion and symbolism and do not require high organisational capabilities. Suicide bombing has become increasingly popular. The Liberation Tigers of Tamil Eelam (LTTE) has carried out nearly 170 suicide bombings since 1980, and Hizbollah and similar groups over 50. A study of suicide bombings by the Kurdish Workers' Party (PKK) found that group dynamics, charismatic leadership, and coercion were important factors disposing militants to suicide attack. Attacks tended to be made against defined targets (officials, security personnel, etc.) rather than being indiscriminate.

WMD Terrorism. In 1997 a former Director of Central Intelligence warned that there was no greater threat to US security than WMD terrorism. Others dismiss such warnings as the "great superterrorism scare." The 1999 report of the Special Senate

Committee on Security and Intelligence concluded that the risk of a nuclear, biological or chemical attack in Canada or against Canadian interests is low. The worries about the potential for WMD terrorism centre mainly on several apparent trends: the growing lethality of terrorism (*see box*), the breaking of a taboo, the rise of religious terrorism, and improved capabilities.

Terrorist Lethality

It is widely believed that terrorist attacks are becoming more lethal. For instance, the US National Commission on Terrorism noted that in the 1990s a terrorist incident was almost 20 percent more likely to result in death or injury than an incident two decades ago. If a growing percentage of attacks are designed to kill as many people as possible, then the moral restraints against WMD terrorism may be diminishing.

However, the data on the lethality of international terrorism are equivocal. The likelihood of becoming a casualty of international terrorism has increased during the 1990s, but the ratio of dead to wounded is much lower (perhaps by two-thirds) than during the 1970s and 1980s. Although there are problems of consistency in State Department data, it appears that twice as many people were killed by international terrorism in the 1980s as in the 1990s. In addition, of the 13 terrorist incidents (some domestic) that have each killed over 100 persons and that have occurred since 1968, seven took place in the 1980s and four in the 1990s. (The average number of fatalities in these mass casualty attacks was 212.)

Many analysts regard the Aum Shinrikyo nerve gas attack on the Tokyo subway in 1995 as a watershed in terrorist tactics. Yet in contrast to other terrorist tactics – among them hostage taking, hijacking and product-tampering – where a "contagion effect" has been observed, the Aum attack has not been copied in the five years since. Analysts regard religiously inspired terrorists as less inhibited than traditional ones, in some cases regarding violence as a divine duty, martyrdom as a ticket to paradise and potential victims as infidels. It was a cult that launched the first serious chemical attack, and religion has been a motivator in several mass-casualty attacks (notably the 1998 East Africa bombings). A database of terrorist resort to chemical or biological agents found that one-third of the incidents were perpetrated by religiously inspired groups. However, the anticipated rash of religiously inspired terrorism around the millennium did not happen, and religion has not been a major element of suicide attack. Finally, increasing access to information and the greatly increased number of people with relatively sophisticated scientific and technical education have enlarged the capability for WMD terrorism.

The main advantage of WMD weapons is their lethality. In addition, in the hands of reasonably cautious terrorists their assembly and use should make discovery of the perpetrators difficult to detect (agents can be employed in ways that are indistinguishable from everyday activities). Of the WMD weapons, terrorists seem most likely to resort to chemical agents, which are the easiest to acquire and do not require sophisticated dispersal methods. The assembly and dissemination of biological weapons require a small team with appropriate technical skills and sufficient funds, and effective aerosol delivery is a significant obstacle to their use (ten biological attacks by Aum, a well-funded group with considerable technical resources, all failed). A 1996 Pentagon study found that most terrorist groups lack the technical and financial resources to acquire nuclear weapons but could make radiological dispersion devices. There are several obstacles to effective WMD terrorism: moral qualms (even an Aum member broke off an attack), security considerations, technical difficulty and organisational requirements. Traditionally, some

of these impediments could have been removed by a state sponsor, and, in fact, most of the seven states still identified as terrorist patrons by the State Department have some chemical, biological or nuclear programmes. However, there are few governments that would risk massive retaliation by transferring a WMD capability to a terrorist group, which might anyway prove difficult to control.

Cyber-terrorism is a corollary to WMD terrorism, and the Senate Special Committee warned of the vulnerability of open societies, like Canada, with sophisticated information technology systems. The 1999 "Melissa" virus and the May 2000 "love bug" showed the disruption that can be caused by hackers – or rogue states or terrorists (the Pentagon admitted that the "love bug" infected four classified networks). A major cyber-assault does not necessarily require a sophisticated delivery system (a Montreal teenager shut down the world's most popular Internet website in February 2000). Apart from the disruptive potential of technology, criminal and terrorist organisations are increasingly using it to raise funds, spread propaganda and communicate with each other. The move away from formally organised, often state-sponsored groups to loose networks of individuals and sub-groups also lends itself to "netwar."

Targets. While terrorist tactics have remained fairly consistent, targeting choices have evolved, often in response to increased protection being given to particular types of target (such as embassies). Thus, in the mid-1980s, there was a switch from diplomatic and military targets to business ones. Between 1987 and 1995 (after which data on victim types are excluded from the State Department annual reports), the bulk of victims – from 50 to 72 percent – fell into the "Other" category (ordinary citizens, tourists, aid workers, etc.). This suggests a significant rise in indiscriminate terrorist targeting. In turn, this rise is advanced as further grounds to expect an increased potential for WMD terrorism.

Business remains an important target of international terrorism (it is a staple of attack in Colombia), and economic warfare has become a favoured tactic of domestic terrorism in recent years (notably of the PIRA and LTTE). In this vein, a potential target of biological terrorism is agriculture, which in the US alone is a US$1 trillion industry. In fact, agricultural bio-terrorism may be easier than bio-terrorism directed at humans. Plant and animal pathogens are readily available in nature, and since many animal pathogens are contagious and populations (of hogs and chickens, for example) relatively concentrated, little agent is needed to infect large numbers of animals. Agro-terrorism has a long history, and there have been a number of cases of food contamination, the most recent confirmed one occurring in 1996.

Impact of Terrorism

It has been claimed that terrorism almost never accomplishes anything politically significant. However, the histories of Israel, Cyprus and Algeria show that terrorism can help effect political change where accompanied by broader guerrilla campaigns. There have been more recent terrorist successes. One has been Britain's willingness to negotiate over the political status of Northern Ireland, a position unquestionably fostered by three decades of terrorism in that province. The Palestine Liberation Organisation (PLO) has benefited greatly from the use of international terrorism. By the end of the 1970s, it had formal diplomatic relations with more states than did Israel, despite being a non-state

actor. Thirty years after the PLO's founding, a Palestinian Authority has been set up that is moving towards full statehood and is incrementally recovering land occupied by Israel on the West Bank of the Jordan River. In contrast, the PKK has largely eschewed international terrorism and is not formally represented in any countries, though Kurds are far more numerous than are Palestinians. Ethnic/nationalist terrorism has been far more effective than ideological terrorism, and much of this success has come in the 1990s from an international environment that is more accepting of devolution, autonomy and even independence.

However, even where groups have resorted to international terrorism, it has not proved a guarantee that they would achieve even relatively small gains beyond publicising their causes, as the Moluccans found. The history of left-wing terrorism in Western societies is an example of complete failure. In the early-1990s the life-expectancy of about 90 percent of terrorist groups was estimated to be less than one year, and of those groups that passed this threshold, nearly half had ceased to exist within a decade. Thus, longevity – more typical of ethnic/nationalist groups – is a pointer to (relative) success, although some left-wing groups (such as 17 November in Greece, founded in 1975) have been as persistent as unsuccessful. In general, terrorists are better at achieving short- or medium-term goals than their professed primary objectives. In fact, some of the tactical gains of terrorism can be dramatic. A 1985 hijacking ended when the Reagan administration abandoned its policy of refusing to negotiate with terrorists in return for the release of American hostages. The 1999 Air India hijacking had a similar result, as well as giving a boost to the Kashmir insurgency. Terrorism has also been used to considerable effect in subverting peace initiatives in the Middle East and elsewhere.

Conclusion

From US presidential decision directives to G8 summit communiqués, the terrorist threat is trumpeted as one of the major security threats of the modern world. Yet if one lives in a liberal democracy, terrorism generally fails to live up to the worst predictions. This is surprising, given the increased capabilities for non-state destructiveness, the individualisation of modern terrorism, and the reality that persons with primitive urges and lack of restraint populate the fringes of political life. Evidently, the alarm is a function more of consequences than of probabilities. While the likelihood of a WMD incident is low, the potential consequences would be so significant that governments must devote considerable resources to meet the threat. Terrorism is also of serious concern to the international community because of the role that it plays in exacerbating conflict, particularly in places (such as the Middle East and Kashmir) where the consequences flowing from conflict can have serious global repercussions. Terrorism has often been used to disrupt promising peace initiatives or threaten those who favour compromise, and thus can play an important role in determining the course of a conflict.

Tony Kellett

RMA and the DCI

The Defence Capabilities Initiative: Responding to the Revolution in Military Affairs

One of the most significant outcomes of NATO's 50th anniversary Summit in Washington, D.C. in April 1999 was the decision taken by Alliance Heads of State and Government to launch a Defence Capabilities Initiative (DCI). The objective of this Initiative is to ensure that the Alliance can effectively carry out operations across the entire spectrum of its present and possible future missions – from responding to a humanitarian disaster to carrying out a peace-enforcement operation to conducting high-intensity warfare in defence of Alliance territory. Although originally intended as a measure to address the growing technology gap between the United States and its NATO allies, the Initiative was subsequently broadened to include doctrinal and organisational elements of future military operations, such as the need to be able to deploy mobile and sustainable forces. In taking on this broader mandate, the Initiative has gone beyond longstanding initiatives like the NATO Standardisation Program and attempts to respond to the American-led Revolution in Military Affairs (RMA).

A Revolution in Military Affairs can be described as *a major change in the nature of warfare brought about by the innovative application of new technologies which, combined with dramatic changes in military doctrine and operational and organisational concepts, fundamentally alter the character and conduct of military operations.* New military technologies associated with the RMA include precision-guided munitions for precision force, stealth for greater power projection, advanced intelligence, surveillance and reconnaissance systems for enhanced battlespace awareness, and advanced command, control, communications and computing systems for increased battlespace control. Key doctrinal developments focus on jointness among services and combinedness among countries, littoral warfare, disengaged combat using precision force, and smaller, more rapidly mobile and flexible yet lethal ground forces. Organisational changes centre on a shift from mass armies to smaller, more highly educated and capital intensive professional armed forces whose units are commanded by a more decentralised decision-making structure and can be specifically tailored to the task at hand.

European Military Capabilities. Operation ALLIED FORCE in and around Kosovo in the spring of 1999 demonstrated that European members of NATO have limited capabilities in several RMA-related areas. More than 70 percent of the firepower deployed was American. Only a handful of European allies had laser-guided bombs and only Britain was able to contribute cruise missiles. Barely ten percent of European aircraft were capable of precision bombing and, of the European members of NATO, only France was able to make a significant contribution to high-level bombing raids at night. Only the United States could contribute strategic bombers and stealth aircraft for enhanced power projection. European allies also critically lacked reconnaissance and surveillance aircraft.

Canada, by comparison, 'punched above its weight' during Operation ALLIED FORCE, contributing a total of 18 CF-18 strike aircraft, each equipped with *Nighthawk* infrared tracking devices and precision-guided munitions. Canadian fighter jets did on average ten per cent of the strike missions and represented between five and twenty-five per cent of the strike force on any given day of the operation. The multitasked CF-18s were able to conduct air-to-air combat as well as bomb facilities and ground forces.

European members of NATO are taking measures to respond to the RMA. They plan to increase their precision force, stealth, battlespace awareness and battlespace control capabilities over the next several years and are adopting force mobility and power projection as the guiding doctrines for transforming their militaries. NATO itself has adapted its joint military command structure by developing the Combined Joint Task Force concept to increase its ability to respond to today's security risks and threats. NATO is also in the early stages of developing an air-to-ground surveillance capability, akin to America's Joint Surveillance Target Attack Radar System aircraft.

The Technology and Capability Gap. But, outside these measures, Europe's militaries are not incorporating advanced technologies quickly enough to stem a growing technology gap between them and the US. The gap has been apparent since at least the Gulf War but was dramatically highlighted by the 1999 NATO operation in and around Kosovo. America's superiority in information systems meant that it had difficulty communicating with its allies. The allies also experienced problems in joint deployment, target identification and weapons compatibility. Nor are European militaries moving rapidly enough to restructure their militaries. Although the European Union's militaries comprise almost two million people as compared to America's 1.45 million, it could draw up only half of the number of properly equipped and trained professional soldiers that were specified for Kosovo while the United States provided the other half.

The widening gap is partly due to substantially reduced defence budgets in West European countries. Since the end of the Cold War, NATO members have cut defence spending by about 25 percent in real terms. As a result, the European allies account for less than one-third of NATO's total equipment spending. More importantly, however, it is the manner in which remaining funds are put to use that explains the growing gap. The United States spends roughly two and a half times as much on research and development as all other members of NATO combined and has more aggressively pursued revolutionary innovations in software, communications, sensor and logistics technology to compensate for manpower and equipment reductions. The upshot is that while European countries spend about two-thirds of what the United States spends on defence, they do not have anything like two-thirds of the capabilities.

The technology and capability gap between the United States and its European allies has a number of implications. The most immediate is that European militaries may soon be unable to operate alongside the Americans because of their technological backwardness. Although problems of compatibility have been an issue for the alliance since its inception, the difference today is that US advances in communications, data processing and precision-guided weapons are in the process of completely eclipsing those of its allies and casting into question their ability to function together.

The gap could also breed new tension within the alliance, undermining its cohesiveness. Tension could arise if European armies by default find themselves increasingly responsible for the dangerous, manpower intensive tasks that can lead to significant casualties while the United States provides the high-tech logistics, lift, intelligence and air power. The gap could also raise burden-sharing issues and aggravate mutual resentments by increasing Europe's security dependence on the United States at a time when Europeans are expected to do more for their own security.

Most significantly, the technology and capability gap could eventually marginalise the political and military importance of the North Atlantic Alliance. While the divergence in capabilities has not prevented successful operations in Bosnia or Kosovo, many experts argue that European militaries could provide little help in a more demanding engagement. Thus, ironically, the more severe the threat to interests shared by the United States and Europe, the less likely that a true US-European coalition will respond. Continued political and military support for the Alliance on the part of the United States will ultimately depend on the ability of its European allies to make a valid contribution to combined operations. Far from replacing NATO, therefore, enhanced European military capabilities are central to the Alliance's future viability.

Responding to the Gap. Recognising this, in the wake of the Kosovo crisis European leaders revitalised their commitment to the development of an effective Common European Security and Defence Policy (CESDP). In June 1999 they nominated NATO Secretary General Javier Solana to lead this drive from the newly created position of High Representative for a Common Foreign and Security Policy. They also decided to merge the crisis management elements of the Western European Union with the European Union (EU) by the end of 2000 and to transform the Eurocorps into a rapid-reaction force. At the Helsinki summit in December 1999, EU leaders agreed to create, by 2003, a rapid-reaction corps of 50,000 to 60,000 troops under direct EU control.

Despite these steps, most analysts and policy makers agree that a stronger CESDP – and indeed a stronger European Security and Defence Identity within NATO – will depend less on institutional changes and more on modernising forces to meet the demands of the new international security environment. In part, this means some EU members spending more on defence or pooling their resources. But more importantly it means most members spending their defence budgets on different things.

It is here that the Defence Capabilities Initiative has a key role to play. The DCI is specifically designed to address those areas where the Alliance needs to develop its military capabilities in order that it can effectively respond to the sorts of challenges it is likely to face in the coming years and decades. The Initiative focuses on improving interoperability among the forces of member states and seeks to increase NATO military capabilities in the areas of deployability and mobility of allied forces, their sustainability and logistics, their survivability and effective engagement capability, and command and control and information systems.

These areas of focus echo the key technological, doctrinal and organisational elements of the Revolution in Military Affairs. Deployability is best enhanced by investing in air and sealift and by reorganising forces into smaller, more rapidly mobile units that are equipped with lighter yet highly lethal weapons. Sustainability will be

dependent in part on applying advanced technologies to logistic efforts. Effective engagement requires a wide variety of advanced weapons systems associated with the RMA, from precision-guided munitions and all-weather surveillance and reconnaissance systems to attack helicopters and stealth aircraft. It also necessitates that these systems be interoperable among services and militaries to facilitate the joint and combined operations that are fundamental to the RMA. Survivability involves efforts to protect forces against the possible use of weapons of mass destruction. Finally, advanced, interoperable, and deployable command and control and information systems are key elements of the RMA and are essential for enhancing military capability.

Thus deployability, sustainability, effective engagement, survivability and command and control are not only the primary areas of focus for the DCI but they also capture the key elements of the RMA. Indeed, *the Defence Capabilities Initiative can be viewed as the practical expression of requirements to respond to the Revolution in Military Affairs*. As such, the DCI is central not only to improving the military capabilities of European forces and strengthening the European pillar of NATO, but also to ensuring the continued military and political viability of the North Atlantic Alliance.

Prospects for DCI implementation. Whether or not the DCI will succeed is as yet an open question. In assessing the prospects for its implementation, a number of important factors come into play:

- *Cost*. The DCI comprises 58 specific undertakings across its five areas of focus. Generally speaking, those DCI decisions that are related to agreements on policy, procedures or other planning efforts have been implemented or are in the process of being implemented while those that involve resource-related actions have not yet moved significantly forward. The challenge here is for individual nations to reprioritise defence policy decisions to accord with DCI decisions – two-thirds of which are related to forces and capabilities and therefore can be addressed through the NATO Force Proposal process – and also to effect at least a modest increase in defence spending. A number of Allies are now reviewing their defence plans in order to increase the priority assigned to DCI decisions. Progress with respect to defence spending, however, is less pronounced. While Britain and France (and Canada) have begun modest increases in defence spending, the German defence budget continues to fall.
- *DCI's Relationship to CESDP*. Just as NATO is seeking to improve its military capabilities through DCI, the European Union has undertaken to give concrete meaning to a CESDP by developing a rapid-reaction corps. If measures to strengthen military capabilities in NATO and the EU are consistent with one another, then the prospects for DCI implementation are good. If, however, the EU's initiative causes European members of NATO to focus on improving military capabilities that are not consistent with the DCI, then DCI implementation could be stalled or sidelined. The EU initiative focuses on peacekeeping tasks, whereas the DCI captures both these lower-level tasks and measures to strengthen NATO's ability to carry out its primary mission — the collective defence of Alliance members. Although EU leaders insist that the military requirements, performance levels and equipment specifications are

the same across the two organisations, there is potential room for discrepancy as the EU initiative progresses, given the difference in mandates.

- *Defence Industrial Co-operation*. Closing the technology gap among NATO members raises the question of whose technology to adopt. While the shortest route to technological compatibility may be off-the-shelf purchases from the United States, such an option is not politically viable among European members of NATO. A better option is transatlantic co-operation between American and European defence industries. However, a major stumbling block is the issue of European access to sensitive US military technology. On grounds of national security, the United States has established safeguards to protect critical military technology and these, in turn, have effectively limited European access to the American defence market. According to the Europeans, gaining access to the US defence market is a prerequisite to achieving workable transatlantic agreements. This situation, in turn, is indirectly negatively impacting progress in DCI implementation. Although Congress is undertaking to find a course that will encourage commercial co-operation while protecting against national security risks, to date there has been no substantive progress.

Taking these factors into account, a pragmatic assessment of the prospects for DCI implementation is at best fair, at least in the timeframe originally envisaged by the Washington Summit. The High Level Steering Group overseeing DCI implementation was originally given a two-year mandate. Midway through this period, France has argued that nothing concrete has come out of the process while the United States has conceded that very little has been done.

That said, many aspects of the DCI can already be found in the defence policy statements of Alliance members. The key objectives outlined in Canada's Strategy 2020, for example, align directly with the DCI's areas of focus. This is similarly the case with respect to Britain's July 1998 Strategic Defence Review, ongoing changes within the French Armed Forces since 1996, and the May 2000 conclusions of the Commission on the Future of the Bundeswehr. The DCI has provided, and can be expected to continue to provide, an important element of focus for all Allied nations attempting to respond to the changing nature of warfare and the Revolution in Military Affairs.

Elinor Sloan

The Politics of Identity

Conflict and political instability are often the product of disputes arising over the distribution of scarce resources – land, food, water and minerals. These tangible resources are necessary for personal, as well as social security, and it is impossible to imagine existence without their possession. The need to protect access to them from real or perceived threats is, therefore, logical. Nevertheless, humanity has never been only concerned with the material world. The desire to protect the identity of a people (*ein Volk* or *une nation*), to pursue salvation or to construct the *just society* creates other sets of essential social values that are subject to, and require protection from, threat. This second category, which for the purpose of this Overview is termed the Politics of Identity, involves intangible security concerns that have frequently created instability and led both to civil and international conflict – and will continue to do so.

An Essential Tension

In 1993, Samuel Huntington argued that future conflicts would most likely occur along the common frontiers of the world's civilisations. While this thesis was largely rejected, it is nonetheless true that Western norms underpinning the international system, and whose dominance is a holdover from the colonial age, are often now challenged. (The end of the Cold War de-legitimised Marxism-Leninism, a unifying creed for many who opposed the West.) A new appreciation for cultural perspectives in international politics is one result. This has been reinforced by the continuing disputes over the content of human rights, the belief in 'Asian values,' the rise of political Islam throughout the Middle East and Taliban in Afghanistan, the irrelevance of democracy and the rule of law in much of Africa, and the agenda of the *jihadists* in Chechnya.

The current Western approach to the state – pluralism, secularism and a market-based economy – is often put forward as the ideal model of development. Achievement of those standards is just as frequently predicted to be the outcome of globalisation, an almost-inexorable process integrating societies and regions, sometimes at great distances from one another. Globalisation is understood to be, as James Rosenau wrote, "changing humankind's preoccupation with territoriality and the traditional arrangements of the state system." At the same time, however, a reaction to such trends is discernible. For many peoples, the importation of foreign values and ways of life is unacceptably socially disruptive and, particularly in less affluent and underdeveloped societies, resembles old-style imperialism. If globalisation operates to extend ideas, norms and practises beyond the settings in which they originated, other forces ('localisation') seek to guard against such intrusions. Strengthening economic linkages that for some are an avenue to expanded trade and affluence are viewed by others as leading to the erosion of traditional ways of life. Such views are not found only in non-Western societies, where the liberal-secular agenda has traditionally been rejected. If some in the Islamic world reject a capitalist system that is viewed as incompatible with basic religious teachings about charity and solidarity, so, too, do many Christian conservatives. Even if it is frequently overlooked, the tension between the dynamics of globalisation and localisation will continue to be an important element in contemporary world affairs.

Nationalism

According to the philosopher Ernest Gellner, "nationalism is primarily a political principle, which holds that the political and the national unit should be congruent." For many people, nationalism is assumed to be a politicised form of ethnicity. There are few examples of the coincidence of 'nation' and 'state': France, Italy, Japan, Armenia and the Scandinavian countries are perhaps the best examples. For some, nationalism is an expression of cultural unity. Despite living in a number of different countries, Muslims in the Arab world feel a natural kinship that sometimes (although almost always unsuccessfully) finds political expression. For others, it is a response to the collapse of traditional ways of life. It is often argued that German national socialism (Nazism) arose from military defeat, rapid industrialisation and an underdeveloped political culture – an idea that has found expression in concerns about post-Soviet or *Weimar* Russia. Nevertheless, from the time of the French Revolution (1789), nationalism has been a potent force in international affairs. This century's two world wars were undoubtedly influenced by nationalist philosophies, some of which espoused extremist and genocidal aims. Many of the post-Cold War conflicts can also be termed nationalist including the Rwandan civil war and the dissolution of Yugoslavia.

The motive force of nationalism is national identity. Unlike patriotism that can unite different groups, nationalism is exclusive. The 'people' being united presumes a certain degree of homogeneity – common language, shared traditions and a common culture. The 'two nations theory' which asserts equivalence for Hindus and Muslims on the Subcontinent is, for example, strongly rejected by nationalists in both communities. Demands for the unity of a national grouping whose territory crosses international borders can also create serious instability. For example, the goal of a 'greater Albania' includes Albania, the Serb province of Kosovo and northwestern Macedonia, and would, if pursued, destabilise the entire southern Balkans. Often, national identity may be more mythic than real. The role of dialects, the infusion of cultural elements from outside and the degree to which segments of an ethnic group might be different from one another, all tend to be ignored in appeals to a *true* national identity. In some modern nation-states, such as France, many of these common attributes have been created by the state, and overcoming regional identities (e.g., Gascon, Alsatian or Breton) has taken centuries. For other countries, similar efforts failed. Budapest's attempt to *Magyarise* ethnic-Slovaks in the nineteenth century created a lasting resentment now directed at Slovakia's Hungarian minority. In other countries, the assertion of a common identity is believed to mask imperial ambitions. Among Russian nationalists, Ukrainian is often described as a dialect of their own language, suggesting cultural (and implying political) unity, enraging Ukrainian nationalists and reinforcing a basic insecurity in Kiev's relations with Moscow.

Modern history has also many examples of nationalist demands breaking states apart. The collapse of the multinational empires after 1918 was repeated with the ending of the Cold War in the early 1990s. The dissolution of the Soviet Union and Yugoslavia, and the creation of separate Czech and Slovak republics, are all the consequence of national self-determination. These are, of course, the most extreme examples. More common, however, is the demand for autonomy – a means of limiting political control over a given territory. Autonomous regions function as a national homeland. Autonomy

is generally accompanied by a demand for the recognition of group rights including language and cultural identification. After centuries of centralisation, West European states are showing an increased sympathy to this approach. Catalonia and the Basque region in Spain, and the devolution of authority to Scotland and Wales in Great Britain, are recent examples. For the ethnic-Germans in Italy's Trentino region, autonomy has worked well for decades.

Accommodating national demands is, however, a challenge even for the most developed democratic states. Indigenous peoples in North and South America, Australia and in the Arctic region have begun vigorously to pursue greater restrictions on central authorities. Tensions and violent altercations with the general population often result. In Chiapas in Mexico, an armed conflict erupted with considerable loss of life. Sometimes, as with Quebec, the agenda has included special political rights (i.e., distinct constitutional status) that the larger community has rejected, with increased friction and political uncertainty as a result. In others, such as Flanders, more peaceful change has taken place; however, the Belgian state has been fundamentally transformed and relations with the other major ethnic group (Walloons) have deteriorated.

In countries with a strong statist tradition, political autonomy can be viewed as a serious threat to national unity. Romania has consistently rejected the idea of minority rights for its ethnic-Hungarians. It also opposes regional autonomy for Transylvania where that group lives and which was for centuries a province of the Kingdom of Hungary. More recently, the stability of the Jospin Government in France has been upset by plans to devolve power to Corsica. Critics charge that autonomy is being granted to the island even before separatists declare an end to their drive for independence. Autonomy has also exacerbated longstanding ethnic rivalries. An example of this is Kosovo, which enjoyed that status from 1974 to 1989. Autonomy, however, fuelled Albanian nationalism and heightened Serbia's concern about its control of the province, leading to oppressive policies, armed conflict and, ultimately, last year's civil war.

Nationalism is particularly dangerous when the goals espoused by one group overlap with those of another. Hungarian sociologist Istvan Bibo has noted that "national sentiment is not only a link between groups of people, it also signifies the attachment of groups to places, to holy cities, and to regions laden with historical memories." When certain places become the objects of competing nationalist claims, an almost intractable conflict is created. Perhaps the best-known example of this is Jerusalem, a holy site for three major religions. Palestinian and Jewish interpretations of history (i.e., what happened to create the situation today and who is at fault) and contending political aims continue to stymie the best efforts at peacemaking.

The Middle East is not the only region with such conflicts. Beijing's claim that Taiwan is an historic province of China confronts those who support the independence of the island and frequently threatens to destabilise East Asia. Abandoning Kosovo to its ethnic-Albanian inhabitants, and thereby avoiding war, was impossible for Slobodan Milosevic as he was pressured by Serb nationalists not to give up a province so tightly linked to their people's history. In such cases, forcible expulsion of suspect populations by the group that enjoys dominance has frequently been employed. (The flight and expulsion of the Serbs from Kosovo by the returning Albanians after NATO occupied the

province is only the most recent example of this.) Competing nationalist claims will continue to occur and, in some cases, will retain the potential for violence and war.

In his famous essay, *Two Concepts of Political Liberty*, Isaiah Berlin wrote that among one's own people, "they understand me, as I understand them; and this understanding creates within me a sense of being somebody in the world." Contrary to the expectation that political and economic integration will undermine its influence, nationalism *will* remain a potent political force because it appeals to two basic human desires – freedom (of a 'people') and belonging. The potential for it to create instability and conflict must always be reckoned to be considerable.

Religion

Like ethnicity, religion is generally an important component of individual identity, providing values and explanations for daily existence. As a consequence, religious belief-systems necessarily address issues of social significance. As a result, threats to the dignity of a faith, its dogmas or the basic security of its adherents can quickly become politically important. Thus, the Buddhists in Sri Lanka torpedoed a proposed devolution plan for the island, fearing that the reforms would no longer make it a duty of the state to protect and foster Buddhism. The possibility of an Indo-Pakistani war over the disputed northern state of Kashmir is, in part, due to a clash of religious faiths – Hindu versus Muslim. Chechen *jihadists* have stated that their war in the south Caucasus is not merely being fought against Moscow, but "is basically the *Mujahideen* against the whole world." In such cases, the cause of salvation for which faith offers an avenue leads directly or indirectly to political violence – peace being interpreted as the greater threat.

Unlike nationalism, a common religion can unite peoples of different ethnic origins across vast distances. This unity, while essentially spiritual, can directly (if unpredictably) affect international political affairs. Opposed to abortion, the Roman Catholic Church was successful in amending the draft Statute of the International Criminal Court to ensure that the Court could not interfere with national pregnancy laws. Likewise, during the recent Palestinian-Israeli negotiations, Yasir Arafat claimed he was constrained by a need to take into account the concerns of local Christian communities and nearly one billion Muslims who have a spiritual link to Jerusalem. In order to advance the agenda of peacemaking, the Palestinian leader sought the support of the Organisation of the Islamic Conference and continued the dialogue with the Holy See. For both sides, the security of important religious sites has been a *sine qua non* of any future peace settlement.

Religion has always been a factor in international politics, either in its influence upon individuals and societies, through its institutions or in its reinforcement of national identities. In some cases, conflict on matters of faith will be unavoidable and particularly persistent. One should never underestimate the impact religion will have in future world affairs, either in promoting social harmony or in creating (unwittingly or not) political confrontation.

Human Rights

For most of the advanced Western liberal-democracies, human rights are an important component of national identity. The freedoms that Canadians take for granted are also, quite naturally, assumed to be universally applicable – and other societies are evaluated by their success in meeting that standard. While proclaimed to be universal and believed to elevate the human condition, the West's understanding of basic human rights is nonetheless a reflection of a distinct (and often forgotten) historical experience – one that most other societies have not shared.

Some societies assert a different content to human rights. Many in Asia and Africa argue that the Western emphasis on political liberty is inappropriate, believing social and economic rights must take precedence. In some societies, adoption of democracy has led to the rise of elected but, nonetheless, authoritarian governments. Reflecting neither local traditions nor political culture, the pluralism taken for granted in Western societies fails to take root in what one author has termed "illiberal democracies." Pakistan, Algeria, Ghana and Iran are examples of this type of government.

In most cases, these differences have not led, nor are they likely to lead, to armed conflict. Sanctions, such as the US restrictions on trade with countries deemed to practice religious persecution, are the most common mechanism used to induce change. However, the form of governance in some countries is perceived (rightly or not) to be particularly offensive, with the result that general relations greatly deteriorate. South Africa with its apartheid policy was one such example. For much of the past two decades, US relations with the Islamic republic in Iran were also largely non-existent, though people-to-people contacts have grown since President Khatami's election in 1997. These types of clashes over the proper approach to state-society relations (i.e., *the just society*) have been occurring for centuries and will continue.

Disputes over acceptable standards of human rights have also led to international military intervention. The NATO air campaign in Yugoslavia in 1999 was undertaken to stop the abuses and, later, the ethnic cleansing being perpetrated against ethnic-Albanians by Belgrade. The international community also intervened that year in East Timor when civil violence exceeded what was felt to be permissible and the government of Indonesia was both unable and unwilling to stop it. Such actions are not unprecedented but, in the Cold War era, there was always the fear of an inadvertent superpower clash. Free of that constraint, many Western governments are now more willing to contemplate an active effort to defend what they regard as fundamental human rights, overriding the traditional respect for state sovereignty. Great Britain's recent intervention in Sierra Leone is a case in point. Such actions will, however, remain controversial. The limitations on state sovereignty that are used to justify intervention are not accepted by much of the underdeveloped world, and both Russia and China have explicitly rejected them. As one commentator observed, the right of intervention today is currently dependent upon the overwhelming military power of the West. It is, therefore, too early to tell if humanitarian intervention contributes to a stable international order even as it seeks to uphold the basic principle of human solidarity which underpins modern Western societies.

Ben Lombardi

Multilateral Sanctions in the New Century

A Controversial Legacy and An Uncertain Future

Growing Scepticism about the Value of Sanctions. Shortly after the First World War, idealists like US President Woodrow Wilson championed the use of multilateral economic sanctions to bring states threatening international peace to their knees. The so-called 'economic weapon' was seen by many not only as a less destructive alternative to military action but also as a sure way to avoid wars. However, much of the early enthusiasm for sanctions evaporated when the realities of imposing and enforcing such measures became evident. The continued use of sanctions by the international community during the last half of the twentieth century and the mixed results they produced have raised new doubts about the ability of these measures to influence events in a region or a country. Indeed, the pendulum has swung to the other side. Growing scepticism about the value of sanctions is replacing the idealism of the early days. There are also increasing concerns about the effects of sanctions on innocent inhabitants of countries penalised for disturbing international stability. As a result, the international community may become more and more reluctant to use sanctions in the coming years. Such a development could have implications not only for diplomacy but also for the military forces of countries likely to be called upon to join multinational coalitions to deal with situations threatening world peace.

The Sanctions Decade. Current thinking on the value of multilateral sanctions has been shaped by the recent past. The 1990s have been described as the "sanctions decade" because the United Nations Security Council (UNSC) used such measures more often than before to deal with situations threatening world peace and stability. For example, Iraq's invasion of Kuwait in August 1990 prompted the Security Council to impose sanctions against the aggressor as provided for in Chapter 7 of the United Nations Charter. The drafters of the Charter had envisioned the use of sanctions mainly in terms of relations between states. However, since 1945, the international community has become more and more involved in efforts to prevent or stop conflicts within as well as between states. In the 1980s, the growing tensions within South Africa prompted the use of trade and financial sanctions to persuade the government to abandon its apartheid policies. The role sanctions together with other factors played in bringing about change in South Africa encouraged the international community to use such measures to deal with the large number of conflicts within states which marked the beginning of the post-Cold War era. While countries continued to jealously guard their national sovereignty, the international community became increasingly interventionist in such conflicts, especially if they featured large-scale human rights abuses or crimes against humanity. Other situations such as the toppling of elected governments by military coups, activities by rebel groups or government support for terrorism also triggered multilateral sanctions. Thus, during the 1990s, the Security Council imposed sanctions against countries like Angola, Haiti and Yugoslavia for a variety of circumstances troubling world peace. In the last decade, it voted a dozen resolutions imposing sanctions; between 1945 and 1990, only Rhodesia and South Africa were targeted for sanctions. The popularity of sanctions

in the 1990s was also demonstrated by the increased use of bilateral measures by the United States, the European Union and others.

However, the proliferation of sanctions during the 1990s has also highlighted their limitations. The sanctions imposed by the UN against Iraq in 1990 did not persuade its government to withdraw Iraqi troops from Kuwait. The international community resorted to military action in early 1991 to produce the desired result. After the cease-fire, the UN kept sanctions in place to ensure Iraq's compliance with the cease-fire resolution and to prevent its continued development of weapons of mass destruction. A decade later, the humanitarian situation in Iraq remains acute, thanks in part to the sanctions, even though they were relaxed to allow the purchase of humanitarian supplies under the oil-for-food program. Besides, the Iraqi regime remains defiant, refusing to co-operate with the new UN weapons inspection organisation – the UN Monitoring, Verification and Inspection Commission (UNMOVIC) – despite the Security Council's offer to suspend sanctions in return. Meanwhile, the international consensus on the issue has been steadily eroding and has provoked heated debate in the Council. A growing number of countries are turning a blind eye to sanctions-busting trade, especially the smuggling of illegal gasoil out of Iraq, and are chipping away at Iraq's diplomatic isolation, as when the Venezuelan president visited Baghdad in mid-2000. The agony of many Iraqi citizens continues while the reasons for maintaining sanctions become more and more obscure to world public opinion. In the process, the situation has given sanctions a bad name, one they do not necessarily fully deserve.

After all, sanctions have succeeded in putting some pressure on Iraq to keep in check its ability to significantly disturb regional and international stability. However, despite their effects, sanctions have not persuaded Iraq's political elite to adopt a more co-operative attitude or even to loosen its grip on power. In the idealistic view of President Wilson and others, sanctions were supposed to cause so much damage to the economy of the target country and fuel so much discontent within the population that the government would quickly capitulate or collapse. However, the Iraqi situation is not the first case where authoritarian leaders and delinquent regimes have resisted international pressure despite the pain caused by sanctions. Indeed, the increased use of sanctions in the 1990s provided many examples of the difficulty of forcing a regime determined to ignore international pressure to mend its ways. Sanctions were imposed against Haiti in the early 1990s following a military coup, which forced the elected president to flee the country. However, a multinational military operation and other measures were needed to finally persuade the military regime to give way to civilian rule. Sanctions were also used in attempts to force governments in various countries to stop human rights abuses against a minority or to end their support for terrorism, but, in most cases, never quite succeeded in bringing disturbing situations to an end. Even though Libya recently complied with international demands to let two of its nationals face a trial for the bombing of Pan American Flight 103, the sanctions imposed by the UN cannot take full credit for this development. Diplomatic efforts and many other factors also played a role. The fact that rogue leaders or regimes, even those in small and impoverished countries like Haiti, can thumb their noses at international pressure for long periods of time encourages other dictators or governments to be equally defiant. Each show of defiance further undermines the credibility of sanctions and raises doubts about the ability of the international community to deal effectively with situations disturbing world peace.

Growing Emphasis on Targeted Sanctions. Declining confidence in the value of sanctions and growing concerns about their impact on the lives of ordinary civilians are fuelling the search for ways to limit their collateral damage and to make them more effective. The momentum for change is building rapidly while developments in Iraq, the Balkans and Africa continue to challenge the international community's ability to deal effectively with situations creating instability. For example, Canada sponsored a major debate on sanctions in the Security Council in April 2000 while acting as its president. An informal working group was established to make general recommendations aimed at improving the effectiveness of UN sanctions. Reforms have also been proposed as part of initiatives undertaken within government and academic circles, such as the annual Interlaken conferences on sanctions in Switzerland. Some studies have highlighted, among other things, the advantages of financial sanctions over measures that disrupt trade within targeted states and in the surrounding region. Indeed, in the age of globalisation, there are growing concerns about the impact of sanctions on the international economy and, thus, greater reluctance within some circles to support their use. Pro-active sanctions which tax the trade of targeted countries instead of restricting or disrupting it could ease some of these concerns.

Sanctions can also be better targeted so that they can put more pressure on leaders of troublesome states and members of their families rather than on civilians with little or no influence on their policies. So-called "smart measures" can include the freezing of financial and other assets held abroad by the elite as well as restrictions on their travel outside the country. Traditional sanctions were aimed at the country as a whole in the expectation that growing pressure would force the elite to change its policies. With targeted measures, leaders and their families have fewer chances of avoiding the pain caused by sanctions. International pressure can be brought to bear directly on the leaders while reducing the impact of sanctions on ordinary citizens and world trading patterns. Among other things, this may make it easier for Security Council members to reach a consensus on using sanctions to deal with actions disturbing world peace. It may also ensure better compliance by all members of the international community. If fewer countries are engaged in sanctions busting, the targeted elite can face the full impact of the measures. Better compliance could also reduce or eliminate the need for enforcement by military forces.

However, targeted sanctions are neither new nor are they necessarily a panacea. Some countries will not support the idea of sanctions targeted at the elite because they still insist that the international community should not intervene in the internal affairs of a state. Even when the Security Council can agree on the need for targeted sanctions, it may not always be possible to accurately identify all the members of the elite and their assets. A number of developments, notably in the field of information technology, is making it easier to track the assets of leaders, but also to conceal them. Besides, the growing discussion of targeted sanctions has no doubt been noticed by current and budding authoritarian leaders who may already be taking steps to minimise the effects of such measures in possible future confrontations with the international community. Meanwhile, the international community and especially the Security Council are having more and more difficulty making quick decisions on whether or not an event in a region or country is disturbing world peace and on how to deal with it. The time taken to decide

what action to take can give delinquent leaders or groups ample opportunity to find ways to minimise the impact of targeted sanctions. Simply threatening the use of targeted sanctions may also be counterproductive. For example, when it recently imposed sanctions against Taliban in Afghanistan, the UN threatened to block their assets within one month if they did not meet certain demands. This gave Taliban ample time to find ways to blunt the impact of the proposed measures.

In short, whether they are better targeted or not, many of the limitations of sanctions will remain. Authoritarian leaders and rogue regimes have often defiantly resisted the will of the international community despite strong condemnation of their actions and the pain inflicted by sanctions on the economies of their countries and the populations they rule. There is no guarantee that measures directly targeted at the personal finances and assets of such leaders and regimes will prove more effective in making them change their ways. Besides, if, in order to spare citizens the effects of economic disruptions, targeted sanctions are not accompanied by traditional trade sanctions, an important source of pressure on the regime – growing discontent within the population – could be absent. In some situations, the economy of the targeted state is already in shambles and discontent is already widespread so there would be little to gain in imposing traditional trade sanctions. Besides, given the defiant and stubborn attitude of the individuals involved, sanctions targeted at leaders who are desperately clinging to power would not necessarily have a better chance for success. For example, through much of 2000, President Mugabe of Zimbabwe ignored international and national criticism of his policies, which have damaged the country's economy and created considerable social turmoil. Meanwhile, the government of Haiti, one of the poorest and smallest countries in the world, has for many months ignored international pressure including the withholding of millions of dollars of badly needed aid. In both cases, the freezing of assets, if they could be identified, and other measures targeted at leaders would probably have little effect. Furthermore, targeted sanctions will still be vulnerable to sanctions busting. For example, the recent UN ban on travel to and from Libya which was related to the bombing of Pan American Flight 103 was soon ignored by African governments which attached more importance to maintaining good relations with the Libyan leader than to efforts to fight terrorism. Besides, the use of measures aimed directly at defiant leaders and members of the families can be counterproductive in some situations. Such leaders may exploit their ability to defy targeted international pressure over long periods of time to rally public support at home and abroad.

The Future of Sanctions. The hopes being raised by current attempts to reform sanctions could soon be replaced by disillusionment if targeted sanctions prove to be as ineffective as the traditional and broader variety. Targeted sanctions may need as much time, if not more, as traditional ones to have an effect on delinquent leaders and groups and to produce desired results. For example, the recent tightening of sanctions against the UNITA rebels in Angola and the rebels of Sierra Leone to limit their ability to sell diamonds in order to finance their activities has attracted a lot of international attention. However, it will take time for the full effects of such sanctions to be felt by the rebel groups. The problem is that, even if and when this happens, there is no guarantee that the rebels will stop their attacks and seek peace. They may find new sources of funds and support to compensate for the loss of diamond revenues or may simply refuse to abandon

their cause. In other words, many conflicts in Africa will not necessarily come to an end just because measures have been taken to limit the ability of rebel groups to sell diamonds. The value of such sanctions could be questioned in the coming months if fighting continues in the targeted states or if sanctions-busting activities contribute to corruption and instability in neighbouring countries. Nevertheless, the chances for peace in these countries would be even bleaker if no attempt were made by the international community to try to influence the course of events. Indeed, some academic studies have highlighted the value of sanctions in terms of demonstrating the international community's displeasure with actions taken by delinquent regimes or groups even if the measures do not quickly produce a change in policies. In some situations, a clear signal of international disapproval may be enough to persuade delinquent leaders or groups to stop troubling peace and stability.

In many other cases, it will likely not be enough. These will be the cases that will reaffirm the belief of some academics, diplomats and others that sanctions do not work. As a result, the Security Council and the international community as a whole may become more and more reluctant to impose sanctions in the future. This may reduce the flexibility with which the international community will deal with future crisis situations. The options are already limited: between inaction and military intervention there is only sanctions and diplomatic pressure. Greater reluctance to use sanctions will limit the ability of the international community to apply pressure on delinquent leaders and may lead to greater reliance on threats of military intervention to compensate for this. Besides, if sanctions are not used and the Security Council proves incapable of otherwise dealing with a situation troubling peace, regional groups or military alliances may take actions into their own hands as happened in the Kosovo situation. If the Security Council does decide to use force in such a situation without resorting to sanctions, the absence of such measures could have consequences for multinational forces. For example, the absence of arms embargoes will mean that the targeted state or rebel group will have time to build up their supplies of weapons before the intervention and to replace equipment losses during it. The absence of trade sanctions and oil embargoes will leave the economy of the targeted state in a strong position to support military resistance against multinational forces over an extended period of time. Indeed, multilateral sanctions, such as those imposed in response to Iraq's invasion of Kuwait, can buy time not only for diplomatic efforts to find a peaceful resolution but also for the deployment of troops and supplies to advanced bases to prepare for military intervention should it prove necessary. In both cases, sanctions can improve the chances for success. They can increase the pressure on a delinquent regime while still allowing room for negotiations to avoid recourse to force. They can also provide time for the build-up of the forces necessary to undertake a successful military intervention. Thus, greater reluctance to use multilateral sanctions may have important implications not only for the international community's ability to ensure peace but also for the military forces intervening in a state or region creating instability, whether they act as part of a UN-led coalition or a regional one.

Michel Rossignol

Eyes Forward

Intervention at the Dawn of the Millennium

As we enter the twenty-first century, there is an ongoing debate within and among states over the question of intervention. Where, when and with what measure of force should third parties involve themselves in disputes that inevitably break out around the world? To address this question, one must first be clear as to the terms of the debate. What is intervention? For the purposes of this discussion, third-party intervention can be defined as follows:

> *States not originally parties to the dispute or conflict, operating either individually or collectively, interpose military force in a peacekeeping or peace-enforcement role in order to create the conditions necessary to facilitate post-conflict peace-building.*

In this sense, intervention is a conflict-management tool – and, for some, an instrument of human security – used to prepare the ground for subsequent conflict-resolution efforts.

The record of intervention in the past decade has been mixed. There have been some notable failures, for example, the Bosnian massacres and the Rwandan genocide. There have been some apparent (short-term) successes as in the NATO-led operation in Kosovo. And, there have been some disputes that third parties have refused to touch, such as Russia's war with the *jihadists* in Chechnya.

Despite – or because of – this mixed record, the predisposition among many leading states and international security organisations seems increasingly to be toward intervention, at least judging from the emphasis on acquiring rapid-reaction and long-range power-projection capabilities. Nevertheless, third-party engagement in regional conflicts will not be automatic in the years to come. Though often justifying their actions in terms of universal humanitarian or international legal principles, states will continue to pick and choose the disputes in which they intervene, notwithstanding the seeming moral inconsistency of such a selective approach.

This chapter will examine the question of intervention as we stand on the threshold of a new millennium. It begins with an overview of the rapid-reaction and long-range power-projection capabilities that leading states and international security organisations are developing in order to give them the wherewithal to intervene. Next, a survey of medium-term political/security trends in the many troubled regions of world will lay out the scope for future intervention. Finally, the underlying calculus that determines where and when states intervene will be explored.

Capabilities for Intervention

Many states and international security organisations are currently acquiring or planning to acquire rapid-reaction and long-range power-projection capabilities to enable them to intervene either unilaterally or as part of multilateral operations in disputes that erupt within their own or in neighbouring regions.

The United States. The US is the only Great Power with the military capability to intervene in every corner of the world. Incorporating the lessons of Operation ALLIED

FORCE in Kosovo, the US military is adapting its force structure to increase its readiness to respond to future small contingencies. The Army's medium-weight Strike Force should be in place in the next few years. The Air Force's ten rapid-deployment Aerospace Expeditionary Forces are almost completely up and running. Next year's Quadrennial Defense Review will likely reinforce the emphasis on small-contingency response while scaling back resources committed to the two-Major Theatre War strategy.

The United Nations. After a decade in which the UN failed in many instances to respond effectively to challenges to its intervention efforts, the world organisation is looking to field more credible and robust peacekeeping forces in the coming years. The recent Panel on United Nations Peace Operations recommended that member states join together to form several brigade-size forces ready to deploy within 30 days of adoption of a Security Council resolution for traditional peacekeeping missions, and within 90 days for more "complex" operations. These forces would be larger, better equipped and trained, and, hence, more costly. However, under vigorous rules of engagement, they should be better able to defend themselves, other mission components and the mission's mandate against those using violence to undermine their efforts.

The European Powers. France and Great Britain are further developing the capacity to intervene at the side of their EU and NATO allies, though this will also give them the ability to do so independently in certain circumstances. The French defence reform program aims to give France the means to deploy a 50,000-strong Rapid Action Force in Europe alongside its allies, or 30,000 soldiers outside Europe in addition to a concurrent deployment of 5,000 to another crisis hot-spot.

Great Britain has set up the Joint Rapid Reaction Forces (JRRF), a force drawing from a pool of up to fifty warships and support vessels, four brigades, some 200 combat and support aircraft, and sixty helicopters. The JRRF achieved initial operational capability in April 1999 and should be fully in place by October of next year.

Germany fields a 53,000-strong volunteer Crisis Reaction Force (CRF) made up of six fully equipped brigades reinforced by an additional four Main Defence Force brigades. German contributions to NATO operations in Bosnia and Kosovo are drawn from the CRF. However, Germany, for understandable historic reasons, remains reluctant to use these forces outside NATO, leading some to criticise it for not assuming an international leadership role commensurate with its political and economic weight.

NATO. Under its new 1999 Strategic Concept, NATO has broadened its mandate to include non-Article 5 crisis-management operations – that is, intervention operations outside the North Atlantic area – to be decided on a case-by-case basis. The NATO-led intervention in Kosovo indicates that there is a measure of political will supporting such missions in the Alliance. However, it is difficult to predict before the fact what the position of the leading Allies will be with respect to specific intervention operations.

In the coming years, NATO will continue to develop the Combined Joint Task Force concept to permit rapid deployment of armed forces to out-of-area locations. The Alliance will also move forward with its Defence Capabilities Initiative designed to enhance interoperability and effectiveness. The restructuring of national armed forces –

for example, in France, Germany and Great Britain – should also facilitate more effective Allied participation and co-operation in crisis management.

Russia. The Russian Armed Forces intend to move the Army toward smaller, better-equipped and more flexible forces, in part to perform better in a peacekeeping role. Russia already provides peacekeeping forces to Georgia, Moldova and Tajikistan as part of the settlement of post-Soviet wars in the 1990s, and participates in the peacekeeping forces in Bosnia and Kosovo. However, financial difficulties, personnel problems and operational exigencies will dog future development of forces suited to rapid intervention.

The European Union. The long-term goal of the EU's Common European Security and Defence Policy (CESDP) is the ability to rapidly and independently deploy and sustain forces up to corps level – up to 15 brigades or 50,000 to 60,000 troops – with support elements and required air and naval components. This force would be available to intervene in crises in and around Europe and, on a smaller scale, elsewhere in the world.

For the foreseeable future, the EU will have to rely on NATO assets for any significant interventions given its lack of key military capabilities such as strategic lift. The long-term success of the CESDP will depend on EU members spending more on defence and/or pooling their resources. As the latter would entail a complete restructuring of European defence industries, national competitive interests will render such reorganisation difficult.

East Asia and Oceania. China's priorities in its military modernisation program have shifted from the ground forces to its power-projection capabilities: strategic missile, air and naval forces. These long-term plans are proceeding slowly due to financial constraints, difficulties in absorbing new technologies, and reliability problems with indigenously produced equipment. The core of China's rapid-reaction capability is the 15th Airborne Army, consisting of three 10,000-strong airborne divisions located in the south of the country. In addition, each Military Region has one division-sized rapid-reaction force, or "Fist" unit, for deployment within that Region's area of responsibility. However, these are not *intervention* forces *per se*, that is, forces designed to interpose between disputants in order to limit the repercussions of continued conflict. Rather, they are designed to strengthen China's position in disputes in which it is, itself, a contender, as with Taiwan and in the South China Sea.

Japan is rethinking its role in regional contingencies. It has recently expanded its role to support US forces in regional crises. The Diet is currently debating Article Nine of the Constitution, which has been traditionally interpreted as prohibiting the right of collective self-defence. The outcome of this debate could eventually allow Japan to engage in multinational intervention operations as do other 'normal' states. In the meantime, it is quietly but steadily acquiring advanced longer-range capabilities: AWACs aircraft, aerial tankers for its tactical air forces and, possibly over the longer term, helicopter carriers to replace its ASW destroyers.

Australia has already reorganised its Army around independent, self-contained task forces designed for mobility and rapid response. These forces are designed to intervene in the "arc of instability" to its north, as in East Timor. Australia's forthcoming

Defence White Paper will likely confirm that country's commitment to maintain the balanced forces needed to respond rapidly to crisis situations in the region.

South Asia. Only India is making any serious attempt at military modernisation and organisational reform, but inter-service rivalries, wasteful procurement practices, funding problems and short-term needs will probably undermine the effort. Reform is not, however, geared toward developing the ability to intervene in the sense used in this analysis. Though a significant contributor to UN peacekeeping operations, these troops have largely come from line units rather than from specially designed rapid-reaction forces. The aim of India's modernisation program is to develop the capability to counter the conventional and nuclear threats from Pakistan and China, not to involve itself in its neighbours' squabbles as it did to its regret in Sri Lanka (1987-1990).

Africa. The two leading African powers – Nigeria and South Africa – will have only limited abilities to spearhead African peacekeeping operations, hobbled as these countries are by economic problems, ethnic tensions and the effects of the AIDS pandemic. Nigeria is reluctant to continue in the role of regional policeman in western Africa without substantial assistance from the US and UN, and its ability to intervene elsewhere on the continent is extremely limited. On paper, South Africa's capabilities for intervention look impressive. The reality, however, is very different. Serious problems have arisen in the establishment of the new army over the integration of fighters from the African National Congress and other groups with the remnants of the apartheid-period Army. These problems will take a long time to overcome. While South Africa may be willing to participate in intervention operations on the continent, it will be unable to play a significant role for some time to come.

Latin America and the Caribbean. Leading Latin American countries have been reluctant in the past to support the principle of third-party intervention in light of the region's bitter historical experience with American interference in their domestic affairs. Mexico, in particular, has traditionally rallied the rest of the region around the banner of non-intervention, fearing the precedent that operations such as NATO's campaign in Kosovo might set. However, a change in Mexico's position may be in the offing following the election of President Vicente Fox. This, plus the continued emphasis among the Mercosur countries on economic integration, may make many Latin American countries more open to the development of intervention capabilities.

Areas of Intervention

Unfortunately, material and identity conflicts both within and between states will provide ample opportunity and need for third-party intervention. The following section surveys some of the trouble spots that could come to the fore in the years ahead.

Latin America and the Caribbean. Severe political, social and economic problems will plague many parts of Latin America – especially the Andean region, Central America and the Caribbean. The slow pace of economic development in some countries may intensify tensions between governments and disadvantaged groups within society, such as indigenous peoples, and accentuate divisions over questions of democratic reform and free trade. Corruption fuelled by the illegal drug trade will further

limit the ability of many governments to respond to the social and economic needs of their peoples. These socio-economic pressures could manifest themselves in an increasing number of border disputes between neighbours and in the growth of rebel groups within states.

Central and Eastern Europe. Ethnicity will continue to be a factor in Central and Eastern European affairs, particularly as it relates to issues of national identity such as minority language rights and culture. Throughout much of the region, international organisations will be effective in dampening inter-ethnic tensions. An exception is the southwestern Balkans – for example, Bosnia, Kosovo and Macedonia – where nationalist agendas could quite easily re-ignite armed conflict.

It is extremely unlikely that the Albanian-Kosovar community in Kosovo will ever accept political autonomy in Yugoslavia, a principal goal towards which the international community's efforts are formally committed. The security of NATO-led KFOR personnel will decline over time as Albanian-Kosovar nationalists come to regard the international presence as an impediment to the widely popular goal of independence.

The situation elsewhere in Yugoslavia will be volatile for some time. Relations between Montenegro and Belgrade will remain tense, subject to serious miscalculation by either side and, consequently, very dangerous. The war crimes indictment prevents a negotiated departure of President Slobodan Milosevic, with the result that the regime will not be replaced without violence. A serious food shortage or a violent overreaction to the opposition, either of which could lead to a popular uprising, are the most likely means by which the regime would be removed.

Africa. The social dislocation caused by the AIDS pandemic will cause increasing economic and political instability in much of sub-Saharan Africa and will jeopardise what little chance the region has of escaping the vicious spiral of poverty and conflict. Many countries will remain vulnerable to the effects of severe weather and armed conflict on trade and food production, forcing them to become more dependent on international humanitarian aid to sustain their populations. The effects of drought and growing power-generation requirements will lead to disputes within and between states over access to water and the sharing of waterways. Tensions between ethnic and religious groups – often the legacy of recent bitter conflicts – will make it difficult for them to reconcile their differences and for governments to effectively administer the territories under their nominal control.

The Middle East. Another major Arab-Israeli conventional war is highly unlikely in the coming years. Both sides recognise in general that peace and security can only be achieved through a process of reconciliation. However, as the largely negative public reaction to the proposals discussed at the recent Camp David summit showed, the majority of Israelis and Palestinians have yet to internalise the painful compromises that are needed for the reconciliation process to move forward. The two sides will continue talking over the coming months, though without reaching a dramatic final-settlement breakthrough, as they try to digest the unprecedented advances made at Camp David. If, after this period of reflection, they are unable to build on the summit proposals and draw closer together, the peace process could stall over the medium term. This would almost certainly be the case if the religious-nationalist bloc in Israel were to defeat Barak in the

next round of Knesset elections whenever these might be held. The resulting frustration and suspicion – tensions that extremists on both sides would be only too happy to fan – could then explode in renewed violence and terror.

Progress on the Syrian and Lebanese tracks of the peace process will depend in part upon events on the Israeli-Palestinian track. If, at some point, Israelis and Palestinians sign a permanent settlement agreement (or preliminary framework accord), Israel could then turn its attention to closing the "circle of peace" with Syria. Thus far, the two sides remain deadlocked over the specifics of the bargain that lies at the heart of a settlement: full Israeli withdrawal from the Golan Heights for full peace. Nevertheless, creativity and flexibility on the part of Israel and Syria's new president, Bashar al-Asad – that is, once Bashar has had time to consolidate the transition of power from his father, Hafez al-Asad – may enable these two long-time antagonists to reach a final settlement.

However, prolonged stalemate and violence on the Israeli-Palestinian track could spill over to Israel's border with Lebanon. Palestinian and Lebanese rejectionist groups may take advantage of unrest in the occupied territories to ignite the tense security situation along the border. This would provoke massive Israeli retaliation against civilian and Syrian military targets in Lebanon and could spark an uncontrolled spiral of violence if Hizbollah retaliates with Katyusha rocket attacks against Israel's northern settlements.

The Persian Gulf. In the Persian Gulf, the pressures for change in Iran will mount in the coming years. Groups on the margins of the cleric-dominated political establishment yet in the demographic majority – women, youth, ethnic minorities, intellectuals and others – will demand greater political and social freedom as well as greater economic opportunity. Should the conservatives continue to block political and social reform and fight to preserve their privileged hold on power, they risk driving these social forces to demand *change of the system* rather than *change within the system*. The Iranian people may ultimately take to the streets in order to sweep away the political establishment, resulting in violence, anarchy and the possible collapse of the Islamic Republic.

As for neighbouring Iraq, if Saddam Hussein maintains his grip on power – a likely prospect given his demonstrated ability to survive – the confrontation with the US will, in all likelihood, continue. However, international support for US efforts to contain Saddam – already wearing thin – will probably weaken. Cracks in Iraq's diplomatic isolation have already begun to appear, most visibly with Venezuelan President Chavez's visit to Baghdad in August of this year. These and other official and unofficial contacts will probably multiply in the coming years. While most states will officially adhere to the sanctions regime so as not to openly defy the US, they will probably turn a blind eye to the growing sanctions-busting trade that will effectively undermine the substance of the sanctions regime.

One cannot rule out the possibility that illness, a planned succession, *coup d'état*, or other violent outbreak might end Saddam's reign. However it happens, the transition will likely be bloody and possibly protracted. Whoever emerges from the struggle is unlikely to set Iraq on the path toward liberal democracy. He may pose less of a threat regionally, though this may only be a short-term expedient until he has rebuilt the economic and military bases of Iraq's power. However, having been nurtured in the ethos of political violence characteristic of Saddam's Iraq, the new leader will in all

likelihood be as ruthless domestically as was his predecessor. This could lead to conflict with Iraq's Kurds and Shia as Baghdad tries to reassert central control over the north and south of the country.

South Caucasus and Central Asia. Enduring stability is still many years away in these regions. War has heavily damaged the three South Caucasus states and disrupted existing trade links. Many tensions are smouldering beneath the surface in their societies and politics. Both Georgia and Azerbaijan have latent ethnic secessionist movements; in the former, these have already led to outbreaks of fighting in South Ossetia and Abkhazia. As well, there are actual or potential border claims – Karabakh being the most significant – that could spark conflict between these countries.

The Central Asian states have generally succeeded in maintaining some measure of stability. However, these states are poor and potentially fragile. Their future depends to a considerable degree on events in neighbouring Afghanistan. Should Taliban gain sufficient control of that war-torn country to bring an end to the fighting, this could leave thousands of *mujahaddin* looking for other places in the region in which to spread their Islamic revolutionary creed. In addition, the poor overlay of political borders with settlement patterns could intensify ethnic tensions; the Fergana Valley, a patchwork of nested borders, is but one example.

South Asia. In Afghanistan, Taliban has become the world's biggest producer and smuggler of hard drugs. Strongly dependent on drug revenues, it is unlikely to restrain the traffic in the near term. Taliban also hosts Osama bin Laden, a man thought to be at the centre of a world-wide terrorist network. Though Afghanistan will remain a nursery for Islamic militancy in many parts of the world, the threat is probably exaggerated.

Pressures of population, land and resources are major factors in many conflicts in the region. Population growth in India will strain its water resources, though the problem is as much one of management as of actual scarcity. Nevertheless, this could aggravate tensions with neighbouring riparians, Pakistan and Bangladesh. Other serious environmental problems include badly degraded soil in the northwestern and northeastern corners of the subcontinent and a broad strip of deforestation running along the Himalayan foothills. Periodic droughts affect large parts of the region and could disrupt agricultural practices as they have in the past. Since many countries in the region rely on good harvests to sustain the economic growth needed to stay slightly ahead of population growth, they can ill afford more of these disruptions.

Kashmir will remain the most explosive territorial dispute in the region and the one most fraught with potentially disastrous consequences. The Pakistani incursion at Kargil last year did not escalate into a full-scale border war, a fact Pakistan's leaders attribute, rightly or wrongly, to their nuclear capability. However, over-reliance upon a nascent and vulnerable nuclear deterrent, especially as the gap in conventional capabilities widens to Pakistan's disadvantage, could lead Islamabad to miscalculate future provocative moves along the line of control in Kashmir. Should this spark a larger confrontation between the two countries, their rudimentary nuclear command and control systems, in the worst case, may fail under the stress of the moment to prevent unintended nuclear escalation.

Northeast Asia. In Northeast Asia, the regional security environment is highly fluid and unpredictable. While both sides are working to find an acceptable negotiating framework, there seems to be little flexibility in China's position over Taiwan. Having publicly made reunification a key national priority, lack of progress on this score will likely become intolerable to the Chinese leadership. While there is no immediate prospect for the dispute to erupt into open conflict, a military solution to the impasse may become more probable in the coming years as China modernises its armed forces.

The pace of rapprochement on the Korean peninsula continues to defy expectations. Nevertheless, the difficult issues associated with the military stand-off on the peninsula have yet to be addressed. Consequently, the Cold War stalemate will likely persist for some time to come. Should North Korea shed its rogue state image, the rationale for the US military presence in the South may be undermined; at some point, the US could be asked to withdraw its forces from the peninsula. A Korea less dependent on the US security commitment might again fall within China's sphere of influence. In the long run, a unified Korea may be more willing to assert itself vis-à-vis Japan.

Southeast Asia. Regional states will continue to be preoccupied with internal economic and political challenges of varying intensity and scope. The future stability and unity of Indonesia is in doubt. Growing rifts in Indonesian society, secessionist activities in Aceh and West Papua, and sectarian violence in the Moluccas pose a serious challenge to its internal stability and security. If political tensions and civil unrest continue to escalate, it is quite possible that Indonesia's democratic experiment will be short-lived.

The most intractable regional security problem is contested sovereignty over the Spratly Islands. The collapse of ASEAN solidarity over the issue in 1999 has contributed to a growing sense of 'every man for himself.' Over time, lack of a coherent regional response to the challenges in the Spratlys may make the region and individual states increasingly vulnerable to external pressure, particularly from China.

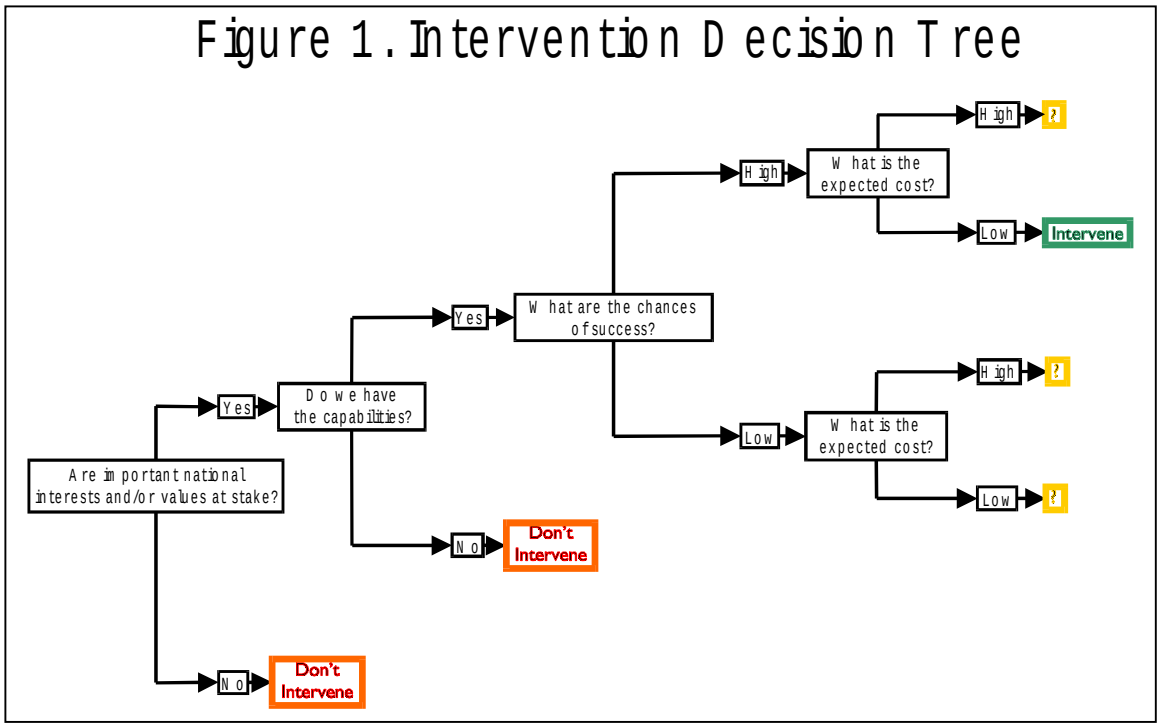
The Decision to Intervene

As the preceding discussion highlights, there will be ample opportunity for leading states and international security organisations to involve themselves in disputes in many parts of the world. Nevertheless, it is certain that they will not intervene in them all. What will determine when and where third parties thrust themselves into crises?

Often, intervention is justified in terms of universal principles: the need to prevent or reverse humanitarian disasters, to counter human rights abuses or to preserve international order and stability. At other times, more parochial state interests are the determining factors. In general, four concerns are paramount when deciding whether or not to intervene in a crisis: Are important national interests and/or values at stake? Do we have the requisite capabilities? What are the chances of mission success? And what is the expected cost (both physical/material and political/diplomatic)? The specific configuration of these concerns will determine the decision to intervene, as illustrated in the Intervention Decision Tree presented in Figure 1 (*see below*).

Are important national interests and/or values at stake? This is the fundamental consideration underlying intervention. National interests encompass more than simply

the material interests directly at risk in the dispute. For example, there may be overriding



domestic political concerns, such as the political survival of the government, that drive intervention. Considerations of international prestige and leadership may be at stake. There may be concerns with the international precedent set for future crises if no action is taken to manage current ones. There may be legitimate concerns over the spill-over effects of conflict on allied or friendly nations of greater importance than those directly involved in the dispute. Moreover, while a crisis may place at risk only minor material interests, it may, nevertheless, pose such a serious challenge to fundamentally held national values as to also warrant intervention.

However they are defined, if no important interests or values are at stake, then the decision is simple: do not intervene. This is not to say, though, that states *will not* intervene. As Joseph Conrad once wrote, "men of affairs venture sometimes on acts that the common judgement of the world would pronounce absurd; they take their decisions on apparently impulsive and human grounds." But, if no significant interests or values are at stake, the intervention cannot be sustained. It will only be a matter of time before the question that sounds the death-knell for an intervention is raised: *Why are we here?*

Do we have the requisite capabilities? States may determine that a crisis places key national interests or values at risk. However, if they lack the appropriate military tools, they can do nothing to physically protect these interests or values. The more robust intervention environment likely to be encountered in the coming years demands more than giving a soldier a blue helmet and a personal weapon and dropping him or her into the middle of a conflict. The whole range of combat support, logistics and other capabilities appropriate to the geo-strategic circumstances of the dispute will be needed to sustain an effective intervention operation in the field.

Again, this does not preclude leaders from making questionable decisions in which they insert ill-equipped and ill-supported forces into a crisis situation. However, in so doing, they not only risk the failure of the mission – with its attendant costs – but, as important, they jeopardise the lives of their peacekeepers and peacebuilders.

What are the chances of success / the expected costs? Another consideration in the decision to intervene is the likelihood that the intervention force will successfully execute its mandate within the established timeframe. As well, the expected costs of the mission must also be weighed in the balance, extending beyond intervention force casualties and material losses to include collateral damage in the area of operations as well as the military, diplomatic and political fall-out from the intervention. Assessment of these factors, however, is often subject to a greater range of uncertainty than the definition of interests/values and capabilities.

Taking these four considerations into account, it is clear that the decision to intervene is seldom an easy one. As illustrated in Figure 1, only when (1) important interests and/or values are at stake, (2) the state has the capabilities to intervene, (3) the likelihood of mission success is high, and (4) the expected costs are low is the decision relatively straightforward. Similarly, there are two scenarios in which the decision *not* to intervene is – or should be – relatively clear-cut: when no significant interests or values are at stake or when the state lacks the capabilities to intervene effectively.

This leaves three sets of circumstances, however, in which it is unclear *a priori* what the decision should or is likely to be. Assuming that the necessary capabilities are at hand, the decision to intervene will depend on how decision-makers weigh interests/values, predicted success and expected cost, one against the other. For example, are the interests or values at stake worth the cost if anticipated casualties and political fallout from an otherwise successful intervention are likely to be high? Alternatively, are the interests or values so important that they justify the risk of intervention even when the chances of mission success are low?

Further complicating matters is the fact that these assessments may differ both within a state's decision-making structure and between it, its allies and other leading states. Moreover, these assessments can and do change over time as the situation evolves on the ground. This casts further uncertainty over the decision to intervene and can become a source of internal or external division, ultimately undermining the consensus needed for effective intervention.

Conclusion

To summarise, the trend among many, though not all, leading states and international security organisations is toward more pro-active involvement in crises around the world. Efforts are underway to acquire the capabilities needed to intervene in a more robust and effective manner. Unfortunately, the potential for conflict in many parts of the globe will provide ample opportunity for using these capabilities. Nevertheless, the decision to intervene will seldom be simple. The complex interplay of the factors involved will differ from one crisis to another, resulting in a selective approach to intervention. This will open states and international security organisations, however, to charges of double standards as they actively engage themselves in certain

crises while apparently ignoring equally serious situations elsewhere. States will have to be prepared to cope with these criticisms as they pursue a policy of selective intervention.

James Moore, with contributions from D Strat A Analysts

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