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STRATEGIC ASSESSMENT 2001

by

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*T*able of *C*ontents

Abstract

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

Résumé

Ce rapport tente d'identifier et d'analyser les facteurs politiques, économiques, militaires, ethniques, religieux et technologiques qui influencent la sécurité mondiale.

Foreword

As we begin the 21st century, the pace of change at home and abroad continues to accelerate. Powerful forces of globalization are making borders porous; encouraging regional integration; and placing individuals, governments and societies under stress. The primacy of the United States is another critical aspect of our time. Yet the US is not and will not be the sole determinant of the future world order. It will likely face increased competition for regional influence from five other centres of power – China, Russia, Europe, Japan and India.

Strategic Assessment 2001 examines the multiple political, military, socio-economic and technological trends that – together with globalization and American primacy – influence the future shape of global affairs. It 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.

This annual study of the international environment is primarily aimed at defence policymakers, military personnel and policy analysts, but it may also contribute to wider public discussion of defence issues.

The main body of this report is divided into three sections: *Spotlight on…* (key actors), *Regional Contexts* and *Functional Issues*. Both the *Introduction* and the *Eyes Forward* chapters draw and build on the insights found in the individual contributions. The report is based on open source information current to 31 August 2001 with some updates in the main body and an *Epilogue* added at the end in light of the terrorist attacks in New York and Washington on 11 September 2001.

We hope that this report will stimulate further thinking and discussion of security issues facing Canada.

Roman Jakubow
Director of Strategic Analysis
14 September 2001

Avant-propos

En ce début du XXIe siècle, le rythme des changements chez nous et à l'étranger continue à s'accélérer. Encourageant l'intégration régionale, de puissantes forces liées à la mondialisation rendent les frontières perméables, et elles pèsent lourd sur les particuliers, les gouvernements et les sociétés. La primauté des États-Unis constitue un autre aspect essentiel de notre époque. Pourtant, les États-Unis ne sont pas et ne seront pas le seul et unique déterminant du futur ordre mondial. Ce pays va vraisemblablement être confronté à la rivalité croissante, en vue de s'assurer une hégémonie régionale qu'exerceront cinq autres puissances centrales : la Chine, la Russie, l'Europe, le Japon et l'Inde.

L`**Évaluation stratégique 2001** examine les multiples tendances politiques, militaires, socio-économiques et technologiques qui, en même temps que la mondialisation et la primauté américaine, contribuent à façonner le monde des affaires tel qu'il son à l'échelle monétaire. Ce document met en relief les développements susceptibles d'avoir des implications importantes pour la sécurité mondiale; développements qui pourraient fortement conditionner les intérêts et les valeurs du Canada.

Cette étude annuelle du contexte international s'adresse avant tout aux concepteurs de politique dans le domaine de la défense, au personnel militaire et aux analystes de politique, mais elle peut également contribuer à un débat public plus étendu sur les questions liées à la défense.

Le corps principal de ce rapport est divisé en trois sections : *Pleins feux sur...*(les principaux protagonistes), *Contextes régionaux* et *questions fonctionnelles*. Le chapitre *Introduction* et le chapitre *Regard sur l'avenir* développent les analyses issues des contributions individuelles, et s'en inspirent. Le rapport se fonde sur une information provenant de sources qui ne sont pas secrètes. Cette information était courante au 31 août 2001. Cependant, certaines mises à jour figurent dans le corps principal du rapport et dans l'épilogue ajouté à la suite des agressions terroristes sur New York et Washington, intervenues le 11 septembre 2001.

Nous espérons que ce rapport suscitera une réflexion approfondie et des débats sur les problèmes de sécurité auxquels le Canada est confronté.

Roman Jakubow
Directeur de l'analyse stratégique
le 14 septembre 2001

Introduction

Le contexte stratégique international

Plus d'une décennie après les révolutions qui ont bouleversé l'Empire soviétique et mis fin à la Guerre froide, le Canada se trouve face à un monde à la fois volatile et ouvert à certaines opportunités. Même si elle se poursuit, la transition amorcée en 1989 semble atteindre une phase critique, alors que les États-Unis et les autres grandes puissances abandonnent leurs anciennes habitudes de comportement et se mettent à la recherche d'approches neuves. Cette tendance bénéficie de l'attitude des nouveaux gouvernants des États-Unis et de la Russie, ainsi que d'une reconnaissance plus ample du fait que les solutions nées d'une époque révolue peuvent fort bien ne pas s'adapter à la gestion des défis de sécurité actuels. Les efforts récents visant à mettre un terme à des hostilités interminables et à franchir les obstacles diplomatiques se sont heurtés au désabusement. Les menaces naissantes contre les réseaux informatiques, les systèmes spatiaux et les infrastructures critiques ont suscité un sentiment accru de vulnérabilité dans les sociétés évoluées. Cette impression de vulnérabilité est encore plus prononcée à travers le monde chez ceux qui tremblent pour leur sécurité personnelle à la suite d'attaques terroristes aveugles. Le maintien de la paix et le contrôle des armements, du moins comme on les pratiquait pendant la Guerre froide et son prolongement immédiat, n'ont pas remporté de succès dernièrement. En effet, les grandes puissances et les puissances régionales semblent moins volontiers accepter des compromis sur les intérêts vitaux, ou songer à des initiatives en collaboration. Le chapitre qui suit tente d'élucider ce nouveau contexte de sécurité, et s'intéresse aux relations changeantes entre les grandes puissances, aux stratégies permettant de traiter avec les régimes hostiles, à l'évolution des conflits et aux réactions internationales, ainsi qu'aux sources transnationales d'instabilité.

Les relations entre grandes puissances

Le souvenir des années marquées par la Guerre froide s'estompe peu à peu dans notre mémoire collective, et le même phénomène se produit en ce qui concerne la rivalité bipolaire qui a défini les relations entre grandes puissances pendant plus de quatre décennies. Les relations russo-américaines restent certes importantes de nos jours, mais elles ne dominent plus désormais le paysage stratégique. À la place, plusieurs relations critiques ont vu le jour, les États-Unis étant au cœur de pratiquement toutes ces relations. Seule et unique superpuissance mondiale, les États-Unis constituent le point central de la diplomatie planétaire, et leur soutien est une condition *sine qua non* pour qui veut progresser dans la plupart des initiatives en matière de sécurité et d'économie. Au bas mot, la supériorité militaire des États-Unis est devenue plus prononcée au cours de l'année passée, alors que les dépenses de défense américaines grimpent rapidement après plusieurs années de croissance progressive. Pourtant, la réticence qu'éprouve l'Amérique à engager d'importantes ressources pour imposer et appliquer la paix dans les régions instables continue de soulever des interrogations concernant son rôle sur la scène internationale. À l'opposé des années Clinton, l'Administration Bush s'est écartée d'une approche nombriliste, pour favoriser la médiation mondiale. En règle générale, ses propositions sur le conflit israélo-arabe, le conflit des Balkans et le conflit coréen ont mis l'accent sur la stabilité régionale, en plus d'une volonté explicite d'éviter l'imbroglio des négociations en faveur de la paix.

Une telle approche trouve ses racines dans un virage progressif, échelonné sur une décennie, vers un unilatéralisme plus marqué en politique étrangère américaine. Les États-Unis se font de plus en plus tirer l'oreille pour envoyer des casques bleus à l'étranger. Le Président Bush ne se cache pas de favoriser des réductions supplémentaires du nombre de forces actuellement affectées à de telles missions. Par ailleurs, il existe un scepticisme considérable parmi les hauts fonctionnaires de l'Administration Bush au sujet des mérites du contrôle des armements. Le Traité d'interdiction complète des essais traîne en longueur, et un nouveau cadre stratégique est proposé à la place des accords existants de réduction des armes nucléaires. L'époque des traités élaborés et formels semble donc bel et bien révolue. À la place, les États-Unis ont préconisé des mesures parallèles et unilatérales, plus conformes aux priorités nationales. Sur la défense antimissile, les États-Unis sont décidés à défendre un dispositif d'essais sans conditions, à se retirer du Traité ABM (Traité sur les limitations des systèmes des missiles antimissile) et à conclure un accord avec la Russie concernant un juste alliage de forces offensives et défensives. Sur le plan du réchauffement planétaire, l'Administration Bush a rejeté le Protocole de Kyoto sur les changements climatiques, signalant ainsi que les intérêts primordiaux des États-Unis prennent le dessus sur les obligations multilatérales lorsque ces deux sphères semblent incompatibles. Après des années de négociations laborieuses, les États-Unis ont officiellement rejeté l'ébauche du protocole de la Convention sur l'interdiction des armes bactériologiques et à toxines.

Dans la même veine, l'Administration Bush a adopté une approche sévère sur le plan de ses rapports avec la Russie et la Chine. Rumsfeld, le Secrétaire de la Défense, a hardiment qualifié la Russie de pays «proliférateur actif» de systèmes d'armes destructrices. Les États-Unis ne perçoivent désormais plus la Russie comme leur égale, et ont déclassé les relations avec ce pays pour refléter sa perte de statut. Les États-Unis refusent désormais d'analyser la Russie ou ses capacités stratégiques à travers la lunette de la Guerre froide, d'où le souhait de dépasser des politiques nucléaires qui concrétisent une doctrine d'annihilation mutuelle. Pour sa part, sous la houlette du Président Poutine, la Russie reconnaît que sa capacité à contrôler les événements ou à projeter des forces hors de ses frontières est très restreinte. La Russie restera un pays important par le fait même de ses armes nucléaires, de sa géographie, de son droit de veto au Conseil de sécurité et de ses ressources abondantes. Pourtant, son influence est entravée par son déclin militaire et son dépérissement économique, malgré le gain pétrolier providentiel intervenu l'an dernier. Pour l'instant, le gouvernement Poutine semble en pleine discorde au sujet de la meilleure méthode de reconstruire la Russie : soit revendiquer un plus grand contrôle sur certains de ses voisins et rétablir les liens avec les États qui s'opposent à l'Occident, soit rejoindre le marché mondial et intégrer les institutions du pays aux systèmes économiques et de sécurité de l'Europe. La stabilité mondiale sera influencée par la voie que Moscou finira par emprunter.

L'autre élément clé du contexte international de la sécurité est celui de la relation entre les États-Unis et la Chine, relation devenue de plus en plus tendue et incertaine l'année passée. Un certain nombre de questions ardues sont sur la table : la vente de matériel évolué militaire américain à Taïwan, les plans de défense antimissile américains, la vente par les Chinois de technologie nucléaire et antimissile à des pays proliférateurs, la persécution par Beijing des dissidents politiques et religieux. Pour couronner le tout, il y a eu la collision d'avril dernier en plein vol d'un avion espion, affaire qui a fini par

prendre deux mois à se résoudre, et les déclarations de plus en plus belliqueuses aux États-Unis, concernant l'avènement de la Chine au rang de rival stratégique. Si de telles frictions sont modérées par des liens économiques productifs ainsi que par le sentiment que ni la Chine, ni les États-Unis ne souhaitent voir des intérêts contraires mettre l'ensemble de leurs relations en péril, il semble cependant probable que, à longue échéance, la rivalité entre la seule superpuissance mondiale restante et son principal adversaire sera difficile à éviter.

L'ascendant américain, conjugué à l'accent que met l'Administration Bush sur des objectifs américains plus limités, a poussé les autres grandes puissances à réagir par de nouvelles stratégies de leur invention. Lorsque les perceptions divergeaient, par exemple au sujet des meilleurs moyens d'endiguer la violence israélo-palestinienne, les Européens n'ont pas tergiversé et ont entrepris des initiatives diplomatiques indépendantes des États-Unis. De même, sur la défense antimissile, les alliés ont, de but en blanc, averti Washington de ne pas adopter une approche unilatérale. Cela dit, la progression lente du financement des capacités militaires indispensables pour mettre en œuvre une force de réaction rapide, indépendante de l'OTAN, laisse penser que la l'audace de l'Europe a ses limites. Réciproquement, les défis naissants venus de Chine et de Corée du Nord poussent le Japon dans les bras des États-Unis, en dépit de doutes sur la présence militaire américaine et de ce qu'implique l'adoption d'une position de défense collective plus agressive. Pour leur part, la Russie et la Chine continuent d'examiner les avantages possibles d'une relation plus étroite, ne serait-ce que pour contrecarrer l'hégémonie américaine. À longue échéance, les marchés américains et les investissements demeurent un préalable au développement économique des deux pays. Pourtant, la domination mondiale de Washington angoisse Moscou et Beijing, dont le dernier traité «d'amitié et de coopération», signé en juillet 2001 et concrétisé par un commerce d'armement soutenu, reflète un désir d'imposer certaines limites à la liberté d'action des États-Unis. Enfin, au cours de l'année passée, l'Inde a aussi fait la preuve qu'elle constitue une valeur de l'équation stratégique mondiale. Ses relations avec les États-Unis, la Chine et la Russie sont pragmatiques, fondées sur des liens économiques, le commerce en matière d'armement et la collaboration technologique. New Delhi ouvre également les bras aux puissances de la région, telles que l'Iran et Israël, tout en menant des manœuvres navales avec le Japon. Trois ans à peine après ses premiers essais d'armes nucléaires, et la condamnation pratiquement universelle qui s'ensuivit, les relations externes de l'Inde se font de plus en plus sur un air de confiance et de force.

Régimes parias : menace et réaction

Les États menés par des régimes décidés à acquérir des armes de destruction massive, à encourager le terrorisme, à saboter les efforts de paix et les initiatives de contrôle des armements, et à commettre des violations généralisées des droits de la personne, représentent toujours un grave péril pour la sécurité internationale. En dépit de son moratoire sur les essais en vol, la Corée du Nord continue à construire des missiles balistiques à longue portée, comme à vendre des systèmes à courte portée à tous les États qui se portent acquéreurs. La Libye sort peu à peu de son isolement diplomatique, en même temps qu'elle intensifie la prospection de ses capacités de destruction massive. Pendant l'année écoulée, l'Iran a étendu son influence jusqu'au Liban et dans les zones

sous autorité palestinienne, assurant l'entraînement et l'armement des groupes terroristes de la région. Entre-temps, ses propres programmes de destruction massive et de missiles se poursuivent avec une intensité égale. De même, l'Irak se prépare à donner un second souffle à ses arsenaux biologiques, chimiques et antimissile, grâce aux revenus de la contrebande et au renouveau des liens avec ses partenaires commerciaux d'antan. Pour sa part, le régime de Milosevic en Serbie s'est effondré, victime d'un soulèvement populaire qui a suivi les élections contestées d'octobre dernier. L'ancien dirigeant yougoslave attend désormais son procès à La Haye sous l'accusation de crimes de guerre, ce qui explique que le statut de paria de la Serbie et la menace qu'elle représentait pour les États voisins se sont dissous.

Si les sanctions ont joué un rôle négligeable dans la chute de Milosevic, et ont permis de convaincre les Serbes que leur sort économique serait plus enviable sans lui, le processus du changement politique était principalement d'origine nationale. L'aide occidentale aux groupes civiques serbes et aux groupes d'opposition fut un catalyseur appréciable, s'appuyant sur une décennie de reforme électorale. Toutefois, cette stratégie n'est sans doute pas un modèle édifiant qui permettra de chasser d'autres régimes indésirables ou de les garrotter, surtout lorsque ces États n'ont pour ainsi dire aucune société civile, et que leurs forces de sécurité contrôlent des arsenaux non conventionnels ainsi qu'une infrastructure terroriste. Vu la désaffection généralisée envers les mesures punitives qui infligent des privations aux citoyens ordinaires tout en laissant les régimes barbares indemnes, les États-Unis et la Grande-Bretagne ont pris les rênes et recherchent une nouvelle façon d'appliquer les sanctions, surtout celles contre l'Irak. Même s'ils n'ont pas réussi à remporter le suffrage de la Russie au Conseil de sécurité, les deux pays s'entêtent dans leur approche, celle d'empêcher Bagdad d'importer du matériel militaire, tout en adoptant une politique plus souple sur les technologies ambivalentes et les échanges commerciaux. D'une manière générale, le confinement reste le pivot de la stratégie américaine envers les régimes à problèmes, tactique soutenue par des forces importantes déployées dans le théâtre des opérations. Sous le Président Bush, les États-Unis ont évité d'engager la Corée du Nord dans des négociations, exigeant le strict respect d'un accord mettant fin au programme de missiles de Pyongyang, ainsi que des limites plus larges de son potentiel militaire. Entre-temps, les sanctions qui interdisent les investissements américains et alliés dans le secteur pétrolier de l'Iran et de la Libye ont été renouvelées pour cinq autres années.

En dehors des sanctions, la communauté internationale a de tout temps perçu le contrôle des armements et les accords de non-prolifération comme un rempart qui la protège de la propagation et de l'utilisation d'arsenaux à fort pouvoir destructeur. Pourtant, ces éléments subissent une pression croissante exercée depuis plusieurs directions. Tout d'abord, les États continuent à consacrer des sommes énormes au développement ou à l'acquisition d'armes de destruction massive et aux systèmes de livraison qui y sont rattachés. On peut au moins affirmer que ces efforts se développent alors que les États qui font eux-mêmes de la prolifération se transforment en fournisseurs de premier plan d'équipement et de savoir-faire. Certainement, ces fuites hors de Russie et de Chine restent un problème inquiétant, mais cette assistance n'est souvent plus un préalable pour des programmes désormais autonomes. Ensuite, étant donné cette accumulation incessante de capacités parmi les proliférateurs invétérés, les États-Unis, en particulier, ont perdu leur confiance dans les dispositifs multilatéraux de contrôle des

armements, préférant des politiques qui s'alignent plus fidèlement à leurs intérêts immédiats en matière de sécurité.

Conflits et interventionnisme

En 2001, la nature des conflits autour du monde a continué à évoluer selon plusieurs lignes établies durant la décennie écoulée. Les conflits ethniques ont dominé les hostilités ininterrompues le long de la frontière entre le Kosovo et la Macédoine, les extrémistes des deux camps gagnant du terrain en dépit des efforts de paix menés par l'OTAN. En Algérie, l'agitation des Berbères s'est exaltée lors de manifestations antigouvernementales violentes, qui compliquent une guerre civile vieille de neuf ans ayant déjà coûté la vie à 100 000 personnes. Comme au Rwanda au milieu des années 1990, le Burundi fait face à la perspective d'un bain de sang général si les combats entre la majorité hutu et la minorité tutsi au pouvoir dégénèrent de manière incontrôlée. Sur un autre front, les conflits éternels au Moyen-Orient, dans la péninsule coréenne et dans l'Asie du Sud ne sont pas près de trouver une solution. La lutte israélo-palestinienne est actuellement la plus active. Elle se caractérise par des attaques terroristes meurtrières et des représailles militaires, sans espoir manifeste de réconciliation tant que la violence subsistera. Pendant ce temps, les récriminations ethno-religieuses, les différends politiques et le dénuement économique enflamment des guerres de moindre intensité dans des États aussi diversifiés que l'Indonésie, le Soudan, l'Afghanistan. Loin des projecteurs des médias, ces conflits font payer un tribut épouvantable à la population civile.

Peu uniforme, la réaction de la communauté internationale aux conflits régionaux est parsemée de difficultés. En Sierra Leone, les casques bleus des Nations unies ont essuyé un échec, incapables de faire cesser la guerre civile de ce pays, vieille d'une décennie. Même si les troupes britanniques ont ramené l'ordre dans la capitale et commencé à entraîner une armée nationale, les rebelles restent actifs dans les régions riches en ressources, tandis que les combattants venus de l'autre extrémité de la région harcèlent les réfugiés de Guinée et de Côte d'Ivoire, pays limitrophes. Ailleurs en Afrique, le contingent des Nations unies en République démocratique du Congo a marqué quelques progrès sur le plan de l'établissement de zones démilitarisées et du soutien du travail humanitaire, mais les factions en guerre ont résisté au désarmement et le processus de paix semble s'égarer. Une tâche bien plus facile attendait les observateurs des Nations unies, qui ont surveillé le cessez-le-feu entre l'Éthiopie et l'Érythrée, opération qui rappelle les missions antérieures et traditionnelles. Le maintien de la paix est également contrarié aux États-Unis, où les attitudes restent inflexibles bien des années après le déploiement difficile en Somalie. À son honneur, l'Administration Bush a versé une part appréciable de ses arriérés aux Nations unies, assumé le premier rôle dans l'entraînement des armées d'Afrique de l'Ouest pour les opérations de maintien de la paix et, en dépit de messages antérieurs, a désormais l'intention de garder ses forces stationnées dans les Balkans pendant un certain temps. Toutefois, les États-Unis envisagent toujours la possibilité de réduire leur présence militaire outre-mer, alors même que les programmes qui contrôlent l'entraînement des forces régionales et leur fournissent l'équipement sont passés en revue. Quant aux conflits irréductibles et sanguinaires en Tchétchénie et au Sri Lanka, conflits parmi d'autres, on ne voit aucune perspective d'ingérence militaire extérieure. En dépit du fait que la communauté internationale a aiguisé sa sensibilité aux

problèmes humaphires, ces guerres ne bénéficieront sans doute pas d'un «nouvel engagement à intervenir» proposé l'an passé par M. Annan, le Secrétaire Général des Nations unies.

Aux États-Unis et ailleurs, les défenseurs d'une transformation militaire ne pensent pas que les conflits ethniques de la décennie écoulée, surtout ceux qui ont recouru à une technologie rudimentaire, constituent un signe avant-coureur fidèle de la guerre du XXIe siècle. Au lieu de cela, ils prédisent des véhicules aériens sans pilote, assumant nombre de missions de reconnaissance, d'espionnage et d'attaque au sol, qu'effectuent actuellement les plates-formes traditionnelles des forces aériennes. Ils imaginent des systèmes de robots qui remplaceront les soldats et les pilotes dans certaines situations de combat. Ils voient aussi des réseaux d'information intégrés jouer un rôle de plus en plus capital dans les opérations. De leur côté, les responsables américains ont évoqué le besoin d'organiser la défense des points vulnérables essentiels, prédisant que les ennemis pourraient bien cibler la population et les infrastructures américaines laissées sans protection, ainsi que le matériel spatial et informatique. Ils envisagent aussi de devoir faire face à des adversaires munis d'armes de destruction massive, soit sur le champ de bataille, soit lors d'attaques terroristes contre les civils. Dirigeant leur regard encore plus loin vers l'horizon, les chercheurs dans le domaine de la défense se concentrent sur l'énergie dirigée, la biotechnologie, la nanoscience et les sources d'énergie évoluées, les matières évoluées, pour créer des méthodes radicalement nouvelles de conduite de la guerre. Même si un tel travail peut donner des résultats prometteurs, la réussite sur le champ de bataille ne sera possible que si elle s'accompagne d'un progrès correspondant en doctrine et en organisation. Qui plus est, la transformation ne concernera pas seulement un seul camp, la preuve en est la prolifération constante d'arsenaux à fort pouvoir destructeur et l'exploitation par les terroristes des technologies de pointe, telles que le système de positionnement global et les communications sans fil.

Même si le terrorisme et les réactions qu'il provoque ont toujours constitué un facteur du contexte stratégique international, ces deux éléments peuvent s'intensifier consécutivement aux attaques terroristes massives lancées contre les États-Unis à la mi-septembre. D'un côté se tiennent ceux qui appuient le terrorisme et le perpètrent – un ensemble d'États, de groupes et d'individus, dont l'objectif consiste à endommager à grande échelle les intérêts des Américains et des alliés. De l'autre, se tiennent les principales cibles des attaques, une coalition d'États officieusement menés par les États-Unis, qui riposteront vraisemblablement militairement, et par des mesures économiques et diplomatiques. Sur le plan régional et international, ces efforts contre le terrorisme pourraient impliquer des hostilités de longue haleine et de grande envergure.

Pressions transnationales

La rencontre du terrorisme, des insurrections et du grand banditisme transfrontalier a surgi comme un défi de taille à la sécurité du monde. Le trafic des stupéfiants en Colombie a attisé la violence des rebelles, sapé l'autorité du gouvernement, provoqué l'intervention des États-Unis sous forme d'entraînement et de matériel militaires. Le rôle de la Corée du Nord à titre de proliférateur majeur occulte son implication dans les activités criminelles transnationales, lesquelles représentent une réaction directe à une conjoncture économique de plus en plus calamiteuse. Le trafic des

stupéfiants a transformé la frontière entre l'Iran et l'Afghanistan en une zone de violence, où l'on fait feu à volonté, et où les forces de sécurité trouvent souvent la mort lorsqu'elles tentent d'intercepter les échanges de contrebande. Un autre problème de sécurité transnationale est celui du grand nombre de réfugiés et de personnes déplacées, éparpillés à travers les régions du monde en ébullition. Là aussi, la société désagrégée de l'Afghanistan est impliquée, alors que dans ce pays, les hostilités continuent à chasser des milliers de familles de leur foyer. En Afrique de l'Ouest, au moins un million de personnes ont fui des années de combat au Liberia, en Guinée et en Sierra Leone. Nombre d'entre elles sont hors de portée des organismes d'aide internationale. Dans l'ensemble, quelque douze millions de réfugiés dans le monde contribuent aux conflits et à l'instabilité, et ils en sont le produit. La volonté et la capacité de la communauté internationale à réagir sont dépassées. Enfin, tandis que la manifestation de nouveaux cas de sida va selon toute vraisemblance décroître aux États-Unis et en Europe de l'Ouest au cours de la décennie qui vient, des signes récents font penser qu'en Extrême-Orient et dans l'ex-Union Soviétique, le VIH se propage désormais en roue libre, ce qui annonce une crise mondiale de la santé, à moins qu'une action de grande envergure ne soit entreprise pour freiner la propagation de la maladie. Dans les régions d'Afrique ravagées par le sida, les sociétés sont déjà en présence de taux de mortalité très élevés et d'une régression, éléments qui, à leur tour, ont fait obstacle aux efforts visant à favoriser la stabilité politique et à résoudre les innombrables conflits de la région.

Conclusion

Les observateurs de l'état du monde ont raison d'avancer qu'un ordre international nouveau et stable n'est pas encore apparu pour remplacer celui de la Guerre froide. Ces dernières années toutefois, il est devenu possible de détecter certaines tendances qui définissent le cadre stratégique qui voit le jour. La domination militaire et économique des États-Unis assure son statut de superpuissance militaire unique. L'ironie est que la supériorité américaine ne se traduit pas par une prépondérance diplomatique dans une gamme de domaines allant du contrôle des armements à la bonne intendance mondiale de l'environnement, alors que les inquiétudes nationales prennent le pas sur les initiatives multilatérales. En réaction, les autres grandes puissances mondiales s'intéressent à leur propre ordre du jour. Les Européens ont activement cherché à combler le vide laissé par la réticence américaine sur le réchauffement planétaire et le maintien de la paix régionale. La Russie et la Chine cherchent à contrer la diplomatie américaine, la première en renouvelant ses liens avec ses anciens clients, la seconde en étendant son emprise au niveau régional. L'Inde elle-même élargit ses horizons. Sur un autre front, les stratégies visant à traiter les perpétuels défis à la sécurité ont de moins en moins la faveur du public, car les principaux États réévaluent leur façon d'aborder la prolifération, le terrorisme et les conflits internes des États. Les sanctions sont en cours de révision, des méthodes moins officielles de réduction des arsenaux peuvent être imminentes, et, là où les opérations de paix sont encore envisagées, leur axe devient plus restreint et plus régional. Enfin, alors même que la guerre semble destinée à évoluer synchroniquement avec l'équilibre changeant des puissances et des technologies, le monde est en grande partie encore prisonnier d'une autre dimension temporelle, aux prises avec une pauvreté infinie, des conflits ethno-religieux, le spectre de la maladie; problèmes qui hantent l'humanité depuis la nuit des temps.   *Michael Margolian*

The International Strategic Environment

More than a decade after the revolutions that toppled the Soviet empire and ended the Cold War, Canada faces a world characterized by both volatility and opportunity. The transition begun in 1989, while continuing, appears to be reaching a critical phase as the United States and other great powers leave behind old patterns of behaviour in search of fresh approaches. This trend is helped along by new leadership in the US and Russia as well as more widespread recognition that solutions rooted in an earlier era may not be appropriate for managing today's security challenges. Recent efforts to end protracted hostilities and resolve diplomatic stalemates have met with frustration. Emerging threats to computer networks, space systems and critical infrastructure have provoked a greater sense of vulnerability in advanced societies. This sense of vulnerability is even more pronounced among many of the world's citizens who fear for their personal safety in the face of indiscriminate terrorist attacks. Peacekeeping and arms control, at least as practised during the Cold War and its immediate aftermath, have not achieved many successes of late. Indeed, there seems less willingness among great and regional powers alike to compromise on core interests or to consider collaborative initiatives. The chapter that follows attempts to make sense of this new security environment, focusing on changing relations among the great powers, strategies for dealing with hostile regimes, the evolution of conflict and international responses, and, finally, transnational sources of instability.

Great Power Relations

As the Cold War years become more distant in our collective memory, so too does the bipolar rivalry that defined great power relations for over four decades. The US-Russian relationship remains important today, but it no longer dominates the strategic landscape. In its place have emerged several critical relationships, with the United States central to virtually all of them. As the world's only superpower, the US is the focal point of global diplomacy, and its support is a necessary condition for achieving progress on most security and economic initiatives. If anything, its military superiority has become more pronounced in the last year as US defence expenditures accelerate their upward trend after several years of incremental growth. Yet America's reluctance to commit significant resources to impose and enforce peace in volatile regions continues to raise questions about its international role. In contrast with the Clinton years, the Bush Administration has stepped back from a high profile approach toward global mediation. As a rule, its proposals on the Arab-Israeli, Balkan and Korean conflicts have emphasized regional stability and a clear desire to avoid the intricacies of peace negotiations.

Such an approach has its roots in a gradual, decade-long shift towards greater unilateralism in US foreign policy. The United States is increasingly reluctant to send peacekeepers abroad, and President Bush is on record as favouring further reductions in the number of forces currently deployed on such missions. There is also considerable scepticism among senior Bush officials about the merits of arms control. With the Comprehensive Test Ban Treaty in a state of semi-permanent limbo and a new strategic framework proposed in place of existing nuclear arms reduction agreements, the era of elaborate, formal treaties appears over. Instead, the US has called for parallel, unilateral

measures that conform more closely to national priorities. On missile defence, the US is determined to push forward with an unhindered testing regime, withdraw from the Anti-Ballistic Missile Treaty and reach an accord with Russia on the right mix of offensive and defensive forces. On global warming, the Bush Administration rejected the Kyoto Agreement on Climate Change, signalling that core interests take precedence over multilateral obligations if the two are perceived to conflict. After years of painstaking negotiations, the US has formally rejected the draft verification protocol to the Biological and Toxins Weapons Convention.

Similarly, the Bush Administration has adopted a no-nonsense approach in its dealings with Russia and China. Defense Secretary Rumsfeld bluntly called Russia an "active proliferator" of destructive weapon systems. The US no longer perceives Russia as an equal and has downgraded relations in accord with its diminished status. The US no longer wants to view Russia or its strategic capabilities through a Cold War lens, hence the desire to move beyond nuclear policies that embody a doctrine of mutual annihilation. For its part, Russia under President Putin recognizes that its ability to control events or project forces abroad is quite limited. Russia will remain an important country by virtue of its nuclear weapons, geography, Security Council veto and rich resources. Yet its influence is constrained by military decline and economic weakness, notwithstanding last year's oil windfall. For now, Putin's government appears divided over how best to rebuild Russia – asserting greater control over some of its neighbours and restoring ties with states that oppose the West, or joining the global marketplace and integrating the country's institutions into Europe's economic and security systems. Global stability will be affected by the course Moscow ultimately chooses.

Another key element of the international security environment is the relationship between the US and China, one that has become increasingly tense and uncertain during the last year. There are a number of difficult issues on the table – the sale of advanced American military equipment to Taiwan, US missile defence plans, Chinese sales of nuclear and missile technology to proliferators, and Beijing's persecution of political and religious dissidents. Aggravating the situation was last April's mid-air spy plane collision that ultimately took months to resolve, and increasingly bellicose statements within the US about China's emergence as a strategic rival. While such friction is tempered by very productive economic ties and a sense that neither side wants to let colliding interests put the entire relationship at risk, it seems likely that, in the long run, competition between the world's only remaining superpower and its leading challenger may be hard to avoid.

American ascendancy coupled with the Bush Administration's emphasis on more narrow US objectives has prompted other great powers to respond with new strategies of their own. Where perceptions have diverged, for example, regarding the best means of containing Israeli-Palestinian violence, Europeans have not shied away from undertaking diplomatic initiatives independent of the US. Likewise, on missile defence, allies have been forthright in cautioning Washington against a unilateral approach. That said, slow progress in funding military capabilities required to field a rapid reaction force independent of NATO suggests there are limits to Europe's assertiveness. Conversely, emerging challenges from China and North Korea are pushing Japan closer to the United States despite misgivings about the American military presence and the implications of embracing a more aggressive collective defence posture. For their part, Russia and China

continue to explore the potential benefits of a closer relationship if only as a counter to US hegemony. Over the long term, American markets and investment remain a prerequisite of economic growth in both countries. Yet Moscow and Beijing are uncomfortable with Washington's global dominance, and their latest "friendship and cooperation" treaty, signed in July 2001 and supported by a substantial arms trade, reflects a desire to impose some limits on US freedom of action. Finally, over the last year, India, too, has demonstrated it is a factor in the global strategic equation. Its relations with the US, China and Russia are pragmatic, based on economic ties, defence trade and technological cooperation. New Delhi is also reaching out to regional powers such as Iran and Israel while conducting naval manoeuvres with Japan. Just three years after its nuclear weapons tests and the near universal condemnation that followed, India's external relations are being pursued increasingly from a position of confidence and strength.

Adversarial Regimes: Threat and Response

States led by regimes determined to acquire mass destruction weapons, sponsor terrorism, sabotage peacemaking and arms control initiatives, and commit widespread human rights violations remain a serious threat to international security. Despite its flight-test moratorium, North Korea continues to build long-range ballistic missiles and sell shorter-range systems to any state that will purchase them. Libya is slowly emerging from diplomatic isolation even while it intensifies the pursuit of mass destruction capabilities. Over the last year, Iran has expanded its influence in Lebanon and Palestinian-controlled areas, providing both training and arms to terrorist groups in the region. Meanwhile, its own mass destruction and missile programs continue unabated. Likewise, Iraq is poised to resurrect its biological, chemical and missile arsenals, fuelled by smuggling revenues and renewed ties with former trading partners. For its part, Milosevic's regime in Serbia collapsed in response to a popular uprising that followed disputed elections last October. With the former Yugoslav leader now awaiting trial in The Hague on war crimes charges, Serbia's pariah status and the threat it posed to neighbouring states have dissipated.

While sanctions played a small role in Milosevic's downfall, helping to convince Serbians they would be better off economically without him, the process of political change was largely homegrown. Western aid to Serbian civic and opposition groups was an important catalyst, building on a decade of electoral reform. However, this strategy is not likely to be an effective model for ousting other unsavoury regimes or curtailing their behaviour particularly when these states have virtually no civil society to speak of and where security forces control non-conventional arsenals and terrorist infrastructure. Given widespread disaffection with punitive measures that inflict hardships on ordinary citizens while leaving brutal regimes unscathed, the US and Britain have taken the lead in searching for a new way to enforce sanctions, most notably against Iraq. Though unsuccessful in winning over Russia at the Security Council, the two countries continue to pursue an approach that prevents Baghdad from importing military hardware while adopting a more lenient policy on dual-use and commercial trade. More generally, containment remains the linchpin of US strategy *vis-à-vis* adversarial regimes, supported by significant forces deployed in-theatre. Under President Bush, the US has stepped back

from engaging North Korea in negotiations, demanding strict verification of an agreement ending Pyongyang's missile program as well as broader limits on its military potential. Meanwhile, sanctions that prohibit American and allied investment in the petroleum sectors of Iran and Libya have been renewed for another five years.

Apart from sanctions, the international community has traditionally looked to arms control and non-proliferation accords as a bulwark against the spread and use of highly destructive arsenals. Yet these instruments are under increasing pressure from several directions. First, states continue to devote vast sums of money towards developing or acquiring mass destruction weapons and associated delivery systems. If anything, these efforts are expanding as proliferators themselves are becoming suppliers of first resort for material and expertise. To be sure, leakage from Russia and China remains a serious problem, but this assistance is often no longer a prerequisite for what have become self-sustaining programs. Second, given this unrelenting build-up of capabilities among hard-core proliferators, the US in particular has lost faith in multilateral arms control regimes, turning to policies that align more closely to its narrow security interests.

Conflict and Intervention

In 2001 the nature of conflict around the world continued to evolve along several tracks laid down over the last decade. Ethnic strife dominated ongoing hostilities along the border between Kosovo and Macedonia with extremists on both sides gaining ground despite NATO-led peace efforts. In Algeria, Berber unrest has descended into violent anti-government protests complicating a nine-year civil war that has already claimed 100,000 lives. As in Rwanda during the mid-1990s, Burundi faces the prospect of mass bloodshed should fighting between the Hutu majority and governing Tutsi minority escalate out of control. On another front, protracted conflicts in the Middle East, the Korean Peninsula and South Asia are no closer to resolution. The Israeli-Palestinian struggle is currently the most active, characterized by deadly terrorist attacks and military counter-strikes and, seemingly, no chance of reconciliation as long as violence persists. Meanwhile, ethno-religious grievances, political differences and economic scarcity fuel low-intensity wars in states as diverse as Indonesia, Sudan and Afghanistan. Played out beyond the glare of media attention, these conflicts are inflicting a terrible toll on the civilian population.

The international community's response to regional conflict is uneven and fraught with difficulty. In Sierra Leone, UN peacekeepers have failed to end that country's decade-long civil war. Though British troops have restored order to the capital and begun training a national army, rebels remain active in resource-rich areas while fighters from across the region prey upon refugees in neighbouring Guinea and Ivory Coast. Elsewhere in Africa, the UN contingent in the Democratic Republic of Congo has achieved some progress in establishing demilitarized zones and supporting humanitarian work, but warring factions have resisted disarmament, and the peace process is going nowhere. A far easier task has seen UN observers monitor the ceasefire between Ethiopia and Eritrea, an operation reminiscent of earlier, traditional missions. Peacekeeping is also under pressure in the US where attitudes remain hardened years after the troubled deployment to Somalia. To its credit the Bush Administration has paid off a chunk of its UN arrears,

taken the lead in training West African armies for peacekeeping duties and, despite early signals, now intends to keep its forces in the Balkans for the foreseeable future. However, the US still plans to reduce its overseas military presence, while programs that oversee training and provide equipment to regional forces are under review. As for intractable and bloody conflicts in Chechnya and Sri Lanka, among others, there is no prospect of outside military involvement. Despite the international community's heightened focus on humanitarian concerns, these wars are unlikely to benefit from "a new commitment to intervention" proposed by UN Secretary General Annan last year.

Advocates of military transformation in the US and elsewhere do not believe the mainly low-tech ethnic conflicts of the past decade are an accurate harbinger of 21st century warfare. Instead, they see unmanned aerial vehicles taking on many of the reconnaissance, intelligence and ground attack missions now performed by traditional air force platforms. They see robotic systems replacing soldiers and pilots in certain combat situations. They see integrated information networks playing an increasingly vital role in operations. For their part, US officials have spoken of the need to address key vulnerabilities, predicting adversaries may target America's largely unprotected population and infrastructure as well as space and computer assets. They also envision adversaries using mass destruction weapons whether on the battlefield or in terrorist attacks against civilians. Looking further ahead, defence researchers are focusing on directed energy, biotechnology, nanoscience and advanced power sources and materials to provide radically new methods for war fighting. While such work may yield promising results, success on the battlefield will be possible only if accompanied by corresponding progress in doctrine and organization. Moreover, transformation will not be one-sided, witness the ongoing proliferation of highly destructive arsenals and terrorist exploitation of advanced technologies such as the Global Positioning System and wireless communication.

Though terrorism and responses to it have traditionally been a factor in the international strategic environment, they may intensify in the wake of the massive terrorist attacks launched against the United States in mid-September. On one side are those that support and carry out terrorism – a collection of states, groups and individuals whose aim is to damage largely American and allied interests. On the other side are the prime targets of attacks, a coalition of states informally led by the US that will likely strike back with military force as well as economic and diplomatic measures. Both regionally and internationally, these efforts against terrorism could potentially involve large-scale and sustained hostilities.

Transnational Pressures

The intersection of terrorism, insurgency and cross-border organized crime has emerged as a significant challenge to global security. Colombia's drug trade has fueled rebel violence, weakened the government's authority and provoked US intervention in the form of military training and equipment. North Korea's role as a major proliferator obscures its involvement in transnational criminal activities, itself a direct response to an increasingly dire economic situation. Drug trafficking has transformed Iran's frontier with Afghanistan into a violent free-fire zone where security forces are often killed while attempting to intercept the flow of contraband. Another transnational security problem is

the large number of refugees and displaced persons scattered across troubled regions of the world. Here, too, Afghanistan's shattered society is implicated as hostilities there continue to evict thousands of families from their homes. In West Africa, upwards of a million people have fled years of fighting in Liberia, Guinea and Sierra Leone with many beyond the reach of international aid organizations. Overall, some twelve million refugees worldwide contribute to and are a product of conflict and instability, stretching the international community's will and capacity to respond. Finally, while the incidence of new AIDS cases is likely to decline in the United States and Western Europe over the next decade, recent evidence suggests that in the Far East and the former Soviet Union the HIV virus is now spreading virtually unchecked, heralding a global health crisis unless substantial action is taken to slow the spread of disease. In AIDS-ravaged areas of Africa, societies are already facing very high mortality rates and economic decline that, in turn, have complicated efforts to promote political stability and resolve the region's numerous conflicts.

Conclusion

Observers of the global condition are correct when they argue that a new, stable international order has not yet emerged to replace the one that existed during the Cold War. In recent years, however, it has become possible to detect certain trends that give definition to the emerging strategic setting. The military and economic dominance of the United States ensures its status as the world's only superpower. Ironically, US superiority is not being translated into diplomatic leadership on a range of issues from arms control to global stewardship of the environment as national concerns prevail over multilateral initiatives. In response, the world's other great powers are pursuing their own agendas. Europeans have been eager to fill the vacuum left by US reticence on global warming and regional peacemaking. Russia and China are looking for ways to counter US supremacy – the former is renewing ties with old clients while the latter is expanding its influence regionally. India, too, is broadening its horizons. On another front, strategies for dealing with longstanding security challenges have become less popular, with leading states reassessing their approach to proliferation, terrorism and intra-state conflict. Sanctions are in the process of being retooled, less formal methods of reducing arsenals may be in the offing, and, where peace operations are still contemplated, they are becoming more limited and regional in their emphasis. Finally, even as warfare seems destined to evolve in accord with changing power balances and technologies, much of the world is stuck in a time warp, still coping with extreme poverty, ethno-religious conflict and the spread of disease, problems that have been around for centuries.

Michael Margolian

Spotlight On…

US Force Transformation and the RMA

Over the past decade or so, there has been much discussion about the so-called Revolution in Military Affairs (RMA). Although the Oxford Dictionary defines a "revolution" as a "complete change, turning upside down, great reversal of conditions," another way of looking at the RMA is as an evolutionary process of transformation towards a revolutionary end state. Whether or not an RMA will come to fruition over the next two to three decades depends to a large extent on the degree to which the United States can be expected to transform its military.

Transformation: A Current Assessment

The RMA and force transformation are referred to extensively in official US defence policy. The 1997 Quadrennial Defense Review (QDR) makes a direct link between these concepts, and all of the recent military vision statements (*Joint Vision 2020, Forward...From the Sea*, *Marine Corps Strategy 21*, *Soldiers on Point for the Nation* and *Global Vigilance, Reach and Power*) provide conceptual templates for force transformation that are closely linked to the RMA. Each of the armed services as well as Joint Forces Command has also established a concept development and experimentation process to help make their visions reality.

And yet, examining in practical terms the concrete steps the US military services are taking to transform their forces reveals a mixed picture. The US Navy has elements of a strategy in place — for example, its network centric warfare concept and its shift in focus to the littoral battlefield — but these concepts have not yet been expanded into a complete roadmap for transformation. As a result, some of the Navy's planned acquisitions may be inconsistent *vis-à-vis* the new security environment. It continues to centre its fleet on the aircraft carrier even though these large platforms may possibly be increasingly at risk from land-based cruise and ballistic missiles. It is also purchasing a significant number of new carrier-based fighters including the Joint Strike Fighter, which would be similarly at risk. It may make more sense for the Navy to focus on a force projection platform such as the *Arsenal* ship, a semi-submersible, stealthy barge armed with hundreds of missiles, few sailors and no tactical aircraft.

In that it was already an expeditionary force, the Marine Corps is well advanced in implementing a concept of operations that is relevant to the RMA. Its new concept involves lifting relatively small teams to the vicinity of a target, which may be hundreds of miles inland, and relying on the Navy to provide precision fire support. Nonetheless, the Marine Corps still plans to purchase its own version of the Joint Strike Fighter, and it continues to operate some 400 *Abrams* tanks. Analysts argue that this 70-ton platform will be increasingly ill suited to the future security environment, which is likely to demand that forces be lighter and more deployable.

The US Army has embarked on a three-pronged transformation process to significantly overhaul its force structure. It is modernizing its heavy "legacy force" to better carry out current missions, creating an "interim force" to bridge the gap between its heavy and light forces and pursuing its "objective force" — one that combines the war fighting lethality of mechanized forces with the strategic responsiveness of light forces —

for the period beyond 2015. To this end, it is "digitizing" its divisions, converting some combat brigades into interim brigade combat teams and developing a radically lighter, more agile and more deployable Future Combat System. Already it has scaled back or cancelled many equipment programs that are suited to a heavier force structure. Nonetheless, the Army still plans to buy almost 500 of the 110-ton (fully loaded) *Crusader* self-propelled howitzers and to devote significant funds to upgrading its heavy tanks even though these platforms are far from rapidly mobile. Critics also argue that the Army has not sufficiently addressed the requirement to be able to project substantial land power rapidly in the absence of access to forward bases.

The Air Force has recently undergone significant organizational change. To create a "lighter, leaner and more lethal force," it has divided its units into 10 Aerospace Expeditionary Forces, each representing a complete aerospace capability. But experts have questioned its planned acquisitions particularly the stealthy F-22 and the Joint Strike Fighter. Tactical aircraft are not well suited to the nature of the new security environment since their relatively short ranges make them dependent on overseas bases that, due to the proliferation of weapons of mass destruction, may not be available during wartime. America's growing concern with limiting casualties also dictates that political leaders may not allow their fighters to fly below a certain level during an operation lest they be at risk from anti-aircraft fire. This combination of factors means that it may make more sense for the Air Force to focus on developing a range of capabilities including stealthy, unmanned combat aerial vehicles, which might better be able to carry out missions currently performed by tactical air forces.

Why the Slow Pace of Transformation?

One factor explaining the slow pace of US military transformation is that the 1997 QDR did not provide a framework for rapid change. Although it espoused RMA elements, it also explicitly decided not to pursue these goals too fast. This was partly for budgetary reasons since taking a more cautionary course of action was less costly. But vested interests probably also played a role. The path that the QDR chose to follow included keeping in place the Pentagon's two-war strategy and this, in turn, justified the maintenance of a somewhat smaller yet essentially unchanged military. Nor was Congress overly enthusiastic to make the hard choices necessary to move more rapidly towards harnessing the RMA since to do so would mean closing military bases and cancelling weapons programs that provide jobs. As a result, even as it accepted the RMA hypothesis, DoD made few plans to reorganize its main combat units, alter weapons acquisitions priorities or divest itself of unneeded infrastructure.

A related factor is so-called "roadblock" programs. The systems that the two-war strategy is generating and perpetuating are eating up large chunks of scarce funds, thereby posing a barrier to force transformation. These systems include, among others, the tri-service Joint Strike Fighter, the Navy's new carriers and the Army's self-propelled *Crusader* howitzer.

Increased operational tempo has created budgetary pressures against force transformation. The dramatic rise in the rate at which forces are deployed overseas since the end of the Cold War has forced the Pentagon to devote a growing share of its funds to current activities instead of modernization. Increased operational tempo, in turn, has

compounded the problem of aging equipment in that the requirement to maintain such equipment is costing more each year but it must be kept in repair for current readiness. This drains resources that could be applied to the development and deployment of new systems.

The increased number of US force deployments is a reflection of America's post-Cold War sole-superpower status. The United States has maintained its global military obligations as the guarantor of peace in the Asia-Pacific region, the Middle East and Europe, sizing its forces for a major theatre war in the Persian Gulf and on the Korean Peninsula. It has also intervened in a number of intra-state conflicts. Thus, the strategic reality of being the only global power is an important explanatory factor in seeking to understand America's slow move towards military force transformation.

Force deployment pressures have come on top of reduced defence budgets. Even today, after the sustained budget increases that began in fiscal year 2000, procurement spending stands at only 20 percent of the Pentagon's budget in contrast to the historical norm of 25 percent. Estimates range anywhere from an additional US$25 billion to US$100 billion a year that is needed just for the Pentagon to field its QDR force let alone to modernize and transform its forces for the future. In its 2002 budget submission, the Bush Administration included a relatively small US$18.4 billion boost in defence funds, having decided to wait for the outcome of the 2001 QDR process before requesting significant defence spending increases.

The Transformation Imperative

Analysts argue that, if the US military does not transform, it may lack the capabilities it needs to sustain peace in the long term. Although assessments vary, the likely requirements of the future are starting to become clear. First, the United States needs to maintain some sort of ability to respond to two major regional conflicts in overlapping timeframes since moving to a "one-war" strategy would likely increase regional competition. But the two-war strategy, which has been in place since the end of the Cold War, needs to be adjusted to factor in the diminishing likelihood of full-scale ground wars with North Korea and Iraq. This would allow the United States to scale back its traditional forces and devote more resources to transformation activities.

Military planners also need to account for the likely absence of access to forward bases and logistics centres during a major conflict. Relevant RMA technologies and doctrines include the ability to carry out precision strikes at extended ranges and the need to find less risky ways to operate along/off the littorals. Experts suggest America's next major regional war is most likely to be with China over Taiwan. The capabilities required for the vast East Asian theatre point away from aircraft carriers, fighters and main battle tanks and towards RMA systems like the *Arsenal* ship, the stealthy B-2 bomber and unmanned combat aerial vehicles.

Second, US military transformation efforts need to take account of smaller-scale contingencies, which are increasingly considered as an extension of America's basic security interests. Many elements of the RMA are relevant here including ground forces that are smaller and more mobile on the "battlefield" and platforms like long-endurance unmanned aircraft to conduct ground surveillance operations. Often forces deployed to a

mission at the low end of the spectrum have ended up operating at the high end. Moreover, the ability of intervening forces to progress up the scale of combat capability can act as a deterrent to conflict escalation. Therefore, changes taken to accommodate the continued salience of smaller-scale contingencies should not involve dramatic changes in force structure. Rather, they should focus on the increased requirement for certain types of units and on training soldiers for the difficult task of moving from a peace support environment to one of war fighting and back again.

Finally, the US military needs to have homeland security capabilities. Prompted by America's unrivalled conventional dominance and helped by the proliferation of weapons of mass destruction and their means of delivery, potential adversaries are expected to increasingly rely on "asymmetric" strategies to exploit American weaknesses and vulnerabilities.[1] This could include the use of nuclear, biological or chemical weapons, terrorism or assaults on critical infrastructures through physical or electronic means (i.e. "cyber war"). A key area of US weakness may lie in its ability to protect its homeland against these threats. That said, the US military is a contributor, not the leader, in most such missions. The FBI and the Federal Emergency Management Agency share lead-agency status; DoD's role is to provide support in a co-ordinated federal response. US force transformation efforts in this area would best focus on the requirement for certain types of equipment and units.

Potential for Change

Whether or not the US military undertakes such a force transformation will depend on the balance that is ultimately struck between ongoing institutional barriers to change and growing political will for change. Institutional barriers centre on the QDR process and whether or not it is capable of producing real innovation. Critics note that the congressionally mandated QDR deadlines fall too early in a new administration for it to be able to influence the outcome and gain a stake in the conclusions. The timing of the QDR, which coincides with the fall budget schedule, also indicates that budgetary pressures will come to bear that inhibit the department's ability to think 20 years in the future as the QDR is intended to do.

That said, there is growing political will for change. Early in 2001 President Bush tasked his Secretary of Defense to carry out a far-reaching strategic review of America's likely adversaries, the nature of future wars, how many conflicts the United States should be prepared to fight and what sorts of forces it will require. During the election, Bush strongly supported changes that are relevant to the RMA, and as President he has confirmed these views in official statements and pledged new funding in pertinent areas. These statements and actions give strong evidence that the Bush administration is moving towards significant force transformation.

But its zeal for change cannot help but come up against the same political and financial restrictions faced by the previous administration. Tellingly, the defence review was originally to be completed in the spring of 2001 but is now to be folded into the 2001

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[1] For an in-depth discussion of this issue, see *Functional Issues...Asymmetric Threats – The Homeland Dimension.*

QDR. Current projections are that the combined QDR/defence review will come down somewhere between the far-reaching vision offered by proponents of change and the more moderate course that the military services have pursued in recent years.

With respect to smaller scale contingencies, Bush administration officials have toned down their election pronouncements that the United States would dramatically cut back its participation in peace support operations, recognizing the negative impact this would have on US security interests. But it has also given an early indication that it will prioritize its future involvement in these operations.

In the area of asymmetric threats, Bush has stated that he wants the armed forces to focus on "the dangers of a new era," such as terrorism and biological and chemical weapons. He and his advisors have also stressed that future adversaries, using ballistic and cruise missiles, will focus their attacks on the largest and most vulnerable targets in the US arsenal: aircraft carriers and forward bases. These views point away from traditional weapons platforms and toward systems associated with the RMA.

Conclusion

While it is smaller and more technologically advanced, America's military continues to closely resemble that which fought the Gulf War a decade ago. Moreover, despite the transformation rhetoric in the QDR and in the recent service vision statements, tomorrow's military is projected to look much the same as today's.

The defence review commissioned by President Bush soon after he took office is the most promising indication yet that the US military may be compelled in the not-too-distant future to address and overcome institutional barriers to change. At the same time, recent administration positions indicate a measure of political will to better prioritize international engagements in order to devote more resources to preparing for long-term threats.

But institutional and financial barriers will continue to persist. Reducing the number of tanks, carriers or fighter programs — the first step in any meaningful transformation effort — is likely to meet stiff resistance from the armed services and congressional leaders. The Bush Administration's US$1.3 trillion tax cut combined with the economic slowdown will reduce the funds that are available and necessary for force transformation. The revolution, while still entirely possible, is far from assured.

Elinor Sloan

The Russian Federation

Arguably the most noticeable development in 2001 was the beginning of a structural reform program in which a mass of legislation passed through the Duma. More legislation will be passed when the Duma resumes sitting. The other remarkable event was the reversal of opinion about the importance and nature of Russia that took place in the Bush Administration. Russia appears to be being taken more seriously today. The issues of NATO expansion and American ballistic missile defence could evaporate quite suddenly, especially given a shared interest in combating *jihadism*.

Reform

After a slow start, which probably was a consequence of Putin's conviction that the Federation was dangerously fragile, his reform program has begun. Putin has said that reform should be carried out on a "broad front" because so many things are interconnected. This is a striking contrast with the Yeltsin program that, at times, seemed to be little more than monetarist prescriptions expected to pull everything else forward. This spring, a mass of interrelated legislation was presented to the Duma and, because it was co-ordinated with the party leaders, its passage was smooth. Taxes have been simplified and reduced: Russia now has a flat income tax, which has produced the anticipated increase in revenue collection. Laws against money-laundering improved Russia's international standing on that problem. The tax regime has become more attractive to foreign investors. The government took control of the gigantic energy company Gazprom, which during the Yeltsin era had been run by the management for its own benefit.

> ### Contending Forces
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> Much nonsense has been written about Putin's "authoritarian methods," "clear preference for a strong hand" or "philosophy of absolute power." This is not what is happening. An example of the way he exercises power is illustrated by his relationship with the Duma. He does not force it to pass his laws, as Yeltsin tried to do, he persuades it. Important legislation is prepared by the government and then discussed with the Duma party leaders. Most times, this produces an acceptable compromise. Federal relations show a similar give and take. Putin had the power to force or bribe the governor of Primorskiy Kray to resign but not enough to elect his own man. The seven presidential representatives in the regions have made accommodations with local power structures. Tatarstan shows the central power's limitations: despite alarmist rumours, President Shaymiyev remains and persists in his ways. Putin does not behave this way because he wants to (although he does seem to prefer consensus); he behaves this way because he *has* to. His considerable power does not stand alone on a flat plain: against him are other forces with which he must do business. As Karl Popper understood, the key political question is not how to elect the best people, but how to curb the power of the rulers. In mature democracies, *contending forces*, unable to prevail against each other, ensure liberty. This process is starting in Russia.

Legal reforms are probably the most important achievements and will do the most to change Russia. The standout provisions of the package are the requirement of jury trials for serious crimes and the institution of a form of *habeas corpus* (arrests will have to have the sanction of a judge).

In general, the power of the Prosecutor-General (who opened cases, investigated, charged and arrested and maintained the odious pre-trial detention) will be reduced and the power of judges increased. These changes will be phased in by 1 January 2004 because time is needed to expand the number of judges and improve the court system.

There is more to come when the Duma resumes. Plans for reforming the other two leftover Soviet monopolies – the railways and electricity system – have been prepared. A package of bills to make Russian practices better conform to World Trade Organisation requirements is ready. The pension system is next: in Soviet times it was unfunded. New proposals will require employees to contribute to a pension fund as in Western countries. In the West, pension funds are important sources of investment capital; they may prove to be so in Russia, too. Russians pay negligible prices for communal services and the only way that these failing systems can be modernized is if prices start to bear some relationship to costs. These increases will be very unpopular in a country where so many people are so poor and will probably be softened to a degree. Before it recessed, the Duma passed the second reading of the Land Code that will allows businesses to purchase land. Agricultural land ownership has been left until passions die down.

> ### Reporting Russia
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> Russia is a "bad news story" – there is lots of bad news to report and only bad news is reported. Coverage is a parade of alarms; as each one passes, another appears. Last year we heard how billions had been laundered through New York banks. That story collapsed when it became clear that most of the money was not from Russia's fabled "organized crime bosses" but was more innocuous capital flight. Much ink was spilled on how Putin's popularity would collapse after the sinking of the *Kursk*. This year's big "bad news" story was Gazprom's takeover of the "independent" TV station NTV and how it portended the creation of a "quasi-Soviet one-party state." This story died down soon after it was revealed how much money the former owner had spent in the US to obtain precisely that opinion. And always we hear that Putin is a "former KGB officer." Coverage is also selective. A very good example is the coverage of legal reform. Putin presented reforms in January and then withdrew them. Many speculated that his security organ "controllers" had slapped him down. Their re-introduction and passing in the summer has received very little coverage. Many commentators have invested much prestige in the line, to quote an editorial in the *Washington Post* in July, that Putin is "a budding autocrat who is systematically liquidating his country's free press, responding to restless minorities with lies and a dirty war." Jury trials and *habeas corpus* are hardly compatible with autocrats. However, with Washington now sending such a different signal about Russia, the style of coverage is about to change; already the first counter-blasts – generally produced by people with intimate knowledge of the improvements in business operations – are appearing. Soon, the big story will be how much reform has occurred and how "normal" Russia has become. And how Putin isn't so bad after all.

But legislation must be enacted if it is to have any effect, and there will be many attempts to block and circumvent changes that threaten private interests. The next stage – administrative reform – is being prepared. Russia is a country with few laws and many regulations, cursed by legions of officious and venal officials. Administrative reform will be the most difficult reform and will meet with the greatest opposition. It will also be the hardest to measure. But, by all accounts, Putin and the government are determined to take a bite out of the power of the *chinovniki*.

These activities are a large and significant start to structural reform in Russia and will create a Russia that will be substantially closer to Western norms.

Economy

The economy is much better. The business climate is better. Many companies have restructured. Food production is up and stores, previously given over to imports, now have lots of Russian-produced foodstuffs properly packaged. The best spur for domestic production was the fall of the *ruble* in 1998 – it could now compete on price with imports. One of the most dramatic signs of improvement is that Russian-made TV sets are actually being sold there. At the start of the "Great Changes," no one wanted a locally made TV set – they were even notorious as a cause of house fires.

But there is still a long way to go. Despite improvements in the business climate, few investors find Russia attractive. The macroeconomy remains hostage to world energy prices. Unemployment is high. Many provincial cities are depressing wastelands. Infrastructure is low quality. Corruption is endemic. Criminals control whole industries and regions. Arbitrariness trumps contract law. About a quarter of the population endures below the poverty line. There is little transparency.

But the greatest difficulty is that present growth, while very welcome, is not enough. If Russian GDP were to grow at this year's anticipated rate of 5 percent, taking 2000's growth into account, it would reach its 1990 level by about 2012. Albeit, this would be an "improved" GDP, with less concrete and military production and more refrigerators and computers. But this is not fast enough to reach the European level in anything less than lifetimes[*]. Russia has to grow faster than that and getting to that faster 8-10 percent growth is the difficulty. The reform legislation already passed and that to come will lay the foundation for greater growth, but reliable high-speed growth is still years away. And should world energy prices collapse, Russia will probably slip back into decline.

Mood

The mood of the Russian people is better today than it has been at any time since the optimism of ten years ago. There are two principal causes. The first is that President Putin remains spectacularly popular with an approval rating in the high sixties; this rating has survived the long-running Chechnya war, the sinking of the *Kursk* and some unpopular measures like the gradual increase in the price of communal services. Putin appeals to Russians: they see him as competent, decisive and firm. These qualities are popular in most countries at any time but especially in a country in crisis. The second important factor is the realization of what appears to be reliable economic growth. In 2000 the Russian economy, according to the official statistics that understate real growth, grew about eight percent. So far this year, growth has been lower – about five percent –

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[*] Let us pretend that Europe on average has three times the GDP per capita of Russia and grows at 3 percent per annum. At 5 percent, Russia would catch up about 2060; at 10 percent growth, it would catch up about 2020.

but still perceptible. Thus, Russians believe they have competent leadership and some hope for a better future. This improvement in mood – although it should be clear that Russians are far from being optimistic – can be expected to last barring some catastrophe (like the collapse of world energy prices or assassination).

Military

Putin's statements can be used to illustrate the question of military reform neatly. The Soviet armed forces helped ruin the Soviet economy: "conducting this arms race taking no heed for the state's real economic abilities was one of the issues…that undermined the economy." Russia cannot afford these kinds of armed forces: "we must compare our demands with our economic possibilities." And the end state: "We must have a smaller, better-equipped, technically perfect army."

But getting from here to there is the problem, and the journey is not made easier by the operational requirements of peacekeeping forces in the CIS and Balkans and the war in Chechnya. Russia has little money, many generals hate the idea of Putin's more modest armed forces, and they crave the "superpower" forces they grew up with – or at least as much as they can afford. Morale is bad, discipline is very poor, conscription is shunned, volunteers are poor quality, too many senior officers are venal, and equipment is wearing out. Finances are a mystery – money goes in but no one knows where it goes (although a short drive around Moscow will reveal many luxurious country houses).

Getting to Putin's goal will take at least ten years assuming all goes as best it can (which it won't). The job has just begun. Putin appointed Sergey Ivanov, a man he says he trusts completely, Defence Minister in March and, at the same time, appointed a finance specialist to direct the Ministry's finances. Ivanov has two jobs: he must take control of the Ministry and then the General Staff (insofar as a distinction can be discerned between the two). So far he has done little visible – a few generals have retired – but the process is only beginning. Military reform will be a hard-fought battle. In Soviet times, the generalocracy was a sort of secret society. It always wanted one weapon more and invariably received the money for it; it sheltered its activities behind an impenetrable wall of professional mystery. Ivanov, the first Defence Minister for years who does not come from the generalocracy, has a formidable task. But the present Russian Armed Forces aren't much use to the country.

Today Russia deploys about 6,000 strategic nuclear warheads. Obsolescence and the lack of new building will reduce this number to a few hundred in the next decade. Moscow is desirous of negotiating a reduction with the US to a total of about 1,500 warheads.

The Chechnya war

Contrary to what many think, Moscow does have a political plan for Chechnya. But it is not working very well. The plan consists of, first, the appointment in June 2000 of Akhmed-Haji Kadyrov, former Mufti and pro-independence fighter in the first war, as Head of the Administration. Moscow promises reconstruction money. Moscow and Kadyrov communicate with President Maskhadov and other field commanders in a covert

and deniable way. Putin has consistently avoided pronouncing on the question of independence; at present, Chechnya is offered wide autonomy inside the Federation. The reconstruction money never seems to appear and may, as it was in the first war, be embezzled long before it gets to those who need it. Negotiations have brought over no important field commander. The fighters have rejected autonomy, offered by Moscow in 1992 before the first war and many times since, and, even if he can countenance independence, Putin will not offer it until he is sure that Chechnya will not become a *mujahaddin* base. The only political success Moscow can point to is that some Chechens have agreed to hold positions in the police forces or administration. The brutality and atrocities of Moscow's forces contradict the political program, as do the *mujahaddin* assassinations of what they call "hypocrites."

Militarily, Moscow is doing better. The *mujahaddin* forces are much weaker, under constant pressure from aggressive patrolling, and may be starting to have money and unity problems. But they remain determined and powerful enough to sustain a steady state of attacks and the threat of something bigger. In 2001 overall control was handed over to the Russian security service (FSB), and a policy of hunting down and "eliminating" individuals was begun. This program has had some successes.

The military balance could be tipped either way. It is possible although unlikely that the fighters could undertake a successful large-scale operation, like the re-capture of Groznyy in 1996 that will compel the Russians to withdraw. Developments could fall Moscow's way. The death of Khattab and Basayev (both of whom are exceptionally charismatic leaders) would greatly reduce the *mujahaddin* effort. If Kadyrov could persuade an important field commander to give up, Moscow's efforts would gain a boost.

However, the most likely outcome is a continuation of the war as a sort of "large Northern Ireland" in which the fighters cannot carry out more than small-scale attacks while Moscow cannot stop them from doing so.

Misgivings

Two persistent apprehensions about Russia's development involve the security forces and freedom of speech. As everyone knows, President Putin started out in the KGB and the security organs took his accession to be a sign that their day had come. There have been numerous investigations of "spies" and other indications of this renewed confidence. Most prosecutions have done poorly with overturned convictions, dismissals or reduced sentences, but the security organs press on. Thus far there have been only the slightest indications that Putin may not approve of their obsession with spy hunts. Much concern was expressed about media freedom in the NTV case (*see box "Reporting Russia"*). Gazprom now owns NTV, and there are concerns, given that the government is the dominant shareholder in Gazprom, that this means that the government now controls the bulk of Russian news and commentary sources. Putin has said much about the importance of a free press, but the jury is still out. Thus, the activities of the security organs and the fact that the government is in a position to control most of the Russian news media give cause for concern. However, so far Russian media is still vibrant and pluralist, and the security forces lose most of their cases when they get to court.

Foreign relations

Russia has managed to play a weak hand very well in international relations. Putin's constant trips and proclamations of "strategic relationships" with this or that country may look a little overdone, but there is no denying that Russia cuts a bigger figure on the world stage than many would have predicted two years ago. One of the reasons is quite simply that no one could take Russia seriously while its economy was collapsing. Now that it is growing, Russia is coming to resemble what it truly is: a country whose size, location, natural resources, population and technological and intellectual capacity make it a "great power" (not a "superpower": there is only one of those). It will take many years before Russia is secure in this status, but it is on its way.

However, the biggest component of Russia's improved international status today had little to do with anything Moscow did. The Bush Administration came into office at the beginning of the year with two tacit assumptions about Russia: "Russia doesn't matter," and "Russia is a near-enemy." The change has been dramatic: Russia does matter and it is now a partner and even, perhaps, a potential NATO member. The impulses of this change are to be found in Washington but Putin's soberness and consistency of purpose, the reforms and Russia's economic improvement helped make it happen. Three issues presently block US-Russia relations: the US missile defence program, the US support of NATO expansion, and suspicions and accusations on both sides. At the end of 2001, however, extensive, multi-level negotiations between the two countries on these issues were underway and offered the promise of resolution of all or many of them.

Two trends are visible in Russia's foreign policy today: "great power" ambitions and integrationism. It is difficult for many Russians to accept the fact that, in Putin's words: "In the global list of economically developed countries, Russia is located in the middle." Proponents of the "great power" viewpoint seek a balance to American or Western power. But a balance with whom? China and Russia are not natural allies and China can realistically do little for Russia's main threat, which, again to quote Putin, is "ineffective economic policy." Other candidates – Iraq, Libya and Cuba – can do even less. Russia's only hope is integration with the West. And such integration is stated policy. Moscow will always chafe against subservience and will often disagree especially with Washington, but integrationism will win out.

Conclusion

At the beginning of the "Great Changes," the predominant model of how to secure Russia's reform was monetarist. When that policy appeared to collapse in the August 1999 crash, the cry became "structural reforms," and we were informed that they were the essential answer. They have started. Russia is gradually forging ahead, and, once again, it has to be said directly: Russia is the most prosperous, stable, democratic and reformed country in the former USSR (the three Baltic states excepted). This may come as a surprise to readers of ten years of alarms, rumours, speculation and panic about Russia in media coverage, but it is true nonetheless.

G.P.Armstrong

China

China casts a lengthening shadow across Asian economic, political and security affairs, but its ongoing transformation faces significant challenges. China continues the move toward a market-based economy, but the process remains fraught with danger given the growing divide between rich and poor regions, and between urban and rural areas. The Communist Party has and will resist pressures for political pluralism and will continue to clamp down harshly on any perceived challenges to its monopoly on political power. Regionally, China has generally good relations with neighbouring states and appears to be more willing to exert its influence in Asia. However, a more overt strategic competition with the United States appears inevitable with potentially dangerous consequences for regional and global security.

Economic Restructuring

The overall economic picture is positive, and GDP is expected to grow by 7.5 percent this year. Exports, which make up 25 percent of GDP, have been hurt by the global slowdown, but, because China remains a relatively closed economy, domestic investment and consumer demand have lessened the effect. The government is continuing its heavy infrastructure spending including the push to develop the western regions, which may add two percent to growth this year. WTO membership (perhaps by early 2002) is expected to accelerate China's economic transition. Foreign investment has accelerated in anticipation of WTO entry and is expected to increase by 25 percent year-on-year in 2001 (US$51 billion). China's long-term goal is to double the size of the economy in 10 years to roughly US$2 trillion. However, further reform efforts are needed if China is to narrow the widening gap between those profiting from growth and those being left behind.

Figure 1. China

China faces a raft of serious problems associated with economic restructuring. Growing unemployment, the lack of an effective social safety net, uneven development, income disparities, internal migration and other issues have combined to produce a potentially ugly labour situation. Moreover, unregulated development has contributed to

environmental degradation, water shortages, deforestation, abusive labour practices, shoddy construction and official corruption. The government has admitted that these and other issues pose a growing challenge to socio-economic stability. Despite a series of high profile campaigns, such as the ongoing effort to curtail corruption, many of the problems remain widespread and are feeding public cynicism about Chinese governance.

While restructuring the state-owned enterprise (SOE) sector is the centrepiece of the reforms initiated in 1998, SOEs still employ roughly 40 percent of the urban work force and account for one third of GDP. Some 15 million SOE workers have been laid off over the past three years, and another 80 million are considered potentially surplus. China needs to maintain job-creating growth if it hopes to forestall labour unrest, and it is increasingly reliant on the non-state sector to create new jobs. For many workers, however, there are still no jobs to go to and no social safety net to cushion the blow. Until there is, SOE reform will remain incomplete. Other elements of the reform agenda are also proving intractable. The government has yet to come to terms with the problem of stagnant rural incomes and the excessive levies imposed on farmers, let alone the introduction of a social security system that will remove the burden on employers. Such problems will remain and may intensify after WTO admission.

The long-term economic benefits of WTO membership are likely to be considerable, but 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 will aggravate growing unemployment and foster social unrest. If 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. There is also the problem of local protectionism, which has created a fragmented and inefficient domestic market. Inter-provincial restrictions on the flow of goods exist across the full spectrum of products and services. Despite some regulatory changes, local officials still exert a considerable influence over the economy. Unless the central government strengthens its control, its ability to live up to its WTO obligations is in doubt.

Internal Stability and Political Legitimacy

The government is committed to maintaining internal stability seemingly at any cost. The dislocative effects of economic change have left many Chinese, perhaps the majority of the population, to some degree alienated from the state and its policies. The loss of income security, including social programs, and the unwillingness or inability of officials to address grievances has led many Chinese to turn to grassroots organizations and spiritual groups to fill the void. The government views such moves toward civil society as potentially dangerous and has continued its efforts to contain and curtail independent organizations for fear they could rally public anger at unemployment, corruption and other socio-economic problems. The government has targeted spiritual groups, such as Tibetan Buddhism and 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 localized and poorly organized. China has an extensive internal security apparatus, and the central government appears willing to use it to prevent the emergence of large-scale unrest. The awarding of the 2008 Olympics to Beijing is unlikely to lead China's leadership to moderate its behaviour.

The Communist Party is facing an identity crisis. Having abandoned its ideological roots, it is now trying to update its image and demonstrate its own continuing relevance. The party has staked its legitimacy on economic growth and development. Indeed, in July it announced that entrepreneurs could officially join the party. Despite its focus on urban-centred growth and development, the party also continues to claim to represent the interests of the masses and the cultural and nationalist identity of China. Reconciling these disparate ends is not without controversy even within the party, and many are unhappy with the shift away from its roots. The 16th Party Congress set for late next year may lay out a new vision for the Communist Party. What is beyond doubt, however, is that the party will continue to maintain its monopoly on power in the belief that political reform would precipitate chaos. Nevertheless, the disconnect between an increasingly pluralistic economy and one-party rule will grow over time. At present, the Communist Party does not have an appetite for political reform. Ultimately, however, it may increasingly see its authority challenged by the groups upon which its legitimacy and rule were founded – the peasants and workers.

The 16th Party Congress is also expected to witness the transfer of power from the current "third generation" of leaders to the "fourth generation." Most of the Party's senior leadership are expected to retire including the triumvirate of Jiang Zemin, Li Peng and Zhu Rongji. However, Jiang has already signalled that, while he will give up the Chinese presidency and the post of party general secretary, he wants to remain as chairman of the Central Military Commission and the National Security Council. While Jiang may see himself as another Deng Xiaoping, he lacks Deng's stature. Jockeying for post-succession influence has already begun. How this will all work itself out remains to be seen, but a smooth leadership transition is far from assured. The man widely expected to replace Jiang as general secretary is Hu Jintao, but there are other potential challengers including Jiang's protégé, Zeng Qinghong. Last year the Central Committee refused to appoint Zeng to the Politburo, highlighting the unpredictability of the leadership situation. The palace intrigues and horse-trading will undoubtedly heat up as the congress approaches. If the eventual choice for party leader is unable to consolidate his position, a scramble for power may ensue between more reformist and conservative party elements.

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. This centres on its relations with the United States – a relationship that will significantly determine the relative tranquillity of Asia. China remains critical of the US strategic posture, its global behaviour and military deployments, and it frequently portrays the US as a hegemonic power bent on global and regional domination. The long list of problems in the relationship includes the Taiwan question, US arms sales to Taiwan, US missile defence plans, allegations of Chinese espionage and missile proliferation, China's large trade surplus and human rights. In April the EP-3 incident and the announcement of a robust arms package to Taiwan brought bilateral relations to a new low. Relations have since been restored to a degree of normality. Despite this, there seems little reason to doubt that the two view each other as at least potential competitors.

In addition to the Taiwan question, the missile defence issue may have the most lasting impact on the relationship and thus the international system. China has rejected arguments about the missile threats facing the United States. It believes that the threat of missile attacks from so-called "rogue states," especially North Korea, is exaggerated and that the true aim of missile defence is to contain Chinese power and influence. Russia's agreement in July to open talks with the United States on missile defence and nuclear weapons has undermined China's strategy of trying to rely on Russia and threats of a strategic arms race to stop the US development. If the US and Russia reach some agreement on missile defence, China can either open talks with the United States to try to negotiate limits on the size of the system or build up its strategic forces (currently about 20 ICBMs). It will likely try to do both.

China is worried about what it sees as Japan's "militarist" tendencies, its attempts to expand its regional security role and its strengthened defence ties with the US. These are all viewed as evidence of Japanese assertiveness and strategic ambitions. China is also concerned with Japan's active involvement in missile defence research and with the potential for an anti-China coalition involving the US, Japan and Taiwan.

China has attempted to forge a closer diplomatic relationship with Russia. In June the two states together with Uzbekistan, Kazakhstan, Kyrgyzstan and Tajikistan formed the Shanghai Cooperation Organization to promote economic development in Central Asia and to combat Muslim separatism. In July China and Russia also signed a new friendship treaty. The treaty can be viewed as strengthening the relationship in opposition to the United States, given shared concerns about US missile defence programs, opposition to further NATO enlargement and a closer US-Japan relationship. However, Russia and China are not natural partners, and the degree of *rapprochement* reflects strategic and economic expediency, the

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Taiwan and Sino-US Relations

The Taiwan question is arguably the most contentious issue in Sino-US relations. This relates directly to China's ongoing missile build-up opposite Taiwan, which has strengthened domestic support for missile defence in Taiwan as well as US backing for the island. China argues that it has the right to deploy missiles anywhere in the mainland in whatever numbers it chooses. China would regard the inclusion of Taiwan in a US regional TMD system as an encroachment on its sovereignty and territorial integrity. The Chinese also believe that such a move would lead the US and Japan to expand their defensive alliance to include the island.

In April the Bush administration made public the package of military items it would make available for sale to Taiwan in the coming year. Although the administration refused Taiwan's long standing request for two *Aegis*-equipped *Arleigh Burke* destroyers, it authorized a US$4 billion arms package which includes the sale of eight diesel-electric submarines, four *Kidd*-class destroyers and 12 P-3 *Orion* maritime patrol aircraft. President Bush also announced that military sales to Taiwan would no longer be reviewed annually but on an "as-needed basis." At about the same time, Bush reaffirmed the "one China" policy but also effectively reversed the policy of "strategic ambiguity" concerning US support for Taiwan in the event of a Chinese attack. President Bush stated that the US has an obligation to do "whatever it took to help Taiwan defend herself." These developments will ensure that the Taiwan question will remain a highly contentious issue in Sino-US relations for the foreseeable future.

latter particularly reflected in the arms relationship. Mutual suspicions of longer-term intentions persist, and both are hedging against the possibility that they may become strategic competitors.

China remains wary of India despite generally improving bilateral relations. India's *de facto* nuclear weapons status, the progressive lifting of Western sanctions and a warming in Indo-US relations pose a potential challenge to China. Both sides clearly view the other as potential strategic competitors, and the rivalry will persist given overlapping interests in Southeast Asia, continued Chinese support for Pakistan, and Indian efforts to expand military cooperation with the United States.

Military Modernization

The importance attached to consolidating China's strategic influence is reflected in the continuing double-digit increases in the defence budget. In March the PLA budget was increased to 141 billion *yuan* (US$17.2 billion), a 17.7 percent increase over the previous year. The increase reflects the need to increase military pay and allowances and to make up for budget shortfalls resulting from divestiture of the PLA's business activities in 1998. It is widely believed that actual defence expenditures are three to five times larger (closer to US$45 billion).

The PLA continues the long-term program of force modernization. The requirement is to develop a diversified yet integrated force structure with a greater emphasis on high-technology weapons. The PLA has sought to make a generational leap through its acquisition programs, notably the purchase of Russian *Kilo* submarines, *Sovremenny* guided-missile destroyers, and Su-27 and Su-30 fighters. There are also plans to acquire airborne early warning aircraft and at least latent interest in an aircraft carrier capability. Indigenous development programs include next-generation nuclear-propelled attack and ballistic missile submarines (with Russian technical assistance), destroyers and fighters. China is also focusing increased attention on information warfare. While the priority is on protecting China's information systems from attack, research is also seeking to exploit the high technology vulnerability of others through such means as computer network attacks and anti-satellite weapons. Nonetheless, military modernization is proceeding only slowly owing to budgetary constraints, problems in absorbing the new technologies and poor reliability associated with indigenous production.

Despite continuing difficulties, the trends are clear. The acquisition programs are aimed at enhancing the range, endurance and performance of its strategic missile, air and naval capabilities – the very forces that will allow China to project power at greater distances beyond its immediate borders. Although it will be many years before the military achieves its objectives, its sheer size coupled with its nuclear weapons and ballistic missile programs means that China is a force to be reckoned with in Asia.

Conclusion

China faces enormous 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 that 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 that, 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.

Elizabeth Speed

Indonesia

In July 2001 the struggle between President Abdurrahman Wahid and parliament came to a dramatic end when the People's Consultative Assembly (MPR) dismissed him from office and swore in Megawati Sukarnoputri to replace him. This marks the start of yet another chapter in the struggle to create a new consensus on the future of Indonesia. Megawati becomes the fourth president in less than four years, and the problems that have bedevilled Indonesia since Suharto's downfall in 1998 remain unresolved. It is yet to be seen whether she will have any greater success than her predecessor.

Another Political Transition

On 23 July Megawati became Indonesia's fifth president. She takes office with wide popular support and, perhaps more importantly, with the support of the military. The events of the past several weeks should serve as a reminder of the continuing political power of the Indonesian military. Following Wahid's declaration of a state of emergency, troops moved into place outside the palace in a show of support for the people not the president. With this act, the military was once again instrumental in deciding Indonesia's destiny.

Megawati has a huge task ahead of her: repair the tattered economy, quell the sectarian and separatist violence that threatens to tear Indonesia apart, and maintain the unity of purpose with the fractious forces in parliament. While Megawati starts with the advantage of massive support, it is unclear how much of this derives from simple political expediency and the aura of her father (founding president Sukarno) rather than from confidence in her ability to succeed. In her acceptance speech to the MPR, she stressed the need for the country to work together to pull Indonesia out of its present crisis and called for all political parties to accept the democratic process. This will be an enormous challenge given the divisions and vested interests in parliament and in particular the still powerful but only superficially-reformed Golkar party. She wishes to pursue an anti-corruption agenda, but she may have no choice but to compromise, that is, to slow down the process of rolling back cronyism and corruption, in order to create political stability.

Megawati needs to build a coalition representing a wide range of political interests. Her new cabinet reflects this. More importantly, she brought into cabinet a team of professionals, which should provide more effective administration particularly on economic issues. The priority must be to rescue the economy while also making efforts to deal with the ongoing rebellion and alienation in Aceh. Other regional problems, such as Maluku and Irian Jaya, will also require attention. However, she has already signalled that there will be no compromise on the nationalist agenda. In August Megawati apologized to Aceh and Irian Jaya for past human rights abuses but also made clear that independence is not an option. Keeping Indonesia together is the goal, not negotiating its break-up. With regard to political reforms, priorities will be to establish the rule of law and find ways of ending the corruption that pervades all government agencies. The MPR has said they will allow her to complete the current term of office, which lasts until

October 2004. Megawati starts her tenure with the knowledge that her mandate could just as easily be withdrawn as that of her predecessor.

The Role of the Military. The image of the Indonesian armed forces (TNI) was severely tainted by its repressive support for Suharto's authoritarian rule. The showdown with Wahid gave the TNI the opportunity to bolster its democratic credentials and repair its reputation. It also provided evidence of how the military has been permitted to regain an important political role in Indonesia. The military was supposed to give up its parliamentary seats in 2004. However, in August 2000 parliament extended military representation until 2009. This to many reflected the failure of civilian politicians to fashion a workable democracy and strengthen civil society. At the present juncture, the TNI is not only an important political force, it is one of the few functioning national institutions. The question, ultimately, is whether the enhanced prestige and influence of the military is good for Indonesia. Megawati is indebted to the military for its support in Wahid's ouster. Moreover, her nationalist sentiments and her inclination to take firmer action against separatist rebels correspond with those of the TNI. However, she has also stated that military reforms are necessary to ensure that Indonesia has security forces that are effective, highly disciplined and under the control of the government. Finding the right balance will be difficult, but it may be critical to the durability and quality of democracy in Indonesia.

Economics

Over the past 18 months, political and financial problems have battered the economy and sent foreign investors fleeing. The political uncertainty surrounding the drawn-out impeachment process contributed to an estimated US$9 billion in foreign capital leaving Indonesia in 2000. The figure is expected to be even higher this year. Indonesia is struggling to rebuild a collapsed banking sector while the country's total debt (US$132 billion) is roughly equivalent to annual GDP. The global slowdown has only complicated matters since 35 percent of Indonesia's exports go to the United States and Japan. While the economy is still expected to grow by roughly 2.8 percent this year, that growth is insufficient to overcome Indonesia's crippling corporate debt and spiralling fiscal deficits.

In December 2000 the IMF suspended its US$5 billion lending program and has withheld the latest instalment worth US$400 million. The IMF froze the program claiming that the Wahid government had failed to meet its economic reform targets, which were conditions of the loan agreement. Negotiations with the Wahid government collapsed in May and the *rupiah* spiralled to over 11,000 against the US dollar, reaching levels last seen during the 1997 crisis. The *rupiah* has strengthened since Megawati came to power, but much will depend on the government's first budget and relations with the IMF and other international lenders. The IMF has called for greater independence of the central bank, a quicker and more transparent privatization of banking assets held by the Indonesian Bank Restructuring Agency (which is responsible for selling off roughly US$50 billion in assets taken over during the Asian financial crisis) and a ban on borrowing by regional state authorities. Its greatest concern, however, is the size of the budget deficit, which could exceed five percent of GDP this year.

A new agreement with the IMF was signed in late August, but the specific details have not been released. The breakthrough with the IMF will help ease the government's tight fiscal situation and should also lead to increased aid from the World Bank and a rescheduling of US$5.8 billion of international debt with the so-called Paris Club of lending nations in September. In mid-September the government will present to parliament its economic report and 2002 budget request. To strengthen market and international investor confidence, the government must have a credible plan to solve its financial crisis. Clearly, Indonesia faces a difficult future and no shortage of hard decisions.

Figure 1. Indonesia

Regional Autonomy and Rebellion

Indonesia, the world's fourth most populous nation, is riven with religious and ethnic strife. In the wake of East Timor's secession in 1999, other provinces are demanding independence, notably Aceh and Irian Jaya (West Papua). The nationalists in the government and the military in particular are determined that there should be no further fracturing of the country, but maintaining unity will be an enormous challenge.

Resentment at the over-concentration of power and wealth in Java has fuelled separatist aspirations throughout the archipelago including Aceh, oil-rich Riau province in central Sumatra and Irian Jaya. While Indonesia's tentative efforts to decentralize political power and share the country's wealth more evenly may be the best way to

preserve the union, such moves may precipitate further instability. On 1 January the government began implementing two laws passed in 1999 to give more power to 361 districts and cities. Under the plan, the districts will get 80 percent of the income from most mining and forestry operations, 30 percent of earnings from natural gas and 15 percent from oil. They will also get one fifth of local income tax receipts and at least 25 percent of a special fund of centrally collected revenue. However, some local legislatures have demanded larger payments from foreign mining firms working in their areas.

More corruption is widely expected in local government, and there are worries that localities will encourage faster timber extraction and thus exacerbate deforestation. In a 29 July speech Megawati signalled her concerns, chastising local officials for excessive taxation, over-exploitation of resources and corruption. If the laws are fully implemented, the central government and the poorer regions will have less money to spend since much of Indonesia's mineral wealth is concentrated in four provinces including rebellious Irian Jaya and Aceh. A more uneven distribution of wealth may simply contribute to greater fragmentation. There have been muted calls for independence in Borneo's resource-rich East Kalimantan, Sumatra's Riau province, Christian Northern Sulawesi, Makassar and among the Christians of Maluku.

Fearing that decentralization may make matters worse, the Megawati government has signalled that it wants to implement the process more gradually. The rationale being presented is that slower decentralization is necessary to re-establish regional stability and to restore confidence among already spooked foreign investors. The government is reportedly considering amending the legislation to shift power from localities to the provincial governors. Whether this move is an attempt to make decentralization more workable or the first step towards recentralizing power in Jakarta, it will reduce the current administrative confusion which is hurting foreign investment. It will not, however, solve the problem of growing restiveness in the regions.

Irian Jaya. Wahid's offer to revive the indigenous name "Papua," to permit the "morning star" flag and to sponsor a Papuan congress in May 2000 only fanned separatist aspirations. The flag, still technically illegal, began appearing throughout the province, and thousands of Papuans signed up to defend it to the death. On the 1 December 2000 anniversary of the 1961 independence declaration, police shot dead an estimated 10 Papuans and forced down the flag across the province. Since then the increased repression by government forces appears to have provoked an increasingly violent response from Papuan groups, which, up to now, have been poorly armed. In late June in what is believed to be the first attack of its type, Papuan guerrillas fired on an Indonesian military helicopter as it flew across the central highlands of Irian Jaya. The government plans to grant Irian Jaya "special autonomy," but that is unlikely to ease the growing unrest. Particularly ominous has been the increasing number of attacks on Indonesian migrants.

Aceh. Despite ongoing talks with the Free Aceh Movement (GAM), in late March the military launched a new offensive to crush the rebellion. There are now an estimated 40,000 military and police forces deployed in the province. In August President Megawati signed a decree granting Aceh "special autonomy." Under the bill, the predominantly Muslim region will have the right to impose shariah law and establish a Muslim court system and will directly elect the provincial governor. The bill also gives

the local government a 70 percent share of royalties from the sale of natural resources including oil and natural gas. The legislation, which takes effect in 2002, is not expected to have an immediate impact on the conflict that has claimed more than 1,000 lives this year alone. In July Indonesian police arrested a number of GAM negotiators who were in Banda Aceh for talks with Indonesian government officials. The arrests were justified on the grounds that the negotiators had become "rebels" after the talks had stalled earlier in the week (Megawati agreed to their release in mid-August). Also in July the military acknowledged that militia groups have been formed to fight separatist guerrillas in Aceh, claiming that this has occurred at the initiative of the local population. The militias are made up of migrant settlers who have become frequent targets of attacks by unidentified groups. The military has denied that it was arming the migrants but says the militias are part of a long-established civilian home-defence force. Megawati has said that she will oversee the government's efforts to end the rebellion, but there appears to be no end in sight to the violence.

Conclusion

The Indonesian government faces enormous challenges. Establishing trust between citizens and the government is only the first step. Reconstructing something resembling ethnic and religious harmony will be difficult as will be resolving the problem of provincial alienation and the growing rebellion in Aceh and elsewhere. Economic recovery hinges on political stability, which in turn means that the Indonesian people must have confidence in the country's nascent democracy. Rising expectations, the absence of good governance and the host of explosive challenges faced by the government and the people are almost unfathomable in their complexity. If Indonesia is still holding together in five years, it will hopefully be because Indonesians have found a way to work together rather than due to a return to harsh authoritarian rule.

Elizabeth Speed

Israel and the Palestinians – The War of Attrition Drags On

As the *intifada* enters its second year, the violence is unlikely to end any time soon. There is no prospect of a diplomatic resolution – whether a long-term interim arrangement or final settlement – in the near future. Indeed, the intensity of the conflict will likely worsen. However, there is little chance that the fighting will spill over into a regional war. With no apparent diplomatic answer to the conflict, many Israelis have latched on to unilateral separation as a way out of the morass. Practical problems with such a plan will likely prevent its adoption in the next year.

No Diplomatic Solution on the Horizon

The Mitchell Commission Report released in April of this year set out a multi-stage plan for ending the violence and returning to political negotiations:

- Step One – an unconditional cease-fire and renewed security co-operation;

- Step Two – a six-week "cooling off period" during which confidence-building measures are to be implemented; and

- Step Three – a reaffirmation of both sides' commitments to signed agreements and mutual understandings as the basis for resuming full and meaningful negotiations.

US CIA Director George Tenet brokered a cease-fire between the two sides following the June 1st bombing of the Tel Aviv Dolphinarium disco. The Tenet cease-fire has since been folded into the first step of the Mitchell plan. The Mitchell-Tenet framework represents the only diplomatic alternative currently under consideration.
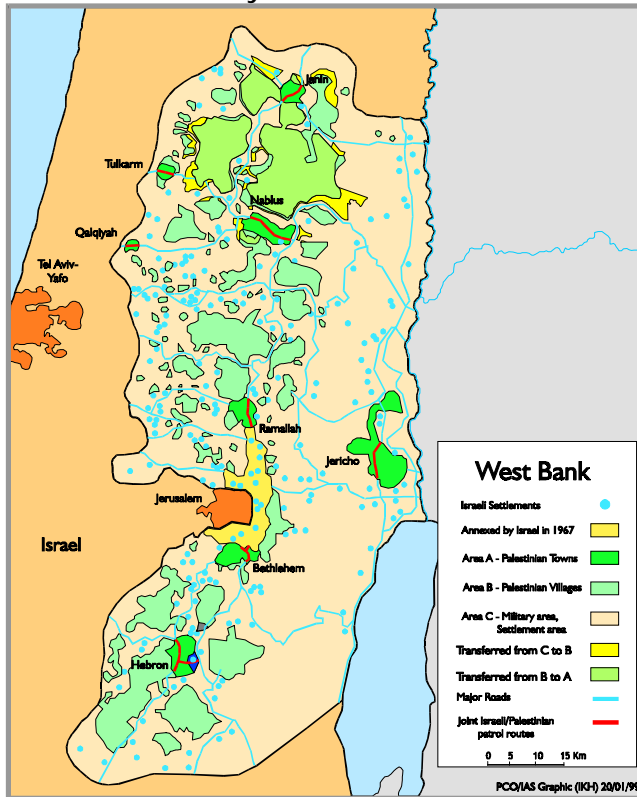
Thus far no cease-fire has taken hold on the ground. Israeli Prime Minister Sharon demands a complete cessation of violence for seven days. His foreign minister, Shimon Peres, has criticized this approach arguing that it leaves the cease-fire hostage to the actions of a lone terrorist. In August he persuaded Sharon to allow him to negotiate a "rolling cease-fire" with Palestinian Authority (PA) President Arafat in which the cease-fire would take hold in one area and then spread throughout the territories. It is possible that in the coming weeks Peres and Arafat might cobble together something resembling a cease-fire. It is doubtful that this will restore complete calm to the territories, in part because Arafat is slowly losing the ability to impose his will on the many armed groups operating there (*see below*).

Even if a durable ceasefire were to take hold, there are many obstacles to a diplomatic settlement. The "cooling off" period, for example, calls for both sides to implement confidence-building measures. For its part, the PA must make a 100 percent effort to prevent terrorism. How will this be verified? No one will take Arafat's word at face value that his Authority is making the maximum effort. Yet who will sit in judgement of the PA – Israel, the Americans, an international observer force?

The Mitchell Report also calls for Israel to freeze all settlement construction in the territories. This will be problematic as the bedrock of Sharon's political support as well as his personal loyalties lie with the settlers. The Israeli government will

undoubtedly try to find some "creative solution" to allow for growth within existing settlements but not on land beyond their boundaries. With supporting pressure from the Bush Administration, Peres might even be able to sell this to the Palestinians. He is likely, though, to have more trouble convincing his right-wing colleagues in the government to acquiesce to any form of freeze. This issue could create a crisis that might threaten the political survival of Sharon's disparate coalition government.

Figure 1. Israeli- and Palestinian-controlled Territory on the West Bank

Should the Gordian knot of the "cooling off" period be cut, the third step in the process calls for renewed diplomatic negotiations. The Palestinians will insist that the discussions start up at the point they left off after the Camp David and Taba talks though Israel insists that the ideas raised in those forums are no longer on the table. Indeed, the kind of comprehensive settlement discussed in the closing months of the Barak government is anathema to Sharon. He prefers a long-term interim arrangement or armistice in which Israel would hold on to strategic assets in the West Bank: settlements, water and the Jordan valley among others. This would leave the Palestinians with a rump entity on roughly 40 percent of West Bank land and two thirds of the land in Gaza. If the Palestinians were unwilling to accept the more far-reaching – though, in their view, inadequate – proposals put forward at Camp David and Taba, it is doubtful that they will settle for what little would be offered under this arrangement.

However, it is an open question whether Sharon wants to resume negotiations even on the basis of an armistice. Along with his personal distaste for Arafat, there are domestic political constraints that argue against a renewal of diplomatic negotiations. Sharon leads an uncomfortable alliance of Left and Right that leaves him little room to manoeuvre. He cannot take more forceful action against the PA, such as reoccupying PA-controlled territory, without driving Labor, the single largest party in the coalition, from the government. On the other hand, if he resumes diplomatic negotiations with Arafat, right-wingers in his own and other parties are liable to bolt the coalition. Israeli President Moshe Katsav succinctly described Sharon's dilemma in an interview published in *The Jerusalem Post* in August: "this government can last for as long as there's no war or no negotiations."

Arafat, on the other hand, would seem to have a strong incentive to resume diplomatic negotiations but not because he is a great lover of peace. In the fall issue of *Survival*, Prof. Yezid Sayigh, senior fellow at the Centre of International Studies, Cambridge University, and a senior advisor to the PA negotiating team, argues that Arafat operates on the basis of *al-huroub ila al-amam* or "escape by running forward." Rather than following a carefully drawn up strategy in pursuit of his long-term objectives, he clutches at any crisis brought on by external agency to escape the strategic predicaments in which he finds himself. He then intensifies and prolongs these crises in order to gain crisis dominance and ultimately to induce a favourable outcome. As two examples, Sayigh cites the first *intifada* in which Arafat gained Israeli recognition of the PLO as a legitimate negotiating partner in the Oslo process, and the 1996 Hasmonean Tunnel crisis in which he prised the Hebron Accord out of a reluctant Netanyahu government.

What is important in the current analysis is to note that the advantages Arafat derived from these crises could only be consolidated through the diplomatic process. Such is the case today. Arafat cannot reap the benefits of the *intifada* unless he gets the Israelis back to the negotiating table and moving along the Mitchell process. For example, if he can get to the "cooling off" period – preferably without having to implement a complete cessation of the violence that he cannot and probably does not want to do – he could for the first time win a total settlement freeze from the Israelis. More likely, Israel's probable refusal to abide by a total freeze would give him the political ammunition he needs to argue before the international community that the Sharon government is the obstacle to implementing the Mitchell plan, not the PA. Thus, Arafat should have every reason to want political negotiations to restart though the timing, as with all else Arafat does, will depend on his tactical response to developments on the ground rather than on some overarching strategic plan.

Things Will Only Get Worse

With no diplomatic solution in sight, the intensity of the conflict will likely worsen over the next months. The crisis has already been characterized by bitter fighting in which both sides have employed tactics in violation of international human rights law and the laws of war.

An analysis presented in the Israeli newspaper *Ha'aretz* in August reports that the IDF believes closure and targeted killings to be the most effective tactics used to date. Assassinations and other IDF-initiated operations are likely to intensify. Following the Sbarro restaurant terrorist bombing in Jerusalem on 9 August, the Israeli press reported that the IDF advised the government to take harsher action against the PA to force Arafat to rein in the terrorists and gunmen operating in areas under his control. This included a wider series of air raids and limited "in-and-out" ground operations into Area A, the area under Palestinian civil and security control. Indeed, the Israeli government may now feel at liberty to take even stronger action against the PA – possibly including major and extended incursions into PA territory – in the aftermath of the mid-September terrorist attacks in New York and Washington. Casting the conflict with the Palestinians before a largely uninformed and increasingly Islamophobic Western audience as a struggle between the forces of democracy and terror, it may feel that the international community

in general and Washington in particular will not look askance at tougher action taken to deal with "Islamic terror."

The call for harsher action is based on two critical assumptions as revealed in the IDF Planning Directorate's annual five-year strategic assessment (reported in the Israeli press): Arafat's rule is not collapsing, and the risk of regional war is slim. As for the first assumption, the view that Arafat still controls the situation on the ground is not universally shared even in Israel. There is concern among some that the PA is slowly falling apart. Israel's targeted killings and other tactics, apart from breeding resentment against Israelis themselves, have fuelled frustration and anger with the PA. Palestinians believe that the PA is incapable of protecting them as its impotence in the face of Israeli attacks strongly suggests. They are angry at widespread corruption among the PA ruling elite. They are frustrated that the PA cannot control gunmen who use the *intifada* to settle personal accounts and who mete out their own brand of justice to alleged collaborators.

Mounting insecurity, frustration and anger have caused Palestinian opinion to become more radical; recent polls show that the majority now supports the Islamic and radical nationalist groups. There is concern that the PA could collapse if these trends continue. Already there are signs of breakdown. Prof. Gabriel Ben-Dor, director of the University of Haifa's National Security Studies Center, told *The Jerusalem Post* in August that there is no judicial system and no law enforcement by the police though the education and health services are more or less intact. Furthermore, he notes that the PA now shares security and communications with other groups and that its monopoly of control over the armed forces "is coming to an end."

It does appear that Arafat's operational control over the fighting on the ground is slipping with each passing day. Many in the Israeli political and security establishment believe that Arafat remains in total command of the *intifada* and that he can turn on and off the violence as he sees fit. Of course, these same people would undoubtedly claim that if Arafat were to stand on a hill and order the sun to rise, the breaking of the dawn would be further evidence of his near absolute control.

The reality is not quite so simple. Arafat certainly can influence the violence though as discussed above this influence is weakening over time as Israeli actions and the PA's – and his own – shortcomings undermine his political control. However, in his weakened state, Arafat is no longer in a position to crack down hard on Palestinians engaged in violence as he was in the past. On occasion during the *intifada*, he has publicly issued operational orders, for example, calling on gunmen not to fire from Area A, to end mortar attacks and, most recently, to cease fire in Beit Jala. Palestinian armed groups have by and large ignored these orders, and he has done little to enforce their compliance.

Quite simply, as things now stand, he would risk civil war if he were to try to stop the gunmen and the bombers. For Arafat to consider such a dangerous step, he needs to be able to offer the Palestinian people something tangible that directly and positively impacts on their everyday lives so he can swing their support away from the opposition and back to the PA. PA Minister for Planning and International Co-operation Nabil Shaath listed three conditions Arafat needs before he can move to end the violence:

- the opening of Palestinian towns and villages to travel and commerce;

- the withdrawal of Israeli tanks overlooking Palestinian areas; and

- the removal of checkpoints hindering traffic throughout the territories.

Not all Palestinians are convinced that these would suffice to enable Arafat to rein in the militants. West Bank Fatah leader Marwan Barghouti said, "We are not interested in the lifting of a few checkpoints." He added that the armed struggle will continue until Israeli soldiers and settlers are removed from the territories and Palestinians gain control over the Arab neighbourhoods in East Jerusalem.

If the foregoing assessment of Arafat's weakening control is accurate, then the IDF's strategy of increasing the pressure on him through assassinations, retaliatory attacks, limited incursions and the like could accelerate the downward spiral into anarchy in the PA-controlled territories. The outline of this deteriorating "cycle of violence" is disturbing. Harsher Israeli tactics will accentuate Palestinian feelings of insecurity and dissatisfaction with the PA's impotence. They will increasingly turn to the radical Islamic and nationalist forces that are seen to be the only ones fighting against the occupation. As the popularity and operational independence of these groups grows, Arafat will be less willing and less able to crack down on them. On the contrary, he will come under increasing domestic pressure to reach out to them. With no effective PA crackdown on the militants, the shootings and terror attacks will continue, provoking even stronger Israeli retaliation. The cycle will spiral downwards until the PA eventually loses effective control of the territories. At that point, Israel may be forced to reoccupy the PA areas, if it has not already done so, if only to contain the resulting anarchy.

Regional War not Imminent

The IDF recognizes in its strategic planning document that chaos in the Palestinian territories could force Israel's neighbours to intervene. It has already taken steps in preparation for such a contingency, raising the IDF to its highest peak of combat readiness in years.

Nevertheless, the IDF, as stated in its strategic planning document, does not consider a regional war to be likely especially one involving Egypt and Jordan.[1] Neither Cairo nor Amman wants war with Israel. Even Israeli Military Intelligence considers that "Egypt today is a danger, but not a threat," as reported in *Ha'aretz*. Both countries remain strategically committed to their peace treaties with Israel. First and foremost, it guarantees them continued US political, economic and military support – US$2 billion annually for Egypt alone. The treaties also reduce the risk of war with Israel and thus allow them to devote more of their resources to the economic and social spheres.

Nevertheless, as former Israeli Foreign Ministry Director General Reuven Merhav told *The Jerusalem Post*, Cairo and Amman must still be seen among their own people to be siding with the Palestinians. They are aware that popular support for the Palestinians could spill over into demonstrations and riots in their own countries. As Merhav describes it, Egypt and Jordan must walk a diplomatic tightrope in which they are seen to denounce Israel's actions while maintaining correct ties.

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[1] For a discussion of the prospects of war on Israel's northern border with Lebanon and Syria, see *Regional Contexts...The Middle East.*

At root, though, it is the strategic military balance that argues against a regional war breaking out in the short term. Israel maintains a significant US-guaranteed qualitative advantage over its Arab neighbours, an advantage of which they have been painfully aware for many years. As quoted in the Lebanese newspaper *The Daily Star*, Shai Feldman, director of the respected Jaffee Center for Strategic Studies, Tel Aviv University, said, "It is this strategic balance that provides an effective barrier against escalation of the violence we experience from the Palestinians into a regional war."

Is Unilateral Separation the Answer?

With no diplomatic solution on the horizon and the unappealing prospect of a gradually intensifying conflict, many Israelis have latched on to unilateral separation from the Palestinians as a way out of the morass. However, practical problems with the plan will likely prevent its adoption in the next year.

In August former Prime Minister Barak laid out a plan in which Israel would withdraw to several settlement blocs mostly located along the Green Line over the next four years. He estimated the cost of a 700- to 900-kilometer security fence along the border at US$1million per kilometre. The fence would enclose 13 percent of the West Bank with an additional 9 percent in specified security areas. Another fence would be built around Jerusalem with passageways within the city to allow Palestinians to reach Haram al-Sharif. Many average Israelis are drawn to the idea. Recent polls indicate that Israelis endorse the idea 2:1 overall with 53-42 percent in favour among those who voted for Sharon in the last prime ministerial election and 76-17 percent among Barak voters. Israeli leaders are divided with President Katsav supporting the idea and Sharon and Peres opposed, though for very different reasons.

Moreover, there are many practical problems with unilateral separation that argue against its likely adoption in the near term. There are currently some 200,000 settlers in 150 settlements in the West Bank (excluding East Jerusalem). Annexing the highly populated settlement blocs close to the Green Line would bring about 150,000 within the fortified border. This would leave some 50,000 settlers in isolated settlements in the interior of the West Bank – and another 5,000 in Gaza – who would have to be evacuated. As many of these settlers are ideologically committed to holding on to what they consider the Land of Israel, any attempt to dislodge them could lead to civil unrest.

Another problem lies with the settlement blocs themselves. Though they would bring the bulk of the settler population within the Israeli fold, they would also bring along even more Palestinians unless the border were constructed such that it snaked around the many West Bank villages alongside which these settlements have been built. The proponents of unilateral separation acknowledge these and other problems. But they argue that unilateral separation is a better alternative than the status quo, reoccupying the Palestinian-controlled territories or acquiescing to Palestinian demands.

The debate over unilateral separation will continue in Israel as proponents refine the details of – and critics search for the flaws in – the plan. Despite the growing attraction of the idea to an Israeli public desperately searching for some way to end the violence, the Sharon government is unlikely to adopt it any time soon.

James W. Moore

Regional Contexts

European Union

The Anglo-French Summit declaration on defence issued at St-Malo in December 1998 sought to endow the European Council with a common defence policy – the European Security and Defence Policy (ESDP) – so as to permit the European Union (EU) to assume "its full role on the international stage." Coupled with its growing political and economic clout, EU acquisition of the military means to back up political decisions portends the arrival of an important new player on the global security scene. This will have major implications for NATO, for the transatlantic relationship and for Canada.

The assumption by the EU of direct responsibility for framing a common security and defence policy represents a major departure from what, until St-Malo, had been limited to the pursuit of a European security and defence *identity* (ESDI) within NATO. Under ESDI, European Allies undertook to modernize their forces, transforming them from largely territorial defence units to forces capable of deploying abroad, while NATO initiated reforms that would allow for the temporary transfer of Alliance assets and capabilities to the Western European Union (WEU), the designated defence component of the EU.

St-Malo introduced a much broader concept and more ambitious agenda. It was no longer simply a matter of strengthening the "European pillar" within NATO but also the opening of a new chapter in the decades-long process of European integration. The acquisition by the EU of a military capability would, it was asserted, strengthen solidarity between member states, thereby enabling Europe to "make its voice heard in world affairs." The emergence of ESDP did not mean the end of ESDI. The EU would continue to look to NATO for support. It did, however, reduce ESDI to the status of a component, albeit an essential one, of ESDP.

EU member states gave their blessing to the St-Malo concept at the Cologne Summit in June 1999. The EU would assume responsibility for the full range of conflict prevention and crisis management tasks set out in the Maastricht Treaty, the so-called "Petersberg Tasks." Cologne also provided for the establishment of consultative and decision-making mechanisms, a Political and Security Committee (PSC) to oversee ESDP, a Military Committee, and a military staff to provide analytical and planning support.

Further precision was added at the Helsinki Summit in December 1999 that spelled out the EU's force or Headline Goal objectives – the ability to deploy by the year 2003 a corps-sized unit of 50,000-60,000 personnel within 60 days and sustainable for one year. The Headline Goal was supplemented at the June 2000 Feira Summit that issued detailed directives for the creation of "a non-military crisis management mechanism…to co-ordinate and make more effective the various civilian means and resources in parallel with the military ones, at the disposal of the Union and Member states." This was important because it showed that the EU was not merely intent on grafting a military capability on to its common foreign policy but on developing a comprehensive approach to crisis management.

Implementing ESDP

The Helsinki Summit represented the conclusion of what might be called the "definition phase" of ESDP. The past twenty months have been devoted to implementing the agreements reached earlier at Cologne and at Helsinki. In March 2000 the EU's consultative and decision-making bodies were established and a work program agreed. This included the establishment of a number of joint EU-NATO working groups to develop arrangements for co-ordination of defence planning between the two organizations, develop permanent consultative arrangements and address EU access to NATO assets and capabilities.

In addition, an *ad hoc* NATO-EU working group met over the summer of 2000 to prepare a catalogue of EU "capability requirements" for meeting the Helsinki Headline Goal objectives. This provided the reference document for the EU's "Capabilities Commitment Conference" held in Brussels in November at which member states and other European countries indicated the forces they would be willing to provide for EU missions. While the numerical goals were easily met, the EU fell far short of qualitative requirements – strategic transport, logistics, intelligence and interoperability among national forces. This period of intense activity concluded with the EU Summit under French auspices at Nice in early December 2000.

The Nice Summit

The Nice Summit took a number of important decisions on the implementation of ESDP. Of particular interest to Canada were proposals regarding a review mechanism for EU military capabilities, standing arrangements for consultations and co-operation between the EU and NATO, and arrangements for participation of non-EU European Allies in EU-led operations. Nice also cleared the way for regular consultations with Canada, arrangements that were set out in the 19 December 2000 Joint Declaration on Security and Defence.

The EU's proposals on defence planning and review called for the establishment of an EU/NATO "capabilities group" designed to "ensure the consistent development of EU and NATO capabilities where they overlap." This fell short of the Canadian preference for a joint, integrated mechanism involving all 23 NATO and EU member states. Nevertheless, it offered scope for elaboration along lines that would ensure the transparency and close co-ordination in defence planning required to avoid duplication and to foster close co-operation between the two organizations. Furthermore, the EU envisaged a prominent role for Deputy SACEUR both in the operational planning of EU operations and in their conduct, something that will also facilitate co-ordination.

The EU's proposals on political consultations included a regular dialogue between the North Atlantic Council and Political Security Committee, the Military Committees of the two organizations and their subsidiary bodies. The rhythm of meetings would be intensified in times of crisis, and provision was made for the creation of *ad hoc* joint experts groups. The EU's planned "double-hatting" of their military representatives where there is overlap in membership would also facilitate co-operation.

Even before the Nice Summit, the EU had held a number of meetings with the six non-EU European Allies. The presidency report codified that arrangement and set out guidelines for their participation and that of other force contributors in EU-led operations. Among the innovations advanced was the establishment of an *ad hoc* "Committee of Contributors," to include all states providing forces (whether EU members or not), which would be responsible for the day-to-day management of an operation. Political control and strategic direction would, however, remain with the Political and Security Committee which would "take account" of the views expressed by the Committee of Contributors. Despite the latter reservation, this goes well beyond what NATO currently offers Partnership for Peace countries that contribute forces to SFOR and KFOR.

From Nice to Göteborg

The Nice proposals ran immediately up against the opposition of Turkey, which rejected as insufficient arrangements for the participation of non-EU European allies in EU-led missions. Under ESDI, Ankara had, by virtue of its associate membership of the WEU, enjoyed the right to take part in all aspects of WEU missions. Under ESDP, that right is restricted to EU member states alone. Turkey views this restriction as a failure on the part of NATO Allies who are EU member states to live up to the undertaking set out in the April 1999 Washington Summit communiqué to build on arrangements already developed with the WEU. Given its long-running dispute with Greece over Cyprus (a candidate for EU membership) and in the eastern Aegean, Turkey is concerned that the EU could mount operations in the region that could affect its security but in which it would have no say.

Other non-EU Allies view the EU proposals as providing a basis for a permanent NATO-EU agreement although much remains to be done in elaborating a compatible defence planning and review mechanism. Stress placed by the EU on the autonomy of its decision-making process and a push by France for a separate EU defence planning arrangement led former US Secretary of Defense William Cohen to warn on the eve of the Nice Summit that ESDP risked rendering NATO "a relic of the past." The Bush Administration has taken a less apocalyptic but no less sceptical view of ESDP, insisting on the continued primacy of NATO while encouraging European states to focus efforts on improving their military capabilities. The US is concerned that the development of a parallel, "autonomous" security apparatus could draw European Allies' attention away from the Alliance and gradually drain it of its purpose.

Canada shares many of the United States' concerns regarding the negative effects ESDP could have on NATO and on the transatlantic relationship. The Minister of National Defence, Art Eggleton, has noted on a number of occasions that Canada's situation is unique. We are not a superpower; we do not have the political clout the United States enjoys and that ensures that its voice is always heard. We are not and never will be a member of the European Union. Canada could therefore find itself marginalized in a dialogue between an increasingly monolithic EU and a unilateralist US. According to Eggleton, Canada's interests would best be served by ensuring that ESDP fulfills the promise of its proponents to strengthen NATO as well as giving the EU a military capability. Of particular importance will be the development of a close working relationship between the two organizations especially in the area of defence planning, one

that would foster openness, predictability and confidence. Such a relationship would also provide the required oversight of NATO assets and capabilities transferred to the EU, to which Canada is an important contributor.

Canada also moved to implement bilateral consultation arrangements with the EU on security and defence agreed at the Canada-EU Summit meeting in December 2000. Two exchanges have taken place since Nice that enabled Canada to get ideas into circulation and to gage EU thinking. Canadian objectives have been to secure the unconditional right to participate in EU-led operations drawing on NATO assets such as has been accorded non-EU European Allies, and the option of appointing liaison officers to the PSC and the Military Committee. The EU's current preoccupation with its own internal arrangements suggests, however, that it may be a while before it is in a position to consider Canada's requirements. However, given the iterative approach the EU has adopted to policy development, it is safe to say that Nice does not represent the last word on relations with non-EU states.

Sweden assumed the EU presidency in January 2001 with a mandate to continue discussions with NATO on arrangements for permanent consultations, co-operation and EU access to NATO assets and capabilities. However, Turkey has blocked formal exchanges between the two organizations pending satisfaction of its demands for greater involvement in EU deliberations. Consequently, the Göteborg presidency report had little new to say on the subject. In the meantime, the EU has moved ahead with its own defence planning and review mechanism, one that, while mirroring many NATO practices, would rule out the joint, integrated arrangement including all 23 NATO and EU member states promoted by Canada. Progress was also registered on developing capabilities and procedures for conflict prevention and crisis management response.

The Way Ahead

Belgium took over the EU presidency on 1 July 2001 with a mandate to declare ESDP "operational" by the end of the year. This means in the first instance that all required structures must be in place and procedures for their operation approved. It does not mean that the EU will then be in a position to mount military missions – the Helsinki Headline Goal does not call for military capabilities to be in place before 2003. Nevertheless, the EU should be able to exercise its conflict prevention and crisis management arrangements, an important milestone in the implementation of ESDP.

Given the EU's dependence on NATO support, it will not be possible to declare ESDP operational in the absence of a NATO-EU co-operation agreement. Progress in dealing with Turkey's concerns was registered towards the end of the Swedish presidency, but both sides will require additional flexibility if this standoff is to be resolved before the end of the year.

With EU decision-making bodies up and running, attention will focus increasingly on military capabilities. Belgium will convene a "Capabilities Improvement Conference" at the ministerial level in November at which contributor states will be asked to confirm offers made at last year's "Capabilities Commitment Conference" and to examine ways of meeting shortfalls. Given the voluntary nature of force commitments,

this is seen as an important instrument for mobilizing peer pressure to ensure contributors fulfill their undertakings.

The Belgium presidency has cited as a possible longer-term goal the preparation of an EU "White Paper" on security and defence. Such a document would serve to highlight the growing defence policy convergence among EU member states, promote interoperability among their armed forces, and improve transparency both between NATO and the EU and between EU states and their respective publics.

Belgium will also continue work on strengthening the civilian aspects of EU crisis prevention and crisis management particularly policing, the training of personnel, strengthening the rule of law and civil protection.

Conclusion

ESDP is a long-term project. While the institutional bodies are now in place and procedures for their operation are being developed, EU states are as yet a long way from acquiring the military capabilities required to carry out the full range of "Petersberg Tasks." The EU could conceivably mount a modest, low-level humanitarian or peacekeeping mission within the next three or four years, but it will likely be the end of the decade before it is able to take on a peace enforcement operation in a hostile environment along the lines of the SFOR and KFOR operations in the Balkans. Consequently, the EU will remain heavily dependent on NATO for quite some time.

The reduced pace of ESDP implementation will give all parties concerned an opportunity to reassess its real nature, scope and purpose. It will also provide a breathing space to look more closely at what a "true strategic partnership" between NATO and the EU will mean in practice. Some inkling of the possibilities of such a partnership has been evident in NATO-EU co-operation in efforts to quell the gathering conflict in Macedonia. Of particular note has been the United States' apparent willingness to see European Allies take the lead – although any military operation would still remain under NATO command.

Implemented with care, ESDP should complement rather than compete with NATO. It offers promise of a comprehensive and coherent approach to crisis management, drawing on a broad range of political, economic and military tools starting with preventive diplomacy, employing graduated use of force and providing follow-up civilian reconstruction. This goes well beyond what NATO can offer. There is therefore ample scope for a complementary and mutually reinforcing relationship, one that could strengthen international security and stability and promote democratic values and the rule of law. That is why it is so important to get the NATO-EU relationship right.

John Bryson

European Powers – France, Germany and Great Britain

During the last half of the 20th century, the European powers (i.e. France, Germany and Great Britain) lived in the shadow of the United States. Needing to deter Soviet aggression, Britain and France accepted American leadership. 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 its western half fully integrated in the NATO Alliance, had little choice but to accept the postwar 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.

	Population (millions)	1999 GDP (Euro millions)	Armed Forces
France	59.2	1,364	294,430
Germany	82.1	1,982	321,100
Great Britain	59.6	1,352	212,450

Table 1. Profile of the European Powers

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 cooperation 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 in Europe about the growing tendency toward unilateralism in US foreign policy. For them, the culture of consultation, which characterized 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 reject the Kyoto Accord on global warming that much of Europe supports, and to deploy a national missile defence system that most European allies regard as unnecessary and highly ineffective. The one decision is interpreted as an assault on basic global responsibility while the other is viewed as likely to jeopardise important arms control regimes. In each of these areas of discord, Europeans have accused the United States of unilaterally imposing decisions with far reaching implications 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 in the support it gives to US policy on Iraq. In the future, it is likely to be revealed through qualified support for the ballistic missile defence system

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Focus on Italy

Known largely for its culture and its food, Italy is not generally regarded as a major European power. That perception is likely to change in the next few years. The unexpected victory of Silvio Berlusconi and his "House of Freedom" electoral coalition has drawn attention to a country that most people have taken for granted for the past 55 years.

Berlusconi's accession to the premiership is indicative of the changes underway within Italy. After a decade of turmoil – which saw the destruction of the Christian-Democratic Party amidst a whirlwind of criminal investigations, the moderation of the political left and the failure of the political elite to initiate wide-ranging electoral reforms – the Italian political scene is nonetheless coalescing. Turning out in large numbers in May 2001, Italians gave Berlusconi's *Forza Italia* ("Forward Italy") a convincing electoral victory, making it the most powerful political party, while withdrawing support from many of the smaller parties that proved the bane of government coalitions in the past. (Indeed, the majority he won in both houses of Parliament suggests Berlusconi might serve his full five-year term as premier – the first since Mussolini to do so.) The new government has promised lower taxes, new jobs, a reduced crime-rate and a smaller government bureaucracy. Should it be successful in implementing this programme, Italy will become a different country than we have known since the Second World War.

The new government is only the most visible sign of the change that Italy has been undergoing. Regional differences (north vs. south) still exist, organized crime is still a major problem and political reform is long overdue. Nevertheless, the efforts in the 1990s to combat the Mafia – the *Mani Pulite* or "clean hands" campaign – achieved some considerable success although the effort has stalled recently. The previous government's tight control of public finances enabled Italy to enter the European Monetary Union. Italy's growth rate in 2000 of 2.9 percent was not much behind that of Germany (3.1 percent), once called the economic locomotive of the Old World. And if the devolution of powers to regional governments desired by some, such as the controversial Umberto Bossi, has not yet happened, local leaders (i.e. mayors) are increasingly important participants in the country's political debates.

The opportunities for a new approach to Italian foreign policy have also greatly increased in the last decade. Italy led the 1997 intervention in Albania, and it is contributing forces to the peace enforcement efforts in the former Yugoslavia. This will almost certainly continue, and the Italian Armed Forces are being downsized, modernized and restructured for a more active international profile. Regardless of the government, Rome will also still support European integration though how far remains an open question. The unabashedly pro-US attitude of Berlusconi suggests that close relations with the US will nonetheless be a priority, including support for ballistic missile defence. It is reasonable to assume that, like the European trio, Rome will become increasingly assertive in defending what it believes are its "national" interests, something that has not been seen since the end of the Second World War.

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so strongly endorsed by the Bush Administration. Britain's traditional stance has, nonetheless, been accompanied by support for a European military capability, an initiative in which it has taken a leading role. While such a development advances the European idea, it obviously also has transatlantic implications.

The French goal of making Europe a counterweight to American influence, which began with De Gaulle, has been fortified in the post-Cold War era. Describing the United States as a *hyperpuissance*, France has long been the strongest advocate for the development of European military capabilities (i.e. the European Security and Defence Policy or ESDP) within the European Union (EU). Paris believes that such a capability will allow Europeans to manage their own affairs, complement the EU's growing political and economic influence, and contribute to a more equal transatlantic partnership.

Alongside its membership in the EU, Germany's relationship with the US is characterized 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 that followed, the United States repeatedly emphasized that it and Germany were, as President George Bush Sr. 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, and one can expect that this will continue. German reticence frequently leads American commentators to accuse Berlin of not assuming its proper leadership role. This type of friction, too, will persist.

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. Ideological and cultural clashes will almost certainly erupt largely in reaction to the inexorable spread of American mass culture. The growing communications web will likely reinforce the opposition by elites in the three European countries to capital punishment and confirm the widespread view that American society is excessively violent. 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 therefore not be overstated. The linkages forged after the Second World War are still relevant, and US involvement in Europe is more needed than feared. The basic unity of policy on the Balkans including the requirement for a US military presence demonstrates 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. Moreover, both sides of the Atlantic are committed to promoting (even if they do not always practice) freer world trade. Problems will arise – such as the EU's controversial rejection in May 2001 of the US$42 billion merger of General Electric and Honeywell – but they must be set in the broader context of shared interests. Lastly, all four countries (i.e. the USA 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, 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 impacted upon the intra-European relations of the trio, both 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 cooperation. 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 cooperation. In the past these differences have been accommodated. The significant transformation of Europe since the end of the Cold War has, however, strained many of these underlying principles.

The most important development 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 cooperate but confident of its right to exercise leadership, willing to assert "national" interests (e.g. 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, legal and institutional reforms as well as support a timetable for the accession of new members. However, the overall goal of integration contains a serious and probably irreconcilable dispute. Unlike France where the nation-state is still important, postwar Germany has traditionally been more supportive of broad integration and a multi-national federal structure. In May 2001 German Chancellor Gerhard Schroeder called for a European federation with a "strong" executive and a new legislative chamber (a similar proposal has been put forward by the European Council in the wake of the defeat of the Nice Accord in Ireland's referendum in June 2001). By contrast, French Premier Lionel Jospin has argued for a much narrower understanding of the European project. 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. Interestingly, neither of these views is acceptable to Spain, yet another increasingly important European player.

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[1] For a discussion of ongoing developments in the European Union, notably the European Security and Defence Policy, see *Regional Contexts...European Union*.

As Germany's 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. This is one of the reasons that Paris fought so hard at the Nice Summit (December 2000) to retain the parity of voting with Berlin in the European Council. While France's general approach to the EU will continue, problems are already emerging. Some EU policies, notably the Common Agricultural Policy (CAP), from which France has greatly benefited now require adaptation. Indeed, the entry of Poland (anticipated by 2005) 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, 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 bureaucratization of the EU as an excessive concentration of power among unaccountable agencies and rejects the notion of a European super-state. Unlike Berlin and Paris, London remains seriously divided about the utility of the European Monetary Union and the Euro although the government has promised a referendum on the adoption of the latter. It is, therefore, far too early to judge the long-term consequences of the Blair government's new openness toward Europe. The re-election of Labour in May 2001 should not, however, be interpreted as a public endorsement of its European policy despite the efforts of the opposition Conservatives to turn the campaign into a referendum on those policies (even the choice of a new, pro-EU leader for the Conservative Party will not necessarily betoken change). There is scant evidence that the new policy reflects a transformation of the British people's view of itself *vis-à-vis* Europe and the United States. Nevertheless, recent political devolution – to Scotland and to Wales – has the potential to bring profound change to Britain's political culture in the mid- to long-term.

A basic unity among France, Germany and Great Britain on ESDP has obscured fundamental differences regarding its ultimate purpose. For Paris, it is the achievement of European autonomy in defence, escape from US tutelage and a return to a multi-polar world. This is not a view shared by Germany, which values the US military presence in Europe as a safeguard against the resurgence of old rivalries. Britain, traditionally a strong force for Atlanticism, has over the past few years attempted to steer a middle course, building up the EU's military capabilities while talking up the transatlantic link. Nevertheless, the logic of ESDP would seem to favour the French view and is most certain to provoke tensions both within the EU and in the transatlantic relationship.

Due to these contending interests and objectives, which are evident in the politics of all three European powers, the progressive integration program of the EU's supporters should never be viewed as inevitable. For example, the slowdown in the German economy could leave the current government vulnerable to its more Euro-sceptic conservative opponents in the general election due in September 2002. For the EU to persist, therefore, the benefits associated with membership must be able to accommodate 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. Far less successful than the other two, Germany relies on extensive trading links and the use of cultural organizations to fashion a presence outside Europe.

All three powers emphasize the importance of the United Nations in their foreign policies. Despite the weakness of that body, 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 London, too, will use the Council to advocate such values – though moderated by an awareness of its own limited resources and the likely reaction of the new Bush Administration. 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 – in pursuit of that goal, London and Paris will almost certainly support Berlin.

Both Britain and France are also seeking to enhance their capacity to intervene in the periphery of NATO and outside Europe's boundaries should the situation so warrant. The publication of *Defence Policy 2001* showed that Britain intends to acquire new equipment to expand deployment capabilities while France's armed forces are being restructured to permit the deployment of a 60,000-strong Rapid Reaction Force by 2003. While both countries continue to emphasize 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 2000, an indication of the continuing importance placed on the armed forces as an instrument of foreign policy. Also significant is the value it still places on nuclear weapons. While Great Britain limits its operational nuclear capabilities to a smaller submarine fleet, France plans to modernize its nuclear capability and maintain 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, separates 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 be 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.

John Bryson and Ben Lombardi

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 resuming 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 include 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 and Eastern Europe	
Albania	Lithuania
Belarus	Macedonia
Bosnia - Hercegovina	Moldova
Bulgaria	Poland
Croatia	Romania
Czech Republic	Serbia and Montenegro
Estonia	Slovakia
Hungary	Slovenia
Latvia	Ukraine

Despite this qualification, there are commonalities found in the countries between Germany and Russia. Central and Eastern Europe has always been subject to the pressures of neighbouring great powers. Change – frequently violent, always politically and socially disruptive – has been a constant feature of the region. 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 Europe are ethnic groups so intermingled and often so hostile to one another. Nowhere else in modern Europe have political boundaries been so often altered by war or revolution – in 1918, 1945 and again since 1989. The redrawing of Poland after the Second World War, the emergence of new countries from the former Soviet Union or the violent implosion of Yugoslavia are cases in point. While revealing, these examples nevertheless fail 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 Tension and Change

Ethnicity. Unlike Western Europe where, except for recent immigrants, populations are largely homogenous (often after centuries of determined effort to make them so) Central and Eastern Europe has traditionally been characterized 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. (The memory of that era remains politically salient today – witness the current demand by Austria that Prague rescind the 1948 Benes Decrees that gave legitimacy to the expulsion of three million ethnic-Germans from Czechoslovakia.) More recent

examples of ethnic cleansing, such as 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 recognize the basic rights of national minorities. This is being done by improving 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, Hungarian-Romanian and even Polish-Ukrainian relations, growing bilateral co-operation is slowly displacing traditional rivalries.

Table 2. Selected National Minorities		
	Size	Percent of General Population
Russians in...		
Estonia	392,000	28
Latvia	720,000	30
Ukraine	10,900,000	22
Hungarians (Magyars) in...		
Romania	2,000,000	7
Serbia	448,000	3
Slovakia	590,000	11
Ukraine	200,000	0.5
Albanians in...		
Kosovo	1,800,000	n.a.
Macedonia	460,000	23

Source: *CIA World Factbook 2000*.

Nevertheless, the political impact of national minority communities should not be underestimated. The ethnic insurgency in Macedonia is proving extremely difficult to resolve, with government concessions being interpreted by many as threatening to the state's integrity while others justifiably distrust Albanian nationalist goals. 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. Sensitivities nonetheless remain in those countries: a hostile reaction in 2001 to Budapest's Status Law, which grants special privileges to foreign-born ethnic-Magyars, is a good example. 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 both Russian and Ukrainian) periodically angers both sides. And Russian nationalist claims to Crimea often result in angry exchanges of rhetoric between Moscow and Kiev. In the two Baltic republics, Russian inhabitants, who constitute proportionately larger minorities, 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.

Throughout most of Central and Eastern Europe, large ethnic minorities have meant that the capacity of governments to effect compromise on national identity issues has been very limited even if the willingness to do so exists. 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. The hibernation of ethnic conflict in Bosnia and Kosovo, for example, is almost certainly dependent on the continued deployment of NATO-led missions in both territories. And the outbreak of ethnic fighting in Macedonia, a country that prided itself on having

avoided the violence that destroyed Yugoslavia during the 1990s, demonstrates that nationalist tensions are never far from the surface.

> **Focus on Ukraine**
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> There are few lands that are more "in-between" than Ukraine. Indeed, the very name of the country, *Ykraina*, means "borderland" – a territory fated to have powerful neighbours and a divided, often internally hostile, political and cultural heritage. Yet its emergence with the collapse of the USSR is one of the most important geopolitical developments of modern times. 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 focusing on more traditional security concerns. Belying its current political and economic weaknesses, Ukraine is nonetheless a lynchpin for the post-Cold War order in Europe.
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> 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 some political reforms although the state authorities frequently ignore the most basic human rights. A scandal involving a murdered journalist seriously weakened President Leonid Kuchma, who was implicated, and led to the ousting of the reform-minded premier, Viktor Yushchenko, in April 2000. Under Yushchenko's guidance, the Ukrainian economy began to show signs of life with a growth rate in 2000 of 6.5 percent. The rate for 2001 could be even higher. Generally, however, Kiev's attempts to introduce broad market reform have tended to be unsuccessful due to ideological differences with the left-wing majority in parliament, a lack of political will by President Kuchma and pervasive corruption. Some analysts have, with reason, termed Ukraine a "captured state" – in that post-communist business elites (the oligarchs) are directly involved in both the political and legislative processes. This situation is unlikely to change under the new government of Anatoliy Kinakh although he has repeatedly voiced support for economic reform. The parliamentary elections of 2002 could see the emergence of a new constellation of powers in Ukrainian affairs although Kuchma and the oligarchs will try to stop this from happening.
>
> Ukraine's relations with Russia will continue to develop as the two countries are important trading partners and share similar cultures. Despite what some commentators have argued, Ukraine is not becoming a satellite of Moscow nor is it likely to be one in the near future. As in any asymmetric relationship, Ukraine's dependence on Russia for energy and trade leaves it vulnerable to political pressure. However, Kiev continues to maintain close ties with the Western powers and with NATO, and the principal source of desperately needed financial assistance will remain international institutions that are dominated by the major Western industrial states. Europe is no longer divided, but Ukraine is truly "in between."

Weak states. During the Cold War era, the region was inhabited by strong states where government authority was nearly unlimited. That is no longer the case. Many of the countries are, as a result, seriously challenged to effectively combat organized criminal activities, to develop long-term strategies for encouraging reforms or to ensure that existing laws are upheld. In previous years in Romania, political rivalries exacerbated by economic disparity have led to violent confrontations with labour unions – a recurrence of that violence is still possible. In Moldova, the issue of Trans-Dniestr continues to defy resolution. In Yugoslavia, the threat of Montenegro seceding has receded but will almost certainly re-emerge if a new constitutional arrangement cannot be worked out. 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 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. Economic pressure and the prospect of foreign aid might persuade local leaders to co-operate with the international community – for example, in the arrest of war crimes suspects – and with each other, but that alone will not legitimize new (and often imposed) political institutions. The great majority of people in most of these countries do not accept multi-ethnicity as a social value. In Albania, tribal rivalries translated onto the political stage undermine government authority and will do so well into the future. The uncertainty about the future of Kosovo will continue to have a broader regional impact by encouraging ethnic-Albanian radicals and providing an environment conducive to transnational organized crime.

Reform. In Poland, the Czech Republic and Hungary, economic and political reform has made considerable progress 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. Ongoing defence reform programs, which aim to create modern, NATO-interoperable armed forces, will continue to be seriously challenged not only by the prohibitive reorganization and equipment costs but also by the socially-disruptive impact of the ongoing transition to market economies.

Still, membership in Euro-Atlantic institutions, which 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 implemented reform packages in an effort to be considered for early membership in NATO and the EU. The desire to raise their living standards led Serbs to topple the Milosevic regime in October 2000. Since then, the government in Belgrade has worked to fashion closer relations with the international community particularly the EU and NATO. The long-term success of the reformist agenda of Bulgaria's new government, led by the former boy-king Simeon II, is premised on eventual entry into the EU.

Countries throughout the region will, however, 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. The most recent parliamentary elections in July 2001 – with both sides claiming victory and the defeated claiming electoral fraud – reflect the fragility of its democratic institutions. As the prospect of

NATO expansion in 2002 nears, those countries considered to be likely candidates will make greater if sometimes financially and politically unsustainable efforts.

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. What change is underway is uncertain. For example, Yugoslav President Vojislav Kostunica has become a standard-bearer for the rule of law, but his positions do not always earn the support of his more pragmatic political allies. Throughout the region, Soviet-style clientelism and corruption are widespread, and organized crime is very active. There is nonetheless a larger criminal dimension as much of the drugs that are found in Western Europe transits 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.

Kosovo and Macedonia

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.

Figure 1. Ethnic Groupings in the Southern Balkans

Although the Albanian-Kosovars have largely returned to Kosovo, most of the 180,000 ethnic-Serbs who fled in 1999 have not. Shadow elements of the Kosovo Liberation Army (KLA), an organization formally disbanded and demilitarized, 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 (KPC), the KLA's demilitarized 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, and many of its members are active participants in the ongoing insurgency in Macedonia. 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 elections in November 2001 in which few ethnic-Serbs will participate will certainly 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 in the 1990s, 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. A unilateral declaration of independence following the November 2001 elections cannot be ruled out. The danger to KFOR and UNMIK will grow when Kosovars come to see the international missions as the latest impediment to the achievement of independence.

Macedonia. During much of 2001, Macedonia was in a state of near-civil war when an ethnic-Albanian insurgency erupted. Resolving this conflict has been made more difficult as each side views itself as aggrieved. The Macedonians, proud of having avoided conflict when most of the former Yugoslavia fell to arms, worry that their country could easily disappear if its political unity were to be undermined. (Dividing the territory that is Macedonia today among its neighbours was the cause of the two Balkan wars earlier in the previous century.) The insurrection is viewed as threatening that unity and as the latest example of aggressive Albanian nationalism that began a decade ago in Kosovo. Likewise, ethnic-Albanians view themselves as defending their community. Moderate leaders have, however, been hard-pressed not to yield to more radical demands due to the success of the insurgent National Liberation Army (NLA). It is not coincidental that the NLA leadership has from the very outset of the fighting urged the deployment of a NATO-led force into Albanian-populated areas. As in Kosovo, which is their frame of reference, intervention will fundamentally change the political situation in a way that they believe could advance the cause of Albanian nationalism.

This year's fighting, which builds on a decade of tension, has undoubtedly hardened attitudes on both sides of the ethnic divide. Consequently, the most important question is unanswerable – will any negotiated settlement achieve lasting peace, or has the fighting so damaged inter-ethnic relations that Macedonia as a country has been irreparably fractured? Regardless of how the current fighting ends, the situation in Macedonia will warrant long-term monitoring.

Ben Lombardi

The Middle East

Israel, Lebanon and Syria: Tensions Remain but War Unlikely

Israel's unilateral withdrawal from its self-declared security zone in southern Lebanon in May 2000 fundamentally changed the security situation along the Israel-Lebanon border. The border region has remained relatively quiet since the withdrawal though periodic Hizbollah pinprick attacks across the Blue Line have served to maintain simmering tensions. Nevertheless, the near-term prospects for a major conventional war erupting among these three states appear remote.
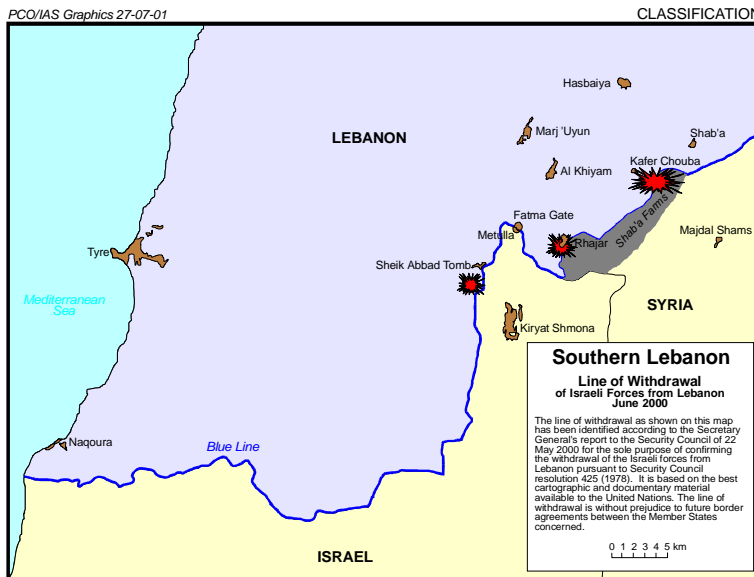

Figure 1. Southern Lebanon and the Line of Withdrawal

The Blue Line will remain tense but stable along the greater part of its length. The euphoria following the Israeli withdrawal expressed in almost daily confrontations across the line between Lebanese and Palestinian stone throwers and Israeli security forces has faded. Demonstrations are no longer a daily occurrence but do flare up periodically – most recently this past May to mark the first anniversary of Israel's withdrawal from the south – at flashpoints such as Sheikh Abbad Tomb and the Fatma Gate. Though less frequent, future protests are to be expected as demonstrators vent their anger with Israel's regional policies and show support for the Palestinians and the *intifada*. Demonstrations might also serve as tactical diversions to cover Hizbollah operations against Israeli forces elsewhere along the line as happened in October 2000 when hundreds of Palestinian demonstrators stoned Israeli forces at Moshav Za'arit in Western Galilee several hours before Hizbollah snatched three IDF soldiers in the Sheb'a Farms area.

As in the past year, Hizbollah will periodically carry out low-level military operations against the IDF in the Sheb'a farms area (though at summer's end Israeli concern focused on Hizbollah encroachment on the northern part of the divided town of Rhajar). For Hizbollah, resistance to Israel is an essential though not exclusive element of its self-image. If it turns its back on the confrontation with Israel, it loses an important part of its *raison d'être* and risks becoming just another Lebanese political party. Related to this, continued resistance keeps Hizbollah's hard-core fighters more or less happy and helps to avoid a split with those activists who want to emphasize the movement's socio-political role within the Lebanese Shiite community.

Hizbollah must also be responsive to the wishes of its patrons, Syria and Iran, both of whom want guerrilla operations to continue. Damascus wants to keep a low flame burning on Israel's northern border until Israel finally agrees to vacate the Golan Heights. Hard-line clerics in Tehran oppose Israel as a matter of ideological principle. As in the past, both countries will encourage and support Hizbollah operations against Israel.

UNIFIL: Winding Down?

In his April 2001 interim report to the Security Council, UN Secretary General Kofi Annan proposed a reconfiguration plan for UNIFIL. As a first step, its strength dropped from an augmented size of 5,800 all ranks to 4,500 all ranks in August 2001, its size prior to Israel's withdrawal from south Lebanon. Thereafter, UNIFIL will be trimmed to 3,600 with the departure of the Irish and Finnish contingents in November 2001, and finally to 2,000 armed infantry, unarmed observers and support elements when reconfiguration is complete in July 2002, assuming no drastic change in the security situation.

The role of the force will shift from that of a peacekeeping to an observer mission. It will fulfill the final part of its mandate – the restoration of international peace and security – through patrols, observation from fixed positions and close liaison with the parties in order to maintain the cease-fire along the Blue Line.

The Lebanese government strongly objects to scaling back the force and the proposed shift in mission. Officials maintain that UNSC Resolution 425 has not been fulfilled so long as Israel occupies the Sheb'a Farms. Hence, UNIFIL has not completed its mandate, and its mission should not be changed. Frustrated with Beirut's refusal to deploy its army to the border and to exercise effective authority in the south, the UNSC is unlikely to heed these protests and defer the reconfiguration plan.

Thus, it is unlikely that Hizbollah operations along the Blue Line will end any time soon. However, Hizbollah will have to tread a very fine line. In order to maintain its popular support within Lebanon, it must wrap its ongoing resistance operations in at least the appearance of legitimacy. This is why it has so far restricted its activities to the Sheb'a Farms area and is likely do so in the near future. The Lebanese government's claims that the Blue Line is not valid in the Sheb'a Farms – a 25-square kilometre area on the western slopes of Mount Hermon that, at the time the Blue Line was demarcated, Beirut insisted but could not prove Syria had given it in 1951 – give Hizbollah the political cover it needs for its operations.

Hizbollah must also take care to avoid unduly provoking Israel. To date, it has carefully calibrated its operations, limiting them to pinprick attacks – kidnappings, roadside bombings and anti-tank missile attacks – launched every few weeks that inflict a small number of military casualties. Thus far these attacks have not prompted a massive Israeli retaliatory strike against Lebanese civilians or civilian infrastructure. Should future attacks push Israel to such a response, however, this could rebound against Hizbollah and seriously affect its standing within Lebanon. Many Lebanese would condemn the movement for bringing down Israel's wrath on their heads over a dubious claim to an isolated corner of Lebanon (or Syria). Indeed, after a Hizbollah missile attack against an Israeli tank in the Sheb'a Farms area in April of this year, the daily newspaper *Al-Mustakbal*, owned by Lebanese Prime Minister Rafik Hariri, criticized the action as hindering Lebanon's strategic plans, coming as it did on the eve of the Prime Minister's visit to the US and Canada in search of funds to help ease Lebanon's crippling US$25 billion debt.

So long as Hizbollah limits itself to these pinprick attacks along the Blue Line – more an annoyance than a serious security threat – Israel is unlikely to retaliate massively against Lebanese civilians or civilian infrastructure. It does not want to escalate the situation on the border at this time and disturb the extended period of quiet northern Israel has enjoyed since the IDF's unilateral withdrawal from south Lebanon. Hizbollah has made it abundantly clear that it will retaliate against communities in the north should Israel lash out against Lebanese civilians – a threat Israel takes seriously in light of Hizbollah's past practice as well as recent press reports that the guerrillas have acquired the 75-kilometer-range Fajr 5 rocket from Iran. Israel does not want to thrust its citizens in the north back into the firing line.

Nor does it want to open a second front at this time. Despite recent attempts to secure a cease-fire between Israel and the Palestinians as the first step along the path to implementing the Mitchell report, the security situation in Israel and the territories continues to deteriorate. Prime Minister Sharon has not thus far shown an inclination to widen the conflict with the Palestinians to include Israel's northern neighbours. Though not stretched to the limit of its capabilities, the IDF currently has enough on its plate in dealing with the *intifada*; the prospect of dividing its forces between two active fronts cannot be inviting.

This is not to suggest that the Sharon government will remain passive in the face of future Hizbollah attacks. It has determined, however, that the best way to respond is to direct its retaliation against Syrian rather than Lebanese targets in Lebanon. On two occasions, in April and again in July of this year, the IDF responded to Hizbollah attacks with strikes against Syrian radar installations in the Bekaa Valley. Israel's intent on each occasion was to send a message to Damascus to rein in its Lebanese proxy or face the consequences. It is likely to repeat these limited retaliatory strikes in response to future small-scale Hizbollah attacks as an on-going reminder to Syria that it is playing with fire. In fact, it may ratchet up the scope and/or scale of such retaliation on the assumption that Washington will be less inclined to demand that it show restraint in the face of "Islamic terror" following the World Trade Center and related attacks in mid-September.

To date, it appears that Damascus has not yet taken Israel's message fully to heart. Though Hizbollah attacks have tailed off in recent weeks, it is doubtful that Syria has ordered it to cease and desist its operations for all time. Syria does not want complete calm on Israel's border with Lebanon. Damascus still believes that Hizbollah activity is the only means to remind Israel that the northern front will never be quiet until it withdraws from the Golan Heights. So long as the cost of supporting Hizbollah remains within acceptable limits, Syria will likely encourage its Lebanese ally to keep up its low-level military activities.

Nevertheless, Syria will probably counsel Hizbollah to proceed cautiously along the path of confrontation especially in the aftermath of the New York and Washington terrorist attacks. President Bashar Assad does not want the situation to spiral out of control. Though indulging in bellicose anti-Israel rhetoric at the Cairo and Amman Arab summits and during the Pope's visit to Syria earlier this May, Bashar is painfully aware that his country has few means with which to directly challenge Israel. This explains Syria's passivity in the face of Israel's strikes against its Lebanon-based installations and its empty promises to respond at a time and place of its own choosing.

Syria has no viable military option against Israel. Its military forces are rusting out. It cannot afford the across-the-board modernization needed to resuscitate its forces. With the demise of the Soviet Union, it lost the only patron willing to provide it with weapons virtually for free. It has had to selectively invest its scarce resources in its priority forces: ballistic missiles and chemical weapons, the key elements of its strategic deterrent against Israel.

Moreover, Bashar has more pressing matters to attend to than to indulge in an unnecessary military conflict with Israel. Syrian society is desperately in need of economic and political restructuring. Some small steps have been taken to adapt Syria's stagnant command economy to the demands of the global market. Less progress has been made on the domestic political front, with the government cracking down on the private forums of the civil society movement that briefly flowered after the elder Assad's death. Further tinkering around the edges of the country's economic and political problems will remain the first priority for the young president.

At the same time, he must manage his country's complex relationship with Lebanon. Israel's withdrawal, the death of the elder Assad and Bashar's perceived inexperience prompted many Lebanese, especially but not exclusively within the Christian community, to openly voice their displeasure with Syria's 25-year military presence in their country. Syria has no intention of relinquishing its control over its neighbour. As far as Damascus is concerned, historical, economic, political and geo-strategic considerations all demand that it keep a firm grip on Lebanon. Nevertheless, it seemed that Bashar would employ greater subtlety in his management of the Lebanon file if only to contain and defuse the growing opposition in that country. The redeployment of 6,000 Syrian troops from the Lebanese capital this past July seemed to suggest that such a lower-profile approach was being developed. However, with no let-up in calls from the opposition for Syria's withdrawal, sterner measures were taken. With Syria's blessing, security forces under the authority of President Emile Lahoud, Syria's principal Lebanese ally, arrested over 200 members of the hard-line Christian opposition Lebanese Forces and Free Patriotic Movement in earlyAugust. Two weeks later Syria sent 100 truckloads of military equipment and 15 tanks into Lebanon, bluntly driving home the message that Damascus intends to remain *the* major player in its tiny neighbour for some time to come.

With his hands full managing domestic reform and the Lebanon file, the last thing Bashar needs is a full-blown military confrontation with Israel, one that Syria will inevitably lose. And, as argued above, neither Hizbollah – apart possibly from some hard-line elements egged on by sympathizers in Tehran – nor Israel has an interest in escalating the current situation. Nevertheless, one cannot ignore the possibility that things may get out of hand in that theatre. Should Israeli retaliation for a particularly deadly Hizbollah attack either intentionally or accidentally inflict significant Lebanese civilian casualties, Hizbollah could again unleash its Katyusha rockets against Israeli settlements in the north. The situation could thereafter quickly escalate out of control possibly drawing Israeli forces into conflict with Syrian forces in Lebanon or even prompting Israeli strikes against targets in Syria-proper. Such a conflict, though unlikely in the near term, would have catastrophic consequences for the region.

James W. Moore

The Persian Gulf

Iraq: The Crumbling Walls of Containment

The Bush Administration entered office determined to reinvigorate America's policy for containing Iraq. It immediately launched a review of the three key elements of that policy: enforcement of the no-fly zones (NFZs), support for the Iraqi opposition and maintenance of sanctions. Though not yet complete, the outlines of the policy are becoming clear and will provide little comfort to those who had hoped that the Bush team would reverse the drift in Washington's Iraq policy. The coming months will likely see the US scale back manned air patrols in the no-fly zones, keep its support for the Iraqi opposition to a minimum and try yet again to stem the erosion of sanctions.

The No-Fly Zones. Washington has become increasingly concerned about Iraqi air defence activities and these concerns will likely lead it to scale back manned air patrols in the NFZs over the coming months. Iraq has, in the words of US Secretary of Defense Rumsfeld, "quantitatively and quailtatively" improved its air defence system. It has upgraded its radars with Russian assistance, and turned to the Chinese for help in building a fibre-optic communications system. Though Iraq does not yet have the capability to accurately target Western aircraft, the possibility of a "lucky shot" bringing down an American or British warplane cannot be ruled out. Indeed, Iraq came close this past July to hitting an unarmed American U-2 reconnaissance aircraft in the southern NFZ with a modified SA-2 missile. It apparently succeeded in shooting down an unmanned RQ-1B Predator reconnaissance aircraft in the southern NFZ at the end of August.

Figure 1. The No-Fly Zones

These developments have raised concerns in the Pentagon that coalition pilots are at greater risk when enforcing the NFZs now than they were in the past. Responding to this threat, the US and UK bombed several radar sites in major raids carried out in February and intensified the campaign to degrade Iraq's air defence system throughout August. Still, the entire NFZ policy is under review. There is little chance the US will abandon the zones; this would hand Saddam Hussein an easy victory and would be seen as a major foreign policy setback for the Bush Administration. Nevertheless, Pentagon planners are reportedly reconsidering the methods of NFZ enforcement – the number of flights, the rules of engagement, etc. They are likely to scale back the number of manned

patrols in the zone, relying increasingly on unmanned aircraft to keep an eye on Iraqi military activities. Of course, should Iraq be implicated in the New York and Washington terrorist attacks, large-scale US military retaliation against that country can be expected.

The Iraqi Opposition. The Bush Administration will not give the Iraqi opposition the financial, military or other support it needs to topple Saddam Hussein. In view of some senior officials' vocal support for the opposition in the past, it was thought that the Bush Administration would be more inclined to help the opposition than had its predecessor. However, political perspectives tend to change once the mantle of government responsibility is assumed. Rather than an all-out push for regime change, the Bush Administration seems to be following the previous Administration's practice of doling out small amounts of money to keep the opposition active but operating only as a thorn in Saddam's side. The State Department announced the Administration's first grant to the Iraqi National Congress (INC) in June – US$6 million to be paid out over the next three months for training, administrative costs and information campaigns. This money is unlikely to go far as the INC incurs monthly operating expenses amounting to approximately US$2 million per month. The INC did, however, manage to begin one-hour satellite broadcasts to the region *via* London-based Liberty TV at the end of August.

The harsh reality is that the opposition is incapable of mounting a serious challenge to Saddam's regime. Fractious and ineffective, this hodgepodge of opposition groups, ranging from constitutional monarchists to Islamists, cannot be transformed in the near term into a serious political and military organization no matter how much money is thrown at it. Recognition of this will keep Administration financial and material support to a minimum despite howls of disapproval from hardliners on Capitol Hill.

Sanctions. Despite the failure of its first attempt to secure UN Security Council (UNSC) approval for "smart" sanctions, the US will likely renew the push for a revised sanctions regime. The current regime is crumbling. Scheduled flights from several Arab capitals to Baghdad resumed last fall, most though not all with UN permission. This past July the first freight train in 20 years traveled from Turkey to Iraq; passenger service is expected to resume shortly. In the last year, Iraq has signed free trade agreements with Egypt, Libya and Syria and resumed diplomatic ties with other countries.

More troubling is the growth in illegal trade between Iraq and its neighbours. Jordan, Syria and Turkey as well as the Kurds in northern Iraq earn millions of dollars from tolls, transit fees and smuggling. For Iraq, the 300,000 barrels per day illegally shipped to its neighbours brings in an estimated US$1.5 billion per year, funds that fall outside the control of the UN's oil-for-food program.

In an effort to rescue the situation, the Bush Administration proposed a new regime of "smart" sanctions earlier this year. The aim was to make imports of civilian goods easier while cracking down on dual-use and military goods and on the illegal cross-border trade. In political terms, the purpose of the proposal was to shift the blame for the suffering of the Iraqi people from the UN to Baghdad by ostensibly loosening UN restrictions on civilian imports.

The UK introduced a smart-sanctions resolution to the UNSC in late May. Disagreements between Russia and the US/UK over what civilian and dual-use goods should be subject to review by the Sanctions Committee reflected a more fundamental

difference of opinion over the maintenance or suspension of sanctions. These disagreements caused the Council to miss the 4 June deadline when the oil-for-food program came up for renewal. The Council extended the program for one month to give members time to sort out their differences. Iraq objected to the extension and halted oil exports in response though without any significant impact on the oil market (*see box*). Ultimately, Russia and the US could not agree on the list of items to be subject to review, and the Council postponed consideration of the UK resolution. It subsequently extended the oil-for-food program unchanged for another five months. This means that existing breaches in the sanctions wall will not be sealed for the near term.

The postponement represented a major victory for Iraq. It had threatened its neighbours with an oil and trade cut-off if they supported the new sanctions proposal. At the same time, it promised – and then delivered on that promise – to give them and Russia priority in oil and trade contracts under the oil-for-food program.

Conversely, it represented a major defeat for the Bush Administration, one largely of its own making. It did not adequately prepare the diplomatic ground for the proposal and left too little time prior to the June deadline to bring all UNSC members on board. Nevertheless, the Administration will likely renew the push for a revised sanctions regime in the coming months though whether it will be any more successful next time around remains to be seen.

The preceding discussion assumes, of course, that Saddam Hussein remains at the helm in Iraq over the next year. There has been recent speculation that this might not be the case. At the 12th conference of the ruling Baath party in May, Saddam's 34-year-old son, Qusay, was elected to the Regional Command of the party, his first senior official title. Shortly thereafter, Saddam appointed him as one of two deputy commanders of the party's influential military branch. These appointments come in addition to Qusay's responsibilities as head of the regime's elite security forces and were seen as evidence that Saddam is grooming his second son to succeed him.

The Oil Weapon Fizzles Out

In response to the UNSC's 31 May decision to extend the oil-for-food program for one month only, Iraq cut off its oil exports, removing some 2.2 million b/d or 3.3 percent of global crude supplies from the market. The move had little initial impact on oil prices. Anticipating a possible disruption as the ninth phase of the oil-for-food program drew to a close, oil traders had already factored this into their market calculations. Nevertheless, oil prices edged up to a four-month high of US$30 in mid-June as worries grew in the market about a prolonged absence of Iraqi oil. However, they fell almost US$5 by the end of the month on news of surprisingly large US crude and gasoline stocks. Shortly thereafter, the UNSC agreed to roll over the oil-for-food program unchanged, and Iraq indicated that it would resume exports.

Though Iraq succeeded in evading smart sanctions, at least in this round, this success had nothing to do with its oil gambit. The feared price spike following the cut-off did not materialize due to weak oil demand, the build-up of crude and oil products stocks, and OPEC's reassurances that it would defend its US$22/b – US$28/b target price band. The Iraqi oil weapon turned out to be of marginal importance to the diplomatic manoeuvrings surrounding the smart sanctions proposal. So long as the global economy teeters on recession – and, hence, the demand for oil remains weak – the oil weapon is unlikely to prove effective in the diplomatic flare-ups with Iraq that are bound to come in the future.

Rumours of Saddam's voluntary or involuntary "retirement" have been heard oftentimes in the past. Many of these rumours originate with the Iraqi opposition and are nothing more than wishful thinking. Nevertheless, Saddam will one day disappear from the scene. Until then, though, no change is anticipated in Iraq's basic foreign and security policies: ending sanctions and rebuilding its WMD programs.

Iran: No Breakthroughs on the Horizon

On June 8th President Khatami won re-election to a second four-year term with an overwhelming 77 percent of the vote. This was the fourth electoral victory for the reform movement in as many years. Yet Khatami's win was not a turning point in Iran's political development. Rather, it should be seen as another step on the long and hard road to his long-term goal of recasting the Islamic Republic as a religious democracy. In the more immediate future, there are unlikely to be any dramatic breakthroughs either in Iran's relations with the US or in the reform movement's continuing struggle with the conservative clerical establishment at home

A significant improvement in US-Iranian relations in the coming months is unlikely. There were expectations early on that the Bush Administration might be more willing to open up to Iran. Bush and his team were thought to be more sensitive to the US oil industry's frustration at being shut out from the Iranian oil sector. The President and his advisors were sceptical of unilateral and multilateral sanctions in general, seeing them as politically ineffective and damaging to US business interests and energy security.

So far this expectation has not been borne out. In March the Administration renewed the unilateral embargo on US investment in and trade with Iran. In July it blocked Iran's application for membership in the World Trade Organization. In August Bush bowed to overwhelming Congressional support for a five-year renewal of the Iran and Libya Sanctions Act even though he had originally sought a simple roll over with a two-year extension.

The Administration's hesitation to reach out to Iran stems from long-standing American concerns with Iranian policy in three areas: weapons of mass destruction, terrorism and the Middle East peace process. Work continues on Iran's Shahab-series of medium- and long-range ballistic missiles, and Iranian companies are suspected of purchasing on the black market the materials and technology needed to build nuclear, chemical and biological weapons. On the terrorism front, the State Department's annual report released in March charged Iran with providing financial, material and training support to Lebanese and Palestinian terrorist groups. Three months later a Justice Department indictment claimed that elements in the Iranian government "inspired, supported and supervised members of Saudi Hizbollah" involved in the 1996 bombing of the Khobar Towers in Saudi Arabia, though no Iranian officials were named. Finally, Tehran has taken an increasingly tough line on Israel and the Middle East peace process since the *intifada* broke out, hosting in April a two-day conference in support of the Palestinians to which the leaders of Hizbollah, Hamas and the Palestinian Islamic Jihad were invited. So long as Iran does not moderate or reverse its policies in these areas, Washington is unlikely to make a dramatic overture to Tehran.

Nor is it likely that Tehran will make the first move towards Washington. The majority of Iranians and most politicians – apart from conservative hardliners – are open to restoring normal relations with the US. For reformers, restoring ties with the US is part of Khatami's "dialogue of civilizations" and the most important step in resuming normal relations with the international community as a whole. For both free-market reformers and conservatives, it is essential in order to attract the foreign investment and technological know-how needed to revive Iran's stagnant economy. Nevertheless, Iran nurses its own grudges against the US for which it wants satisfaction: US involvement in the 1953 coup, its twenty-year freeze on Iranian assets and its support for Iraq during the Iran-Iraq war, among others. The bottom line is that Tehran will not deal with Washington except on the basis of equality and mutual respect.

Thus, official relations are not likely to take off any time soon. Nevertheless, the two sides could move ahead, quietly facilitating people-to-people contacts and other low-level confidence-building measures. Formal government-to-government talks are unlikely, though, so long as both sides insist that their respective grievances serve as the basis for discussions. And any positive movement could be quickly derailed should there be some dramatic turn in the issues that divide the two such as a breakthrough in Iran's WMD programs or evidence of Iranian complicity in the recent New York and Washington terrorist attacks.

As with so much else in Iran, the future of US-Iranian relations ultimately depends upon the fate of the reform movement. Khatami and the reformers are in the thick of what sometimes seems to be a losing battle with the conservative clerical establishment. Yet, as Khatami constantly advises his supporters, the reform program will ultimately prevail if only they remain patient and persevere.

As in Khatami's first term, however, change will come slowly and with

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Making Waves in the Caspian Sea

On 23 July an Iranian gunboat and military aircraft ordered two Azeri-licensed survey vessels operated by British Petroleum to leave the disputed Alborz (Aroz-Allov-Chrag) block in the Caspian Sea. BP later announced that it would suspend pre-sounding seismic studies of the seabed in the area for the foreseeable future. Russian President Putin expressed concern that the dispute could get out of hand and insisted that any use of force was unacceptable. Meeting after the incident, Iranian Ambassador Akhad Gazai and Azeri President Haydar Aliyev agreed to resolve the dispute through negotiations.

At issue is an offshore oil field estimated to hold 300 million metric tons of oil and 400 billion cubic meters of natural gas valued at US$9 billion. However, this is part of the larger question of dividing up the Caspian Sea. Iran maintains that the Caspian should be treated as a lake with each state receiving an equal 20 percent share. Russia, Kazakhstan and Azerbaijan argue that the Caspian should be treated as a sea with the sea floor divided into national sectors leaving Iran and Turkmenistan with less than 20 percent each. Turkmenistan has not yet declared its position though, like Iran, it currently disputes ownership of several blocks with Azerbaijan.

The five states are supposed to hold a summit meeting in Turkmenistan this October though two previous summits have been cancelled so far this year. Russia, Kazakhstan and Azerbaijan may offer Iran commercial benefits in order to compensate it for the loss of potential offshore oil should it accept a smaller slice of the Caspian. Iran has thus far proved to be a stubborn negotiator. Some experts pessimistically predict that the dispute could drag on for years. All sides are concerned that the Caspian may become a new zone of instability in the future.

difficulty. After the reform movement's victory in the February 2000 Majlis elections, the conservatives redoubled their determined rear-guard action, using the powerful state institutions – the judiciary, state broadcasting media, security forces, and Guardian and Expediency Councils – in their control. The judiciary cracked down on the reform press, closing some 40 newspapers and sentencing many of their editors and journalists to lengthy prison terms. It revived the controversial practice of public floggings to curb crime and punish violations of Islamic strictures. Security forces rounded up dozens of religious-nationalist intellectuals and members of the banned Freedom Movement throwing many into solitary confinement. Despite constitutional guarantees of immunity in carrying out their official duties, more than 30 reform members of the Majlis have been summoned before the courts in recent months. Three were sentenced to jail terms ranging from 12 to 22 months for slanderous and inciting speeches they allegedly made.

Nor have the reformers had much success in advancing their legislative agenda. This past summer, the conservative-dominated Guardian Council rejected key pieces of legislation including a political crimes bill and a bill on private and foreign investment. The Majlis tried to fight back, rejecting five of six candidates put forward by the judiciary chief to fill three slots on the Guardian Council. Supreme Leader Ayatollah Khamenei stepped into the fray, first delaying Khatami's inauguration then imposing an electoral procedure on the Majlis that resulted in the election of two conservative candidates.

Despite these setbacks, reform is firmly entrenched on the political agenda. Most politicians – apart from archconservatives – now call for some kind of reform. Moreover, there are indications of a split between conservative hardliners and moderates. The latter advocate a "new religious thinking," a more modern and flexible reading of Islam adapted to the 21st century. These moderates hope to win back the younger generation whom they accuse the hardliners of alienating with their "fossilized thinking."

The split in the conservative faction together with divisions between gradualists and radical secularists in the reform movement could signal the emergence of the more pluralist religious democracy that is the goal of Khatami's reform program. Indeed, new coalitions could form between moderate reformers and conservatives creating a centrist bloc favouring greater social and political freedoms and a free-market economy.

The ease of the transition to religious democracy will depend in large part on the actions of the Supreme Leader. Khamenei has neither the charisma nor the religious credentials of his predecessor, Ayatollah Khomeini. Nevertheless, he does occupy the most powerful institutional post in the Islamic Republic. Though he naturally inclines towards the conservatives, he appears to be genuinely trying to balance the competing factions within the Republic. His strategy to date seems to be to slow the pace of reform and nudge it more towards the economic realm without fundamentally undermining Khatami's program, this so as to avoid a violent confrontation between extremists on both the right and left. Khamenei's moderating role, Khatami's reluctance to call out his supporters to the streets and the general aversion among Iranians for violent upheaval after years of revolution and war suggest that an explosion between hardliners and reformers is unlikely in the near future.

James W. Moore

The South Caucasus

Georgia, Armenia and Azerbaijan have not recovered from the destruction of economic relations after 1991. Georgia and Armenia's economies are dependent on remittances from citizens working abroad (mostly in Russia) or international aid; they depend heavily on Russian energy supplies for which they owe large sums. Azerbaijan is better off, but income from energy reserves has not trickled down very far. Independence in 1991 was followed by wars (over much the same issues as those following the collapse of the Russian Empire in 1917); none of the issues that triggered them – in general, caused by the chauvinism of the titular majorities – has yet found a political settlement. The three countries are poor and inherently unstable.

Azerbaijan appears the most stable, but its stability depends on President Aliyev who is 78 and has heart problems. The unsettled question in Azerbaijan is whether it is a Turkic state, part of some potential Greater Turania or a local state that must deal with its two large neighbours. Aliyev, because his support is rooted in pre-independence factors, has been able to side-step this question, but it remains. Representatives of the other two ideas, which held power in Azerbaijan before being overthrown by coups, remain active and 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. He is dead now, but his cause lives on in periodic insurrections in Mingrelia. The wars helped destroy the economy, which otherwise ought to have been one of the best of the USSR successor states. Tbilisi controls little of the country: South Ossetia and Abkhazia are *de facto* independent; Mingrelia, Ajaria, Svanetia and Akhalkalaki pay little attention to Tbilisi's writ; and Chechen gunmen control the Pankisi Gorge in Kakhetia. Like Aliyev, also a former Communist Party First Secretary, Shevardnadze is fairly old (73), and Georgia could again collapse into civil war on his departure.

The Karabakh war remains in stasis, and periodic skirmishes have not broken the ceasefire, which has now held for seven years. But the war has drained Armenia's economy, and Karabakh politicians (the president himself used to be the leader of Karabakh) and issues dominate politics. Armenia needs a settlement of the Karabakh question with Azerbaijan if only to be able to profit from Azerbaijani oil money. There have been persistent rumours for months that a land swap has been agreed between the two presidents, but such an agreement has proved impossible to sell to the combatants of the three sides. War veterans frequently remind governments of their latent power.

The hydrocarbon deposits in the Caspian Sea have attracted the world's interest, but pipeline and production agreements could collapse at any moment in a realignment of the political tectonic plates. Much of Western policy in the area is based on a profound ignorance of its complexities and deep-rooted problems. "Bumper sticker" policies about Russian hegemony, "Western orientations" or "emerging democracies" not only miss the true roots of the tensions but can and have made them worse. Only time and a degree of prosperity can stabilize the area, but there is little of that visible.

Central Asia

Most of the leaders of the Central Asian states would agree that stability is of 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 their neighbours 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 concerned about the threat Islamic *jihadism* poses to their fragile countries, and their concern is steadily growing – for three years now insurgents have invaded Central Asian countries. *Jihadism* has also attracted the attention of the United States, and the summer of 2001 saw the previously unimaginable sight of an American general encouraging the Central Asian states to cooperate with Russia to fight "terrorism." Even Uzbekistan, which had previously paid little attention to regional groupings, joined the "Shanghai Five," an organization that speaks a great deal about cooperation against "terrorism." In other words, a tacit alliance of Russia, the Central Asian states, China, India and the USA is starting to form. All states fear that a Taliban victory in Afghanistan could free thousands of fighters.

The intersection of geography and *jihadism* means that Russia's influence will remain strong. Russia has the indispensable 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. The important developments this year were the relaxation of pseudo-geopolitical concerns and a gradual emergence of the idea that Russia can be a partner with the West in this fragile area.

G.P. Armstrong

Caspian Energy

Much ink has been spilled about a new "Great Game" and a perceived zero-sum competition between Russia and the West over energy resources in the Caspian Basin. Passions have cooled somewhat. The reserves are not as large as formerly predicted: it is another "North Sea", not a "Gulf." Apocalyptic predictions about Moscow's intentions lose conviction as time passes. Thus far the post-USSR producing fields are off Baku (Azerbaijan) and at Tengiz (Kazakhstan). Two more large fields are being developed in Kazakhstan. Uzbekistan and Turkmenistan are significant producers from Soviet times. The question of how these hydrocarbons are to be got out of the area has seen much geo-strategic posturing that has ignored commercial and geographical realities. The two new operating lines are Baku-Supsa (Georgia) and Baku-Novorossiysk (Russia). Tengiz-Novorossiysk should start flowing by the end of 2001. Work has begun on a gas line under the Black Sea from Russia to Turkey. Soviet-era pipelines run into Russia. The Clinton Administration put effort into advocating a line through Georgia to Turkey, but nothing has been built. The cheapest method – location swaps – is blocked by Washington's determination to avoid Iran. The likely outcomes are that finds will be made in the Russian and Iranian sectors, that the resources will be divided into exclusive national zones – Baku's position from the beginning – and that a multiplicity of pipeline routes will evolve. The greatest danger is that Armenia, Karabakh and Abkhazia, which get nothing from the deals, will be in a position to sabotage them.

South Asia

Political and Economic Developments

The South Asia region has long experienced serious political violence, which shows signs of increasing. Perhaps the most dramatic recent political developments in the region have occurred in Nepal and Bangladesh. During the past decade, government life-spans in Nepal have averaged little more than a year. Worse, in June 2001 the popular King Birendra was murdered, and his successor seems less able to play a unifying role. The mutual loathing of the two main parties in Bangladesh means that the one in opposition routinely resorts to violent protest to unseat its rival. But after a history of two presidential assassinations and three successful and 19 failed coups, a Bangledeshi parliament completed its five-year term for the first time in 2001. Sri Lanka has long had an active multi-party system, but it is now showing signs of stress. In June 2001 the government lost its majority and immediately prorogued parliament to head off a non-confidence motion. In Afghanistan, Taliban showed a remarkable degree of popular control when it decreed an end to poppy growing and in one season wiped out three-quarters of the world's opium supply.

Regional economies have performed relatively well in recent years, but with increasing populations, growth rates are insufficient to remedy social and political ills. Thus, in Nepal an average growth rate of 4 percent in recent years has not been enough to absorb the nearly 500,000 young people who enter the labour force annually, resulting in many unemployed youths joining a burgeoning Maoist rebellion. Political violence, the global economic downturn and natural disasters are beginning significantly to affect regional economies. In Sri Lanka, the 18-year civil war is thought to reduce GDP by 2 percent, and World Bank estimates suggest that protests in Bangladesh have cost over US$5 billion in lost production and exports during the past five years.

Political Violence

Intra-state conflict is endemic in South Asia where the main security threats to regional states are internal rather than external. Ethnic and tribal disputes, sectarian and communal strains, resource competition, cross-border sanctuaries and external meddling, and a lack of political accommodation fuel internal conflict. Afghanistan has been at war for over two decades, Sri Lanka for 18 years and Nepal for nearly six. Bangladesh's main insurgency is dormant, but its history of political violence continues unabated.

In Afghanistan, neither Taliban nor its opponents can break the current stalemate. Taliban has the advantage of numbers and equipment and has some effective fighters in a core of foreign militants. The opposition has manpower and logistical problems, but it is showing unaccustomed unity, has opened guerrilla fronts behind Taliban lines, and is receiving increased material support from its foreign backers. Afghanistan's role as a nursery of *Jihad* – in the Middle East, Chechnya, Central Asia, Kashmir, the Philippines, China and now, most devastatingly, the US – attracts international attention to the war in that country in a way the conflicts in Nepal and Sri Lanka do not. The UN has placed an

arms embargo on Taliban, and the US has been growingly supportive of the opposition. In contrast, Taliban's main foreign backer, Pakistan, has been under increasing international pressure to curtail its support. The terrorist attacks in the US will make that pressure virtually irresistible, gradually eroding Taliban military capabilities. Taliban's isolation has greatly enhanced the influence of Osama bin Laden and the "Afghan Arabs." Wanted more than ever by the international community, bin Laden has every reason to urge isolationism on Taliban. As a key source of manpower and equipment, he has the leverage to effect his views, and Taliban's association with him blocks any hope of its escaping his embrace.

Figure 1. Ethnic Groups in Afghanistan

Maoist rebels now control perhaps a quarter of the districts in Nepal. India and China would oppose anything that undermined Nepal's stability, but India's solo peacekeeping effort in Sri Lanka (1987-90) shows the limits of military intervention in a thriving regional rebellion. The Nepalese army has largely remained above the conflict, a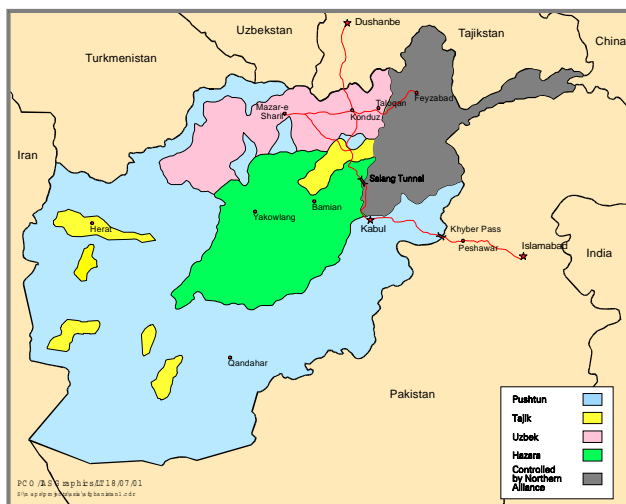nd, in fact, the terrain and social environment make it hard for even the army to suppress so developed an insurgency. The new government is leaning towards a negotiated rather than a military response to the rebellion – its first act was a cease-fire – but it has also decided to create a paramilitary police force. With a growing insurgency, a new and less popular King, an army waiting in the wings, and concerned and powerful neighbours, the truce is likely to be little more than a pause in a protracted internal crisis in Nepal.

In Sri Lanka, the Liberation Tigers of Tamil Eelam (LTTE) have a very sophisticated procurement system, which enables them to mount conventional military operations in which government forces are regularly mauled. Crash rearmament programs have staved off disaster for the government, but the military and economic costs have been huge. Recent operations indicate that a military solution is unattainable. The international community is making some effort to resolve the conflict. For two years Norway has tried to arrange a dialogue, Sri Lanka's creditors have exerted mild pressure, and in 1997 the US placed the LTTE on its list of proscribed organizations. Similarly, in February Britain banned the LTTE under new anti-terrorism laws, forcing the Tigers to move their "international secretariat" from London and disrupting their fund-raising. Despite international pressure and war weariness, the strong commitment to full independence of the LTTE leadership and the hostility towards that goal of Buddhist leaders suggest that the military stalemate allied to periodic peace overtures and constitutional initiatives will persist for the medium term.

Compared with some of its neighbours, Bangladesh's current experience of political violence is relatively mild, but it comes in several varieties, any of which could

(as in the past) escalate. For the present, the main source of conflict is the rivalry of the main political parties, which regularly ends on the streets. From the 1970s Bangladesh experienced over two decades of tribal insurgency, typical of that part of the world. While a 1997 peace treaty formally ended the insurgency clashes between settlers and tribesmen still recur. There have also been signs of the sectarian strife found elsewhere in the region with a number of bombings around the country and reports of a Taliban-style movement establishing training camps in difficult terrain near the Burmese border.

Military Developments

Limited defence budgets and preoccupations with internal security in most South Asian states make for limited military capabilities. However, these factors conduce to a strong regional contribution to UN peacekeeping, which would normally be a source of revenue (although in 2000 the UN owed Bangladesh, India, Nepal and Pakistan over US$300 million). In June 2001 four of the top 11 contributors to UN peacekeeping were from South Asia with regional states providing 29 percent of the military personnel on UN missions; Bangladesh was far the greatest contributor. In addition to peacekeeping, regional countries share a number of military characteristics. They all rely on voluntary enlistment, a particularly surprising fact in Sri Lanka where casualties and desertion seriously deplete government manpower. Another feature is the tendency for heads of government to retain the defence portfolio or to play a leading role in the armed forces, which ensures that the armed forces play a political role, in some countries more than others (notably Bangladesh but also, on the sub-continent, Pakistan).

Sri Lanka is the country whose military operations most closely resemble a conventional model in that the LTTE has the capability to engage in set-piece battles, forcing the government to respond in kind and to spend relatively lavishly on equipment. Thus, in August 2000 supplementary estimates increased the defence budget by over 50 percent to pay for weapons hastily procured to stall the LTTE drive on Jaffna early in the year. Most other regional militaries have neither the requirement nor the budget to do the same. Inter-state conflict has been rare in the region over the past quarter-century although there have been periodic border clashes between India and Bangladesh. These clashes, resulting from the existence of some of 161 cross-border enclaves and the influx into India of Bangladeshi migrants, are normally relatively minor (though 19 soldiers were killed in one in April 2001) and are fought by paramilitary rather than regular forces.

Conclusion

Political violence in South Asia shows few signs of abating. Afghanistan's role as a nursery of *Jihad* threatens countries outside the region as the events of 11 September showed. This brings it a disproportionate share of international attention, affecting the military balance in the country. Conflict elsewhere in the region impacts international security less directly – particularly now with Western attention on transnational threats – and thus external pressure is likely to play less of a role than domestic factors in determining the directions taken by regional countries in the near- to medium-term.

Tony Kellett

India and Pakistan

In Agra in July 2001 India and Pakistan tepidly renewed the dialogue begun at Lahore in February 1999 and ended three months later by the Kargil conflict. Potentially of far greater significance, the September terrorist strike on the US will have the effect of greatly increasing international pressure on Islamabad to rein in its support of guerrilla groups in Kashmir.

Political and Economic Developments

Politically, both countries have been relatively stable for the past two years and are likely to remain so for at least as long. In India, the governing National Democratic Alliance (NDA) led by the Bharatiya Janata Party (BJP) began 2001 full of reformist energy symbolized by the February budget. However, a bribery scandal, soon followed by five state elections in which the BJP generally did poorly, eroded the government's credibility and stalled its reforming momentum. Prime Minister A.B. Vajpayee has been distracted by fatigue and ill health, and strains are showing within both the NDA and the BJP. The emollient and popular Vajpayee is likely to be better at papering over the cracks in the NDA than would be L.K. Advani, the Home Minister and heir apparent, but ambition, state politics and dislike of the opposition Congress Party will probably suffice to enable the coalition to complete the balance (three years) of its term.

On 20 June 2001 Chief Executive General Pervez Musharraf elevated himself to the presidency of Pakistan. The National Security Council, which was set up after the coup, was expanded in size and authority, institutionalising the role of the armed forces in Pakistan's political life. While the Pakistani government has focused on economic and administrative reforms, cuts in subsidies, water shortages, rising fuel costs, high prices and decreasing law and order have provoked growing public unrest. However, the Islamic parties have not so far been able to capitalize on discontent. Musharraf is wary of the street power of the Islamic parties but, unlike a military predecessor (Zia-ul Haq), has not so far played the Islamic card.

By international standards, Indian economic performance during the past decade has been excellent, but the 5.2 percent growth recorded in 2000-01 is the lowest in recent years. Agricultural performance has been poor, manufacturing is weakening, investment is lagging, unemployment growing and even confidence in the information technology sector is fading. A series of reforms in the 1990s helped to open the economy, and the February budget seemed to signal a second phase of liberalisation. However, it has yet to take hold and may be more difficult to implement than the first. India suffers from severe infrastructural problems, low productivity, restrictive labour rules, corruption and large central and state deficits. India's economy is likely to continue to perform relatively well but significantly below both hope and potential for some time to come.

The World Bank termed the 1990s a "lost decade" during which poor policies, political instability and corruption stalled the economy. As in India, weak agricultural performance conditioned by several years of drought has limited growth. Government austerity has taken a toll, unemployment is rising and the proportion of the population falling below the poverty line has increased dramatically. Yet by making progress in

meeting IMF requirements, the regime won a breathing space in May when the World Bank pledged the first large loans since 1997.

Foreign Relations

In recent years the foreign policies of the two countries have strongly contrasted each other as well as being reversals of historical patterns. From being an object of Western suspicion during the Cold War, India now finds global powers beating a path to its door. Yet its search for great power status falls frustratingly short of full achievement. From being a favoured partner to the West prior to 1990, Pakistan's nuclear ambitions, its 1999 coup and its support for Taliban have lost it many friends, making the recovery of international legitimacy a primary foreign policy objective.

India's foreign policy has shifted from non-alignment and the support of causes to viewing issues in terms of its security interests and great power aspirations. India's ties with both the US and many of the countries that criticized the 1998 nuclear tests are improving, lending credence to the Indian view that major states respect the language of power. Washington is progressively lifting the sanctions imposed on India while delaying such action *vis-à-vis* Pakistan, a sign that New Delhi's longstanding aim of being de-linked from its regional rival is bearing fruit. In the past, American officials have stressed that India's conflict with Pakistan ultimately limits US-Indian strategic ties, but as a country under direct *Jihadist* attack, and following the terrorist strikes on America, India will be more firmly drawn into alliance with the US. India's relations with China have been improving, but rivalry, India's concerns about China's strategic reach in the waters around India, Chinese support for Pakistan and New Delhi's *rapprochement* with Washington sustain the wariness between them.

Musharraf's frequent foreign visits, his government's compliance with an IMF austerity program and his acceptance of Vajpayee's invitation to Agra point to improved international relations being as salient an influence on Pakistani policy as domestic considerations. The litmus test was always likely to have been Islamabad's support for Taliban. Until 11 September, that test would have taken the form of Pakistan's acquiescence in the deployment of UN monitors on the Pakistan-Afghanistan border to help enforce sanctions. The terrorist attacks will put Pakistan under tremendous pressure for having supported Taliban (and thus, indirectly, Osama bin Laden). The government will have to choose between its wariness of Islamic groups and the international support it has been seeking. Pakistan and China have had warm relations for over three decades, and in May Prime Minister Zhu Rongji paid a very cordial visit during which a number of deals were approved including one providing Chinese financial support for a major deep-sea port in western Pakistan (Gwadar). Further, US intelligence sources are alleged to have found continued Chinese support for Pakistan's missile program during 2001. However, Beijing is wary of Islamic extremism, and China's support for the UN monitors was a blow to Islamabad. The US traditionally treated Pakistan as a close ally and remains by far Pakistan's largest trading partner. Yet a series of issues bedevil US-Pakistan relations: the 1999 coup, a fear that Pakistan could be spreading nuclear capabilities to other states (notably North Korea), Islamabad's reluctance to sign the Comprehensive Test Ban Treaty (CTBT), Pakistani support for Taliban, the country's

internal situation, Islamabad's failure to act against terrorist groups based within Pakistan, and, above all, the 11 September attacks.

India-Pakistan relations are gravely complicated by contradictory assessments of the issues that divide the countries. Pakistan insists that Kashmir be recognized as the "core issue" while India wants Pakistan to address "cross-border terrorism" (however, New Delhi dropped its earlier insistence that "cross-border terrorism" cease before negotiations even begin). These differing perspectives were very evident at Agra. Kashmir is far more central in Pakistani political life than it is in India's although nationalist elements of the BJP are traditionally hostile towards Pakistan and demand a hard line on the issue. The Indian invitation to Musharraf to visit Agra seems to have been based on a belief that Pakistan's economic frailty and international isolation weaken its bargaining position. For his part, Musharraf told Pakistani editors that it was *Jihadi* pressure in Kashmir that forced India to the table. Such beliefs discourage compromise. However, while the summit failed to live up to expectations, both sides were at pains to leave the door open for continued negotiation.

Islamabad also sees advantage in large numbers of Indian troops being tied down and demoralized in Kashmir. However, in response to the attacks on the US, Pakistan will probably be forced into reining in the guerrilla groups it supports in Kashmir. Such action is likely to be compounded by international assistance to India in maintaining the integrity of the line of control (LOC) in Kashmir. While all these actions would probably curtail the militants, they would not resolve the Kashmir issue nor improve India-Pakistan relations.

Defence and Security

Living in a dangerous neighbourhood and persuaded that military strength is the coinage of great power status, India is given to ambitious talk of large-scale spending and modernization. However, the reality is rather different. The Kargil conflict certainly loosed Indian purse-strings (the 2001-2002 defence budget shows a real increase of nearly 8 percent). About one third of the budget is earmarked for capital spending, but the three services are notorious for not spending all their allocations. Bureaucracy, corruption, poor inter-service co-ordination and attempts to indigenize production subvert procurement. Russia is trying to retain its position as India's main source of arms, but increasingly New Delhi is turning to other suppliers (notably Israel and France).

India's ambitious capital plans give priority to the air force. Although India's recent air doctrine envisaged a reduction in force levels – which is to be offset by technological improvement – the air force seems wedded to retaining a fleet of 700 combat planes. However, an Indian defence journal has reported that nearly 40 percent of the combat fleet is obsolete and will have to be replaced during the next decade. India is jealous of its control over its adjacent waters and has long been concerned by the possibility of China developing a naval presence in the Bay of Bengal. It now worries about its other flank: in December 2000 the Parliamentary Defence Committee warned of a threat to the country's communications, oil and other essential supplies in the north Arabian Sea. Thus, after years of being the poor relation to the other services, the navy's allocation in the latest budget rose relatively more than the others'. The army has the

greatest operational exposure of the services, a fact reflected in its changing procurement policies. For example, early in 2000 emphasis was placed on accelerated acquisition of 300 T-90 tanks to counter vehicles newly acquired by Pakistan. Only a few months later priorities were shifted from tanks to 155-mm howitzers in the belief that there was a more imminent threat in Kashmir than on the plains. The army also faces a severe manpower strain occasioned by its heavy involvement in internal security operations and in confronting the Pakistanis along the LOC in Kashmir. While the gap in conventional strength between India and Pakistan is growing, Indian assets are diluted by several factors. One of these is a severe weakness in joint operations, which was manifested in 1965, 1971 and in 1999. Logistics has long been an Indian weakness as Kargil again demonstrated, and a Defence Ministry report recently assessed India's rapid deployment capabilities as being "poor."

Unusually in a military regime, Pakistani defence spending has been frozen (in real terms, a 5 percent decline in 2001-02) widening the gap in conventional capabilities. This apparent restraint seems to reflect a realization among senior officers that a heavy defence burden is becoming economically infeasible. In addition, through their

Nuclear Weapons in South Asia

Nuclear weaponization in the region has proceeded far slower than seemed likely two years ago, probably more as a result of economic constraints and service rivalries than of international pressure. For some time to come, India and Pakistan are likely to rely on the deterrent value of the limited capabilities they have rather than strive for full-fledged nuclear arsenals. This is exemplified by Pakistan's refusal to copy India's test in January 2001 of an Agni-II IRBM and its reported reduction of funding for its nuclear and missile research program.

India and Pakistan both have nuclear-capable aircraft, and thanks to its external suppliers (China and North Korea) Pakistan can deliver nuclear weapons by missile. Although India test-fired an Agni-II IRBM in January 2001 and later said that the missile was ready for production, it may be some years before it acquires an operational missile delivery system. Thus, in the near term its nuclear delivery capacity will be limited to aircraft. In early-2001 the Indians claimed to be preparing a test launch of an ICBM based on the Agni for 2002. This claim was reinforced in April when India put a satellite into geosynchronous orbit, but re-entry and other issues suggest that an operational ICBM is still years away.

Both countries have weak nuclear infrastructures, a state of affairs likely to persist for a considerable time. India's nuclear command and control systems are rudimentary, a situation reflected in the continued failure to appoint a Chief of Defence Staff or set up a Strategic Command. Pakistan's command-and-control system is more developed, but its storage sites are reportedly less secure; neither has the technology to build hardened silos, and financial constraints militate against electronic locks and other protective devices.

Arms control efforts – notably the push to get India and Pakistan to accede to the CTBT – are bogged down and likely to remain so. International pressure has failed to budge Pakistan despite its financial vulnerability (a Pakistani central banker claims that non-signing costs US$2 billion yearly). New British data support earlier suspicions that the thermonuclear device tested by India in 1998 failed to explode fully, calling into question Indian attempts to maintain any sort of balance *vis-à-vis* China and exposing New Delhi to the temptation of another test. The powers have basically accepted the nuclear status of the two countries, and, in turn, India has tacitly supported National Missile Defence while opposing unilateral abandonment of the Anti-Ballistic Missile Treaty.

various foundations, the armed forces play a major role in the industrial, services and financial sectors, ensuring their interest in the country's economic health. Given that the regime is entrenching itself in Pakistani political life, any large spending increases seem unlikely in the near- to mid-term. In turn, this will reinforce the growing tendency for Pakistan to try to compensate for a conventional imbalance by emphasizing nuclear deterrence even if in practice economic debility constrains weaponization *(see box)*.

The US has cut all military transfers and training to Pakistan as a result of the 1998 nuclear tests, and thus Pakistan is increasingly looking to other sources – most notably China – and to indigenous development, upgrading and second-hand equipment. Thus, in the field of armour, after lengthy delays and large cost over-runs, it recently put in service the first batch of Al-Khalid main battle tanks (developed in conjunction with the Chinese) and is upgrading much of its existing tank inventory. In the past year it has purchased used Mirage aircraft from France and Australia. It has been trying to develop a multirole light combat aircraft with China (the Super-7), but its goal of acquiring Western subsystems including avionics has been thwarted by sanctions. Hence, it is looking at a stopgap buy of 30-40 less capable Chinese planes.

Pakistan's conventional military spending aims at attaining the maximum degree of self-sufficiency, trying to maintain armoured parity with India (in order to mount a riposte into India in the event Indian troops enter Pakistan), retaining a capability for aircraft-delivery of nuclear weapons, and building up a capacity for sea denial. Although the Pakistani armed forces are thought to be well motivated and reasonably well trained, their effectiveness is degraded by corruption, weaknesses in joint operations and an officer shortage. There are also signs of a growing Islamization particularly in the junior ranks, a trend that is for now held in check by the military's traditional professionalism. Although the regular forces are largely spared an internal security role, readiness is negatively affected by repeated resort to military personnel in civil affairs.

Civil violence is a constant problem in South Asia and is particularly serious for India since it affects its relations with its neighbours and has been a direct source of conflict with Pakistan. Some neighbouring states provide guerrilla sanctuaries, and the insurgencies offer an opportunity to tie down and weaken the Indian army. India has had mixed success in coping with insurgency. Success in Punjab and against some of the more than 50 guerrilla movements in the seven northeastern states is offset by the escalation of the insurgency in Kashmir and the persistence of inter-tribal disputes in the northeast. With foreign *Jihadis* increasingly displacing locals in the violence in Kashmir, the prospects of New Delhi finding accommodation with the insurgents progressively recede as the failure of two cease-fires in 2000-2001 demonstrated. The militants exploited the cease-fires to regroup, move into urban areas, attack and demoralize the police, and target the government's intelligence network. New Delhi has been trying to turn counter-insurgency efforts over to paramilitary forces, but since they are manned by seconded military personnel, this is a solution that only partially addresses the corrosive effect on the army of fighting insurgency.

For now, the Pakistani army does not face an insurgency problem although it has occasionally been drawn into a counter-insurgency role in the past, mostly in Karachi, and has to find officers for the paramilitary forces. However, the military role in government together with the return of Pakistani *Jihadis* from the campaigns in

Afghanistan and Kashmir, a steady decline in law and order, and a proliferation of small arms may eventually draw the army into the internal security role found elsewhere in the region. Pakistan's main internal security problem is sectarian (Sunni-Shi'a) violence, which also manifests itself in tribal clashes. In the first five months of 2001, 108 people were killed in sectarian incidents, and some of the recent targets have been high-profile individuals. This has provoked yet another government attempt to disarm the population, and this initiative appears to be more serious than previous campaigns that proved ineffectual. Any further government crack-down in response to the terrorist attacks will exacerbate internal security problems

Conclusion

Relative political stability, economies that are either performing below potential or are enfeebled, and a search for great power standing or international legitimacy have facilitated renewed dialogue between India and Pakistan. The dialogue resumed in 2001 is likely to continue. With probable strong international backing, India seems likely to take advantage of the opportunity to counter-attack the militants in Kashmir, and thus Pakistan's international defensiveness appears unlikely to eventuate in any sustained cease-fire and peace talks. However, with each side convinced of the other's vulnerability and both (especially Pakistan) afraid that significant concessions would incur negative political consequences, modest concessions (such as demilitarization of the Siachen Glacier) appear more likely than long-term ones (such as turning the LOC into an international border).

Indian and foreign assessments of Indian power tend to be exaggerated, but they do attract attention to – and, increasingly, great power rivalry in – the region. In the months after Kargil, it was widely feared that another conflict was imminent. Pakistan's growing conventional inferiority, added to the diplomatic costs of Kargil and the international hostility Islamabad will likely attract for the terrorist attacks in the US, caution against adventurism even of a plausibly deniable kind (e.g. "militant incursion"). Besides, Islamabad has been cultivating an image of responsibility to facilitate economic recovery. That even Pakistan, which increasingly relies on its nuclear deterrent, should apparently set limits on nuclear weaponization indicates the degree to which economic weakness restricts strategic ambition. For its part, India reaped enormous benefits from its restraint during the Kargil conflict and does not therefore seem likely, even under possible new management, to try conclusions with Pakistan, particularly since it will feel it has a green light to try to crush the Kashmir militants. In the process, New Delhi will align itself more firmly as a regional ally of Washington.

The international community has largely resigned itself to the nuclear status of India and Pakistan, and arms control efforts in the region are stalled. However, nuclear weaponization is proceeding far slower than appeared likely in 1998 and seems unlikely to speed up.

Tony Kellett

86

Northeast Asia

The regional security environment is fluid and unpredictable. China[1] and the United States loom large over the region in what has become a more overtly competitive relationship. At the same time, it appears that the political landscapes of the region's key states may approach critical junctures in the coming months. This, coupled with the economic downturn, may have serious consequences for regional stability. It is possible that within the decade the regional security system could be transformed. This does not mean, however, that it will be any more harmonious.

Economic Slowdown

With the exception of China, the economic picture is worrying. The anaemic economic performance of South Korea, Taiwan and Japan contrasts sharply with China's impressive growth. Elsewhere, Mongolia struggles to restructure its economy while North Korea has yet to find a way out of its self-imposed economic disaster.

South Korea. The economy has slowed down and unemployment worries have produced an increasingly ugly and fractious labour situation. Given that nearly one third of total electronics-related exports go to the United States, economic recovery depends largely on the performance of the US economy. The government has bought up 98 trillion *won* (US$76 billion) in bad loans over the past two and a half years, but banks still carry roughly 50 trillion *won* in non-performing loans. In July the government announced some new pump priming measures including bringing forward the spending of a supplementary budget and implementing additional public works projects. An IMF report released in August highlighted continuing structural problems. In particular it warned that the role of the government as part owner and supervisor of financial institutions, coupled with a major role as a guarantor of corporate debt, is hindering the pace of restructuring and risks impeding the development of a sound commercial banking system.

Japan. The economy is teetering on the edge of recession. In June Japan's trade surplus slumped by 86 percent from a year earlier largely due to falling foreign demand for electronics and semiconductors. If the government pushes forward with its reform agenda, deflation is expected to intensify. Personal consumption, which comprises about 60 percent of the economy, remains flat and is unlikely to improve given widespread job insecurity. At best, Japan can expect near-zero growth this year. A decade of deficit spending has left Japan with roughly ¥667 trillion (US$5.5 trillion) of debt making it the world's most heavily indebted country (130 percent of GDP). In the draft FY2002 budget released in August, the government will cap new borrowing next year at ¥30 trillion (US$245 billion) and will limit overall spending to ¥80 trillion. Public works spending will be cut, and new spending will go to areas such as education and social security. While the government does not appear to support tax increases, over time it is questionable how it can both contain its budget deficits and meet its escalating social security and health care costs.

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[1] For an in-depth discussion of the situation in China, see *Spotlight on…China*.

Taiwan. The economy has slumped badly. Exports, which account for roughly 50 percent of GDP, were down 28 percent for the year to July. Taiwan's weakening economy has been attributed to the drop in global demand for electronics products and to the competitiveness of mainland China. Consolidation of the banking industry is a pressing requirement, but shutting down weak banks in the run-up to elections in December is politically untenable. Instead, the government has set up a T$140 billion (US$4 billion) restructuring fund for credit unions, but it will take much more to clean up the banking sector. The reluctance of banks to extend new loans is also hurting Taiwan's firms, which is expected to lead to more factory closings. The government has decided to lift its cap on investment in China and will also ease restrictions on Chinese investment in Taiwan. These measures, likely to be implemented in conjunction with WTO entry, are meant to ease pressure on the economy. In the meantime, Taiwan's strong fiscal position (including US$111 billion in foreign exchange reserves and virtually no foreign debt) provides some cushion.

Political Change

The political dynamics of the region's key states are changing. South Korea is facing a leadership transition by the end of next year. This is affecting the already bitter tenor of domestic politics and the engagement policy with the North. Taiwan is gearing up for an election that will further intensify the divide between those favouring accommodation with China and those desiring more explicit autonomy. In Japan, the Koizumi government has a reform mandate, but it may not be able to overcome the vested interests of the bureaucracy and the ruling Liberal Democratic Party (LDP).

South Korea. The general public has a growing antipathy toward politics. Much of this disenchantment is directed at President Kim Dae-Jung for the failure of his government to provide leadership across a range of issues. Kim's engagement policy with North Korea has been effectively undermined by the weakening economy as well as the bitter public and political debate on the government's handling of the relationship. A succession of graft scandals has undermined faith in Kim's anti-corruption campaign. The unprecedented tax audit of six of the country's major newspapers has also been tainted by allegations that the ruling party is trying to muzzle those sectors of the press that have been critical of the government. Indications are that the opposition Grand National Party will win back the presidency in November 2002. If that occurs, Kim's legacy will be one of missed opportunities.

Japan. Just a few months ago, many predicted the imminent demise of the LDP. Koizumi Junichiro's victory in the April leadership race changed all that. In July the LDP-led coalition took the majority of seats being contested in the upper house giving Koizumi a clear mandate for change. He has promised structural reforms including forcing the banks to get rid of their non-performing loans and reining in public works spending, long the pork-barrel bastion of the LDP. He also wants to privatize public corporations and introduce greater transparency into government administration. The Japanese public appears ready to accept the pain if it will restore the economy and end patronage politics. The greatest impediment to reform is the LDP itself. If Koizumi's efforts are blocked, he has hinted that he is prepared to dissolve parliament and call fresh

elections. He might even leave the LDP. In August he was re-elected as party leader giving him a new two-year term to implement his reform agenda. He must move decisively if he is to succeed, or he may become another political casualty by the end of the year.

Taiwan. Taiwanese politics are only getting messier. In June Lien Chan, leader of the opposition Kuomintang (KMT), announced that the party would cooperate with James Soong's People First Party (PFP) in the December legislative elections. In July allies of former president Lee Teng-hui established a new party – the Taiwan Solidarity Union (TSU) – that will run in the elections and cooperate in parliament with the Democratic Progressive Party (DPP) government of Chen Shui-bian. There are now calls to expel Lee from the KMT, but that may only wholly undermine the party's chances of retaining a majority in parliament. The emerging political divide is based largely on attitudes toward China. Both Lien and Soong have criticized Chen for tacitly supporting Lee's "two states" model for cross-Strait relations. Lee and Chen supporters, on the other hand, contend that Lien and Soong are selling out Taiwan to the mainland. Indeed, Soong is viewed as pro-reunification and the KMT now advocates a confederal model. Taiwan is set for a highly charged political campaign, but the outcome may be only a more fractured and bitterly divided parliament since the DPP and TSU may end up competing for the same votes and the KMT/PFP alliance appears to be unstable. The end result may be even more political gridlock.

Regional Security

Uncertainty and unpredictability colour the region's security environment. This is attributable to the turbulence in Sino-US relations and the continuing potential for conflict over Taiwan and Korea. Power relations are at their most fluid since the end of the Cold War. Consequently, regional states will continue to emphasize military modernization, and Northeast Asia will remain one of the most heavily armed regions in the world. While most militaries are defensively configured, the focus of recent acquisitions is on capabilities with enhanced range, endurance and accuracy. This undoubtedly reflects heightened requirements to prepare for potential regional contingencies as well as the underlying mistrust that underscores most bilateral relationships.

Missile Defence. The United States has committed to proceed with a layered missile defence system and is seeking to move beyond the "constraints" of the ABM Treaty. With Russia prepared to negotiate a new strategic understanding with the United States, China can either attempt to negotiate its own understanding or build up its strategic forces. It will likely try to do both. Within the region, moreover, most states including China are working to upgrade their air and theatre missile defence systems. This will add a new defence dynamic regardless of the eventual outcome of discussions among the nuclear powers. The size and capabilities of Chinese and North Korean offensive arsenals are growing, and the impetus to improve defence capabilities by other regional states stems primarily from this reality. Inevitably, the region will be more polarized along the missile/missile defence divide.

Sino-US Relations. The evolution of the relationship will critically affect the relative tranquillity of Northeast Asia. The long list of problems includes the Taiwan

question, US arms sales to Taiwan, US missile defence plans, allegations of Chinese espionage and missile proliferation, China's large trade surplus and human rights. In April the EP-3 incident, the announcement of a robust arms package to Taiwan and President Bush's statement that the US would do "whatever it took" to help Taiwan defend itself brought bilateral relations to a new low. Relations have since been restored to a degree of normality. Despite this, there seems little reason to doubt that the two view each other as at least potential competitors. Nevertheless, both sides will attempt to smooth over major differences at least until after President Bush's October visit.

The Taiwan Question. China's principal regional objective is to achieve the reintegration of Taiwan. The Chinese government has fostered direct contacts with opposition groups and business leaders in Taiwan as part of a wider effort to pressure the Taiwanese government to negotiate on China's terms. China also perhaps hoped that this would help the KMT and others to strengthen their control over parliament and ultimately force Chen from office. The political realignment underway in Taiwan may be dangerous to prospects for a peaceful resolution of the dispute. If China concludes that its strategy to isolate Chen has failed and if it sees him gaining strength in the legislative elections, there may be growing calls from within the military and elsewhere to adopt more coercive measures to induce favourable change.

The Korean Peninsula. More than a year after the summit, substantive improvement in bilateral relations has yet to materialize, and the process has effectively stalled since the beginning of the year. In a surprise move in early September, North Korea offered to re-start the dialogue. However, the lack of reciprocity in North-South relations has largely undermined support for the Sunshine Policy. Moreover, it is doubtful that Kim Dae-Jung has the public and parliamentary support to implement any new initiatives, barring some obvious signs of recipro-city. Meanwhile, the security situation remains unchanged. The North has ignored the South's confidence-building propo-sals and continues to insist that a peace treaty must be negotiated with the United States. The North has to date refused the Bush admini-stration's overtures to

> ### ROK-Japan Relations
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> In April Japan's Ministry of Education approved a new middle school history textbook that glosses over Japan's actions during the Second World War. Although the issue has led to official consternation in China (as well as North Korea), it has had its greatest negative effect in South Korea where there is great anger at the book's failure to mention the plight of "comfort women." In July Japan announced that it could make only two revisions of the 35 demanded by the ROK government. In response, President Kim has refused to meet with Japanese delegations, suspended military cooperation, cancelled student and teacher exchanges, and delayed the further opening of Korea to Japanese cultural products. The government has also asked Japan to remove tens of thousands of memorial tablets for Korean conscripts from the Yasakuni Shrine. Koizumi's visit to the shrine on 13 August has only inflamed the situation. Further aggravating the crisis, South Korea recently finalized an agreement with Russia to permit fishing operations in waters around the Northern Territories through November. In response, Japan has lodged diplomatic protests with both Russia and South Korea and banned ROK fishing vessels from the waters off its Pacific coast. So far the diplomatic dispute has had no effect on their close economic ties and preparations for next year's World Cup, but South Korea has signalled that it is prepared to risk other elements of the relationship.

resume discussions. With no movement in any of the dialogues, there is no prospect for improving the security climate. A sudden breakthrough is not inconceivable, but time may be running out with the ROK election looming.

Japan's Regional Role. The government's sense is that Japan faces a more dangerous security environment that requires heightened vigilance. This is centred largely on the threat posed by North Korea, but there is also anxiety about China's strategic intentions especially in light of recent incursions by Chinese ships and aircraft. All of the major political parties now support the alliance with the United States, and Japan has expanded its role to support US forces in a regional crisis. Parliamentary commissions are currently reviewing the "Peace Constitution," and the government has initiated a study of the collective self-defence issue. These actions may eventually lead to a re-interpretation or amendment of the constitution – a development which Japan's neighbours would find alarming especially given the history textbook controversy and Prime Minister Koizumi's August visit to the Yasakuni Shrine. While Japan is not returning to militarism, the cautious international behaviour of the past is seemingly being replaced by more assertive national and international behaviour. Japan will maintain its strong defence ties with the United States, but it will also seek to expand its influence in Asia. Over time this may also signal a resurgence of Japanese nationalism, hopefully in a more benign form than in the past.

Russian Re-engagement. Russia and China have drawn closer together as evidenced by the July signing of a new friendship treaty. The treaty can be viewed as strengthening the relationship in opposition to the United States given shared concerns about US missile defence programs, opposition to further NATO enlargement and a closer US-Japan relationship. However, Russia and China are not natural partners, and the degree of *rapprochement* reflects strategic and economic expediency, the latter particularly reflected in the arms relationship now worth roughly US$1 billion annually. Mutual suspicions of longer-term intentions persist, and both are hedging against the possibility that they may become strategic competitors. Russian interest also focuses on the Korean peninsula. Russia is supportive of the North-South dialogue particularly the proposed inter-Korean rail link and its possible connection to the trans-Russian rail system. Russia is also encouraging South Korean investment in the Russian Far East particularly in developing the region's extensive natural gas resources. The relationship now also includes the fisheries agreement covering the Northern Territories, which may be part of a Russian effort to pressure Japan to resolve the territorial dispute. While Japan has a vested interest in improving relations with Russia (to balance Russia's relationship with China), the fisheries issue may only have the effect of hardening Japan against compromise.

Conclusion

The regional security environment has become increasingly fluid. So many complex issues are at play in Northeast Asia that it is all but impossible to make predictions about the future. While there is no imminent prospect of a serious crisis erupting into conflict, it would appear that regional political and security relations will be more fractious in the future. Meanwhile, the changing domestic and economic circumstances of key regional states will likely exacerbate rather than ease regional tensions.

Elizabeth Speed

Southeast Asia

Southeast Asia appears to be adrift. It is leaderless and without direction at a time when most economies are weakening and facing a growing competitive challenge from China. Ethnic and religious tensions are rising in many countries, democracy in the region is under stress and systemic corruption continues to hamper economic performance and good governance. Indonesia[1], previously the region's leader, is riven by instability and violence and is in danger of fracturing. Overall, internal preoccupations coupled with a seeming incapacity to organize a meaningful regional response to key concerns mean that Southeast Asia's collective influence and importance have declined.

Weakening Economic Performance

It is hard to find good economic news in Southeast Asia. Before the 1997 crisis, there were warnings about the region's competitiveness, but many believed that the crisis would end fixed exchange rates and purge inefficient firms and banks. The crisis left a crippling amount of bad debt in banks and companies, but the purge did not occur and most of the bad debt remains. The current global slowdown particularly in electronics has also revealed the vulnerability of Southeast Asia's export-driven growth strategy. China is increasingly asserting competitive advantage as a low-cost manufacturer with lower wages, better-trained workers and superior infrastructure. It is also attracting much of the new foreign direct investment in Asia's emerging markets. China's economy is now almost twice as large as the collective economy of Southeast Asia – a dramatic turnaround from a decade ago. The following paragraphs highlight the worrying signs in the region's key economies.

Thailand. Exports, which contribute 65 percent of GDP, have stalled in 2001. This will deepen as global demand for semiconductors (which make up 35 percent of exports) slows and Thailand's two chief export markets – Japan and the US – continue to show signs of weakness. The export slowdown will have negative implications for both private investment and consumption. Prime Minister Thaksin Shinawatra has failed to live up to his bold campaign promises to provide a debt moratorium for farmers, a national health-care plan and a development fund for every village. The much more modest programs being implemented have deflated earlier hopes of a government-led economic revival. With public debt nearing 60 percent of GDP, there is little room for manoeuvre. The export slowdown will make it difficult to repay its foreign debt (Thailand is scheduled to pay US$9-US$9.5 billion to the IMF over the next three years).

Malaysia. With the decline of regional currencies against the US dollar, there has been widespread speculation that the *ringgit*, pegged at 3.80 to the dollar, may have to be devalued to maintain export competitiveness. While there are no plans to re-peg the *ringgit*, pressure on the currency remains. Moreover, the proportion of non-performing loans is again rising as is unemployment. The slowdown in the United States has fuelled pessimism about Malaysia's export-led growth prospects. The economy may still grow

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[1] For an in-depth discussion of Indonesia, see *Spotlight on…Indonesia*.

by three percent this year, but with commodity prices falling, stock market uncertainty and the prospect of widespread lay-offs, painful restructuring lies ahead.

The Philippines. The government is hoping for growth of more than three percent, but there is little it can do to protect the economy from global forces. More than 60 percent of exports are in electronics. However, the Philippines' two main markets are the United States and Japan, and in April alone exports of electronic components fell by almost 30 percent from a year ago. Personal consumption still accounts for 70 percent of the country's GDP, and it has remained strong largely because of growth in the agricultural sector, which employs more than a third of the country's workforce. Inflation also remains steady and may lead to cuts in the borrowing rate that would provide some breathing room for the manufacturing sector.

Singapore. The economy contracted in the first two quarters of 2001. The slowdown is blamed on weak global demand for high-technology equipment since more than two thirds of Singapore's industrial production is exported. The government has cut its growth forecast for the year down to 0.5-1.5 percent (it had forecast 5-7 percent growth at the start of the year). Despite these setbacks, Singapore is accelerating liberalization of the banking sector. Arguably, Singapore can afford further liberalization because of the country's enormous financial reserves. The banking industry's large surplus of deposits over loans means that banks can continue to lend without being paralyzed by non-performing loans. The central bank's reserves are over S$70 billion and growing. The government is also engaged in pump priming. This year's budget included corporate and individual tax cuts plus an additional S$10 billion in infrastructure spending over the next few years.

Impact on Defence Modernization. Through the mid-1990s the Southeast Asian "tigers" were able to afford higher levels of defence spending and the acquisition of advanced weapon systems. With the exception of Singapore, the 1997 financial crisis brought military modernization to a grinding halt. The economic upswing in 1999-2000 contributed to renewed interest in military modernization albeit on a more modest scale. The recent downturn in regional economies may affect defence budgets but certainly not to the extent experienced following the 1997 crisis. The new financial realities may help to curb some of the more competitive prestige impulses (such as Malaysia's desire to acquire submarines following Singapore's acquisition), but meeting basic national defence requirements in an increasingly uncertain strategic environment will still receive priority attention. The upsurge in internal security problems in the Philippines and Indonesia adds pressure to already limited defence resources. Neither have the necessary finances to make substantial improvements in existing capabilities without external assistance.

Democracy and Governance

Burma, Vietnam, Laos, Cambodia and Brunei remain firmly in authoritarian hands, a state of affairs that is unlikely to change anytime soon. While the original five member-states of ASEAN are all now democratic, there is more to democracy than periodic elections. Overall, good governance remains in short supply.

The Philippines. The inept and corrupt administration of President Joseph Estrada was brought to an end in January 2001. However justifiable, when the procedure for impeaching Estrada broke down in the Senate, it was the army not the constitution that forced him from power. The popular protests, reminiscent of the "people power" which drove Ferdinand Marcos from power in 1986, may have eventually had the same effect on Estrada, but the end came only when the military withdrew its support. This raises questions about the quality of Philippine democracy.

In June President Gloria Macapagal-Arroyo's allies secured a slim majority in the Senate. Having garnered support from the military, trade unions, the middle class, the business community and the Catholic Church, Arroyo must reach out to the poor, which make up the vast majority of the population. In her state of the nation address in July, she vowed to tackle red tape

> ### Southern Insurgency in the Philippines
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> The Abu Sayyaf hostage drama is in its third month with no end in sight. The group still holds 20 Filipino and US hostages on the island of Basilan. Although the Abu Sayyaf claims to be fighting for an independent Islamic homeland in the southern province of Mindanao, their main activity is kidnap for ransom. The Abu Sayyaf may be simply bandits, but the grievances of the Muslim community of the southern Philippines are real. The all-out offensive against the Moro Islamic Liberation Front (MILF) launched in June 2000 weakened the group but did not destroy it. With no military solution in sight, both sides have returned to the negotiating table. Formal talks began in June in yet another attempt to resolve an armed insurgency, which has cost an estimated 120,000 lives over the past 30 years. In August the two sides signed a cease-fire agreement and have begun to negotiate on developing war-ravaged areas and on Muslim claims to ancestral lands.
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> Nevertheless, the process has a long way to go to reconcile Muslim Mindanao's demand for secession from the predominantly Christian Philippines and the government's determination to maintain its sovereign integrity. Decades of oppression and neglect have made Muslim parts of Mindanao the most impoverished and destitute areas of the country. While MILF hardliners remain committed to establishing a separate Islamic state, other leaders concede that such ambition is unrealistic and that greater autonomy would be an acceptable compromise. Perhaps for the first time there is a real commitment on all sides to work for a peaceful resolution. Time will tell.

and corruption and promised "free enterprise with a social conscience." She announced that the government will spend 20 billion *pesos* (US$376 million) every year on farming and another 20 billion *pesos* to build 150,000 homes. She also promised a school building in every village by 2004 and more teachers. Calling for a period of political unity for at least a year to tackle the difficult problems ahead, she must find a way to share the country's wealth, now controlled by a handful of powerful families including her own. Her current term ends in 2004, and she can run for another six-year term. Ten years under Arroyo is arguably the Philippines' best chance at deep-seated reforms but only if she proves capable of following through on her commitments.

Malaysia. In July Prime Minister Mahathir Mohamad celebrated 20 years in power. While he has overseen remarkable economic development, he has been criticized for arresting his opponents, weakening the judiciary and placing curbs on the media. In July the government made its twelfth arrest since April under the Internal Security Act, which allows for detention without trial for up to two years. In mid-July the government

banned open-air political gatherings as a threat to national security. These actions are viewed as efforts to stifle dissent and have stoked growing popular anger. Mahathir has acknowledged the sharp decline in support for the ruling United National Malay Organization and has conceded that the government risks electoral defeat in 2004 if the drift in support continues. The source of the resentment stems from the treatment of Anwar Ibrahim but also includes government efforts to constrain media and Internet freedoms and to interfere in the judiciary as well as growing concerns about corruption and nepotism. While Mahathir has warned that growing support among ethnic Malays for the opposition parties' campaign for greater political freedoms and human rights risks plunging the country into violence and lawlessness like that of Indonesia, he has only himself to blame.

Thailand. In January the people elected the billionaire tycoon Thaksin Shinawatra in what was widely viewed as the dirtiest and most expensive election in Thai history. Thaksin's Thai Rak Thai party became the first in modern Thai history to enjoy an absolute majority in parliament. At the time, he was charged with deliberately concealing US$232 million in assets when he was deputy prime minister in 1997. On 3 August the Constitutional Court acquitted him in a controversial 8-7 vote. The case was regarded as a test for constitutional reforms introduced since 1997 to tackle corruption and make government more transparent. Thaksin was admittedly guilty of a technical violation of the law. Despite his popular mandate, the acquittal leaves the impression that important people can remain above the law. Thaksin has already announced his intention to rein in the powers of both the National Counter Corruption Commission and the Constitutional Court and may also attempt to reduce the independence of the newly reformed Senate (which has suggested it will investigate his acquittal). Thailand's much-vaunted political reform drive appears to be in jeopardy.

The Failure of ASEAN

ASEAN is effectively leaderless and its major members are distracted by internal political concerns. With the entry of four new members – Burma, Vietnam, Cambodia and Laos – concerted action has become all but impossible given the continuing adherence to the principle of non-interference in domestic affairs. The organization has been revealed to be a consensus-based "talk shop" lacking a capacity to deal with serious regional issues. ASEAN's institutional paralysis was revealed in its impotence in the face of the 1997 economic crisis and its inaction in response to the bloodshed in East Timor when it effectively surrendered moral and political leadership to Australia. In November 2000 the leaders of ASEAN also started to backslide on the organization's ambitious plan to create a free trade area. By 2002 roughly 85 percent of trade between ASEAN members was to be freed from tariffs. However, Malaysia has won a special exemption to protect its car industry, an action that casts doubt on the entire plan. Singapore is now negotiating bilateral free trade agreements with countries outside the region.

Piracy. Piracy in Southeast Asia is on the rise. Incidents in and around the Straits of Malacca and Singapore have increased at an alarming rate in both number and severity. According to the International Maritime Bureau, pirate attacks rose by 57 percent in 2000 compared to 1999 and were nearly five times higher when compared to 1991. Although Southeast Asia has tried to address the problem, its responses and

indigenous capabilities are inadequate. The core of the problem is in Indonesia. Facing a general breakdown of order and a host of internal problems, fighting piracy is not a high government priority. Furthermore, the ASEAN non-interference policy has hindered coordinated efforts to combat piracy with many countries being unwilling to prosecute pirates for acts committed in another country's jurisdiction. Despite their own inability to contain the problem, most remain opposed to foreign navy or coast guard vessels operating in the region.

The 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. There appears to be little prospect for a region-wide solution. ASEAN's role appears limited to its ongoing negotiations with China (now in their second year) to formulate a "code of conduct" for the South China Sea. Meanwhile, having lost

> ### The Thai-Burma Border
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> In addition to heroin, methamphetamines are flooding into Thailand from Burma. As many as 800 million tablets are expected to be smuggled into Thailand this year. The source of those drugs is the United Wa State Army (UWSA), which is closely associated with a faction within the Burmese military junta. In response, the Thai military has stepped up its border operations. In recent months the US military has begun training an anti-drug task force of army commandos and border patrol officers (Task Force 399). The US has also agreed to share satellite imagery and other intelligence information.
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> Thai military officials contend that Burma has ignored the Wa's drug production because the Wa is helping government troops fight another ethnic force in the area – the Shan State Army (which Burma believes is covertly supported by the Thai military). Burma has acknowledged that UWSA individuals may be involved in the drug trade but regards Thai estimates of the problem as overblown. The border area has long been a point of friction between the two countries with frequent disputes over the location of the border. Since early February the two sides have exchanged mortar and light-weapons fire on several occasions. It is an incredibly messy situation and one that seems unlikely to be resolved any time soon.

any prospect of recovering Mischief Reef, the Philippines is waging a rear guard action to keep the Chinese from erecting structures on Scarborough Shoal. Despite a flurry of arrests of Chinese fishermen, Philippine military weaknesses continue to make its exclusive economic zone a tempting target for further territorial encroachment by others.

Conclusion

The situation in Southeast Asia is grim, but there is nothing predetermined about the region's state of disarray. The tendency to blame others for the region's problems only masks the failure of individual states and ASEAN to make hard economic and political choices. Fundamental economic restructuring has yet to be undertaken, transparency in government and finance remains inadequate, and popular disenchantment with government is growing. There is much work to be done if there is to be any hope of Southeast Asia regaining the confidence and dynamism of the early 1990s. It is yet to be seen whether the region's leaders are up to the challenge.

Elizabeth Speed

Sub-Saharan Africa

This chapter examines some of the key challenges to security in contemporary Africa and their implications for Canada. It draws attention to the changing patterns of warfare and political violence in Africa, highlights signs of instability in some key African countries, and examines the efforts of regional and external actors to build and sustain peace on the continent.

Africa, probably more than any other region in the world, provides ample justification for continued support of a human security agenda by helping to address the political, economic and social factors that contribute to state failure, economic collapse and societal disintegration. The sources of insecurity and warfare in Africa do not lend themselves readily to short-term military solutions. Although military forces may be called upon in a variety of roles, success in these operations is only likely to be achieved when integrated into a more coherent vision of and approach to human security.

Evolving Patterns of Insecurity and Warfare in Africa

At the start of the new century, events in Africa reveal a disturbing paradox. On the one hand, fewer armed conflicts are raging than in any of the previous decades, and more democratically-elected governments are in power. On the other hand, armed

Figure 1. Africa

hostilities continue in a number of countries, and some of the continent's largest and most influential states including Nigeria, Zimbabwe, Kenya and South Africa are experiencing increasing degrees of instability. As of the beginning of the year 2000, 44 states world-wide – 21 of them in sub-Saharan Africa — faced the challenges of building and sustaining peace after experiencing some type of armed conflict, while simultaneously struggling with daunting socio-economic challenges.

Armed hostilities in contemporary Africa defy conventional descriptions and explanations. Patterns of conflict and insecurity are evolving in ways that do not correspond to traditionally held views of war and peace. In many cases, although the actual fighting occurs within the borders of a single state, the main groups opposing the government are heterogeneous. These include rebel forces, hired mercenaries, expeditionary forces sent by neighbouring states and what, for want of better terms, may be called armed bandits and criminal gangs. This has occurred most extensively in the west, eastern and central

regions of Africa such that, by the end of the year 2000, over 20 of the 45 countries in sub-Saharan Africa were involved in conflict or were directly affected by it.

As a result of these developments, in many contemporary African conflicts the very notions of the "military" and of "warfare" are being transformed. The increasing presence of the military in economics and politics (even in civilian administrations), and the increasing privatization of security manifest in the proliferation of private militias and mercenary forces, necessitate extending the conception of the role of the military in Africa beyond the focus on official security forces to include non-traditional security forces.

Sources of Insecurity in Africa

Traditional military threats are still salient in Africa as evidenced by the border war between Ethiopia and Eritrea that erupted in 1998. However, an exclusive focus on this dimension provides a limited understanding of security challenges in the contemporary period. Threats to security emanate from a broader set of political, economic and social factors located within African countries themselves as well as in the broader global political economy. The most important of these sources are failures in domestic governance, the intense competition over socio-economic resources and the breakdown of societal cohesion.

Failures of domestic governance have their sources in arbitrary and repressive leadership, the absence of mechanisms for peaceful change in government, and the breakdown in the authority and legitimacy of central government. These result in varying degrees of state failure. Somalia and Rwanda in the early 1990s provided the archetypical examples of failed states in Africa. However, a number of other African states exhibit varying degrees of failure including the Democratic Republic of Congo (DRC, formerly Zaire), Sudan, Angola and Sierra Leone. In addition, signs of possible state failure are evident in countries such as Zimbabwe, Kenya, Burundi and Cote d'Ivoire.

Economic sources of conflict in Africa arise from increases in absolute and relative poverty, economic imbalances and inequities, environmental degradation and so on. Twenty of the world's 35 poorest countries are in Africa, and 14 of these have experienced a major war. The evidence indicates that the increase in the incidence of state failure and warfare in Africa from the early 1980s onwards is related to declining economic conditions. Recent World Bank-supported studies have used statistical methods to show that the risk of war in poor countries is strongly linked to three economic conditions: low incomes or the existence of widespread poverty, slow economic growth and dependence on primary commodity exports.

Furthermore, intense competition over resources has generated a "new political economy of war" in Africa. Here, various warring factions turn to trade in high-value primary commodities (e.g. diamonds, gold, oil, and timber) to gain access to foreign exchange to finance their war effort. This has occurred most extensively in the conflicts in Angola, the DRC, Liberia, Sierra Leone and Sudan. The war in Sierra Leone, for example, was fanned by the desire of rebel groups in neighbouring Liberia to gain access to the country's lucrative diamond concessions.

These developments plus the proliferation of private militias, mercenary forces and an assortment of criminal gangs and networks suggest that in some conflicts in contemporary Africa the point of the war may not actually be to win it but to engage in profitable crime under the cover of warfare and disorder. In effect, state failure and disorder are often encouraged if not deliberately engineered by "warlords" in order to gain access to valuable natural commodities for export.

Although manifest domestically, this new political economy of war is sustained by a combination of demand and supply in the external environment. On the demand side, unregulated global markets create economic opportunities for those who profit from war. International networks purchase commodities obtained under controversial circumstances and provide safe havens for depositing the gains from such trade. On the supply side, one of the legacies of the end of the Cold War is an unregulated global arms trade in which military hardware is readily available to anyone with the means to purchase it.

Social sources of conflict in Africa originate in the cultural and social diversity of African societies (ethnic, religious, racial, etc.). Such diversity on its own, however, does not necessarily lead to armed confrontation. Ethnic and other social divisions in African societies are more likely to become sources of conflict when they are manipulated by elites in an environment of state failure and economic decline. Factors such as the concentration of power in particular groups, discriminatory socio-economic outcomes and exclusionary politics that magnify and politicize group differences are important factors that contribute to the outbreak of hostilities.

A particularly potent source of conflict in Africa lies in the intersection of ideology, nationalism and ethnicity. Intense political conflict occurs when nationalism, phrased in the language of universalism, excludes certain groups from full participation while simultaneously promoting their assimilation (or extermination). This phenomenon goes to the heart of the civil war in Sudan, one of Africa's most protracted conflicts. Attempts by the ruling elite in the north to define the Sudanese state as "Arabic/Islamic" led to the exclusion of the non-Islamic population (largely in the south of the country) from membership in the state. The intersection of ideology, nationalism and ethnicity also provided the basis for the genocide committed by Hutu extremists against Tutsis and moderate Hutus in Rwanda in 1994.

Another potential source of instability in Africa is the mass movements of populations — those fleeing to other countries (refugees) or to safer areas within the same country (displaced persons) to escape persecution and violence, and those seeking better living conditions elsewhere (migrants). Estimates placed the number of refugees and displaced persons in Africa at about 8.1 million in 1997. Africa also faces challenges from a range of endemic and epidemic diseases. These include malaria, tuberculosis and HIV/AIDS.

International and Regional Peacemaking and Peacebuilding

Efforts by third parties both regional and extra-regional to find solutions to Africa's conflicts have had mixed results. Intervention by the UN was successful in bringing about peaceful settlements to the conflicts in Namibia (1990) and Mozambique

(1992). In Somalia, however, the UN was forced to withdraw its forces in 1995. Moreover, some of the worst instances of violence in Africa occurred in the wake of internationally brokered peace initiatives and agreements. These failures were dramatized by the events in Angola where two UN-sponsored peace initiatives failed (the 1991 Bicesse Accords and the 1994 Lusaka Protocol) and in Rwanda where genocide occurred in 1994 in the midst of the implementation of the UN-supported Arusha Accords of 1993.

These failures have led to a degree of disengagement by the international community in African conflicts, which, in turn, has challenged regional and sub-regional organizations as well as key regional powers to increase their efforts in dealing with conflicts on the continent. However, regional and sub-regional organizations in Africa such as the Organization of African Unity (OAU) have limited resources at their disposal, and their interventions do not have the same legitimacy as those of the UN.

While the main regional powers such as Nigeria and South Africa can potentially play more active roles, their own internal problems weaken their ability to emerge in the short term as effective leaders to manage protracted conflict in Africa. Nigeria is plagued by internal political problems and communal/sectarian violence. In South Africa, tensions are mounting within the disaffected black majority over the failure of the post-apartheid "peace dividends" to materialize in the form of improved living standards and employment opportunities. Although South Africa's economy is by far the largest in Africa, that country is facing severe problems. Depressed prices in world commodity markets have led to economic stagnation, high unemployment and increased crime.

The call for "African solutions to African problems" suggests a greater willingness on the part of African states to take a leading role in addressing the continent's problems of insecurity. The newly formed African Union (AU) could be seen as the embodiment of this renewed determination. However, this goal can only be achieved through greater cooperation and coordination between African and extra-regional organizations and entities.

In addition to official actors, a range of heterogeneous non-state actors has undertaken the search for solutions to African conflicts. These include international non-governmental organizations (NGOs) and, increasingly, private corporations. The Canadian government has been active in recruiting the assistance of such NGOs for various initiatives dealing with international security. Perhaps the most well known is the "Ottawa Process," in which the Canadian government, through a partnership with the International Campaign to Ban Land Mines, was successful in getting the Land Mines Treaty signed in 1997.

Conclusion

Ultimately, the solutions to armed conflicts in Africa will have to come from within African countries themselves. However, through a more constructive engagement, countries like Canada can help facilitate the transition from war to a more durable peace in various conflicts in Africa. Important steps in this regard include building a more comprehensive knowledge of the nature, sources and consequences of warfare and insecurity in Africa, and integrating that knowledge into operational responses in tune

with existing capabilities in peacekeeping as well as with evolving notions of human security.

Canada may not have a specific set of policies on Africa *per se*, but various themes it has adopted internationally (such as land mines, small arms and child soldiers) are particularly relevant to conflicts in Africa. Canada historically has played key entrepreneurial leadership roles — developing new ideas and concepts, drawing attention to issues, mobilizing international action, helping to set agendas and providing innovative policy solutions — in a variety of international issues.

A series of reports authored by Canadians have thrown the spotlight on how aspects of the broader global political economy impact on African conflicts. Robert Fowler, Canada's ambassador to the UN, chaired the UN's Panel of Experts on Violations of Sanctions. He authored reports that exposed how the sale of "blood diamonds" had fuelled the conflicts in Angola and Sierra Leone. The Harker Report drew attention to the use of child soldiers, abuse of women and to the investment of a Canadian company (Calgary-based Talisman Energy) in Sudan's oil industry.

These reports provided a basis for the imposition of sanctions by the UN Security Council on Angola and Sierra Leone. They have also led to attempts by the World Diamond Council (WDC) to stem the flow of "blood diamonds" in the global diamond trade. However, while efforts are underway internationally to stem the controversial trade in diamonds, nothing has been done about oil. Access to oil revenues has been just as much a factor in sustaining African conflicts as revenues from the sale of diamonds.

Continued Canadian leadership in these areas and continued support for UN and African peacebuilding initiatives may contribute to reducing conflict in Africa. However, in the effort to translate evolving notions of human security into operational responses, rhetorical statements should be matched by actual resource commitments in order to avoid damaging Canada's credibility internationally.

James Busumtwi-Sam

Latin America and the Caribbean

The changes in the Latin American security scene over the last dozen years rival those in Europe or Asia in their regional impact if not in their effect on wider issues worldwide. Those changes can be seen as revolutionary not only in positive senses similar in many respects to what happened in Europe but also in negative senses that trouble the peace of the region in ways little thought of a few years ago.

Traditional Security Themes

The regional security scene in Latin America is unrecognizable when compared with 1989. In traditional security terms there is an almost totally changed situation that seems likely to last and bring a long period of peace among countries that, while often boasting of having a tradition of interstate peace, could equally be seen as enjoying no such thing historically.

Figure 1. **South America**

The most striking element of this is the disappearance in the 1980s and 1990s of the central feature of that scene since before Independence in the 1820s: the rivalry between the regional giants, Brazil and Argentina. The defeat of the Argentines in the Falklands War of 1982 finally put paid to the aspirations of that country to Latin American leadership and placed Brazil firmly in that role. This opened the way not only to more strife-free relations between Brasilia and Buenos Aires but also to a degree of bilateral cooperation undreamed of before. And this led to the political and economic initiatives that would finally put in place the dynamic common market project called Mercosur. Alongside this came security cooperation including any number of confidence and security-building measures (CSBMs) and collaboration in the formerly competitive area of nuclear energy.

If the story between those two rivals has been positive in the extreme, the same has been true with respect to relations between Argentina and its western neighbor, Chile. Here again, a conflictive relationship going back virtually to Independence has been replaced by a cooperative one characterized by the settlement of outstanding border disputes, an array of CSBMs, greatly increased mutual investment and trade, and political consultation at a steady and high level.

In the Andes, the situation is greatly complicated by the spillover effects of the Colombian insurgency, but here as well major moves in the right direction have been made. Peru and Ecuador have settled the border dispute that had brought them to war again in 1995. Relations between Peru and Chile have improved markedly. Bolivia and Chile still do not have diplomatic relations as a result of the simmering dispute over Bolivia's access to the sea, but their multilateral and non-diplomatic connections are growing steadily and with clear mutual benefits.

Colombia's special case is important as the spoiling element on the Andean scene. The increase in its armed forces in order to fight the insurgency has destabilized its traditional strategic balance *vis-à-vis* neighboring Venezuela. Even more dramatic has been the disturbing impact of the war on the region as a whole, forcing a military response from essentially all its neighbors (Brazil, Ecuador, Panama, Peru and Venezuela) in order to seal the border from contagion.

In Central America, there has been extraordinary progress with the end of all insurgencies, the signing and ratification of an innovative Democratic Security Treaty, and all manner of CSBMs. However, disputes still flare up and the conflict resolution elements of these arrangements often get left aside in the heat of the moment.

The Caribbean's traditional security challenges are few, leaving aside the still festering dispute between Washington and Havana. While public opinion in the United States is moving quickly towards favouring the settlement of outstanding issues between the two countries, the nature of electoral politics has not made this easy, and it appears likely that this will continue for some time.

There remains much to be done in the traditional fields. The armed forces of Latin America need modernization, and arms procurement is always a risky business in the region. This must be handled with care.

The progress made in recent years in regional interstate relations has, as background, a history of difficulties that has in the past led to conflict. Most of Latin America has benefited from a series of regional strategic balances that have helped keep the peace and have acted as balance of power mechanisms. The Southern Cone countries of Argentina, Brazil, Chile and Peru constituted one of these, Central America another and Colombia and Venezuela yet another.

In the past, arms purchases and even general military modernization have usually had a highly destabilizing effect in making it appear possible or likely that the weapons or improvements were meant to enable a particular country to have the upper hand in the event of conflict with a neighbour or rival. The legacy of defeat and forced territorial transfers is a frequently present phenomenon. And the lack of transparency in such purchases and in defence matters in general has made the room for distrust even greater.

Thus, the need to modernize armed forces felt by all the militaries of Latin America can become a problem as some, such as Chile, Mexico, Colombia, and perhaps Ecuador, can in some way afford it while others most certainly cannot. It can only be hoped that the overall context of political and economic collaboration now in vogue coupled with the increased practice of confidence-building measures and transparency in purchases in particular will keep the lid on such dangers.

Defence reform and ministerial modernization is also needed. CSBMs will remain important for these processes as well. Canada has been generally rather active in support of such moves and will likely be called upon more in the future.

Not So Rosy: The Non-Traditional Security Themes

When compared with the traditional security situation of a dozen years ago, there is good reason to be content with the progress that has been made. Unfortunately, in the non-traditional fields of security, such a favourable context is far from present, and thus it should not surprise us that the emphasis is on these fields in current security discussions in the region.

This requires nuance as well. If the defence of democracy is included among the non-traditional areas of security in Latin America, then progress here has also been marked. The wave of democratization which characterized the 1980s and 1990s has continued of late with Peru and Mexico moving, albeit with fits and starts, towards anchoring their weak democratic systems. Questions abound especially around Bolivia, Ecuador, Guatemala, Haiti, Nicaragua, Paraguay and Venezuela, but it is undeniable that progress has been made.

If this is true of the internal political dynamics of these countries, it is even more so of the international dimension of democratization. The inter-American system has moved with what is for it remarkable speed and determination to make the defence of democracy a key pillar of hemispheric security. Repeated resolutions of the Organization of American States (OAS) have made democratic credentials a necessity for active membership. Indeed, the organization will now act should one of its members be overthrown, and that action could even include the use of military force. This is heady stuff in a region with a history like that of Latin America, and these commitments will need to be watched with care.

Leaving aside the progress made with respect to anchoring democracy, however, the non-traditional scene is an unfortunate one. The illegal narcotics trade is neither being stopped nor even significantly slowed by programs with such objectives. Multilateralism here, while it exists, is often little more than a word. International crime dominated by drugs but not exclusively drug-related is everywhere more present in Latin America with the exception of Cuba. Corruption is simply rampant.

Illegal immigration and the trafficking in human lives are growing realities. The explosion of AIDS is only one aspect of the extension or return of diseases — and even epidemics — over recent years including cholera in the Andes. The complexities of dealing with the vital need for reforms in support of environmental priorities are nowhere more vexing than in the Amazon and many Latin American industrial centres. The list goes on. And the Latin American states' ability to respond to these challenges has proven utterly inadequate in recent years.

It is hardly surprising then that from Mexico to Argentina most countries' populations clamor for effective security forces to deal with this vast range of challenges. Simply put, Latin Americans do not feel secure as citizens. They cannot "go about their lawful occasions" without threat. Robbery, extortion, kidnapping, murder and much else

fills the lives of citizens of countries who fifteen or twenty years ago were still thinking that only the United States was suffering from these ills and that their countries were too socially cohesive for such things. There are no such illusions left even in peaceful and democratic Costa Rica. And if Cuba alone has the situation under control, the cost in democratic terms of citizen security makes the Cuban road much less attractive.

Canada and Canadian Defence in All This?

If one attempts to place Canadian priorities in Latin America against this background, one is forced to accept the centrality of security issues for all our policies there. Canadian policy seeks a hemisphere in which Canada can feel at home in cultural, political, economic and social terms, at a time when the links with Europe, the Commonwealth and *La Francophonie* appear to be weakening and the special connection with the Asia-Pacific region seems to lack substance. To feel at home in Latin America, Canada needs a region that is democratic, peaceful and prosperous. It is here that problems related to security come to the fore.

If development can only come in tandem with security, then the current slowing of development in so much of the Americas can be seen to caused at least in part by this problem. Sustained development in the midst of war and crime is simply not possible. While Latin America includes several countries where economic development has been impressive, it has at least as many where the opposite can be said. The region is not yet prosperous and the blame for this can often be laid at the feet of security matters or others closely connected with them.

Latin America is certainly relatively peaceful when compared with most of the world and especially in interstate terms where conflict is rare. But its cities are not peaceful. Often its countryside is not either. And insecurity is not merely widespread in the region. It is ubiquitous.

Finally, democracy is in better shape in most of Latin America than at any time in the region's history. But there is much still left to be done to anchor weak democracies in their body politics. Authoritarianism is still a real option in this region, and there is no better way to move towards it than in failing to give the public the security that is generally acknowledged to be the state's first responsibility. An eventual public call for military or other authoritarian solutions is thus not impossible over the long or even short run. This would be disastrous for Canadian policy as the region would lose its democratic status.

There are key countries that Canada would do well to watch and support. These include our NAFTA partner, Mexico, whose security is vital to ours and where new initiatives between defence forces are greatly needed; Brazil because of its size, economic and political importance as well as its frightful inequalities; Argentina because of its potential as a partner in so many ways for Canada; and Colombia. The last of these is a test case. Can an insurgency, wealthy and little linked to outside influences any more, be ended through negotiations that permit the political system to actually answer the need for reform that originally produced the rebellion?

There are other countries of importance for Canada. Haiti is one because of our now historical role there as well as our immigrant community from that country. The policy of constructive engagement in Cuba must be pursued with vigor because an explosion in that troubled country could lead to a bloodbath, US unilateral intervention and an end to public perception in Canada that the Americas are a proper place for the national future. Central America and the Andean republics will also remain important for us.

Conclusion

The recent past has seen an extraordinary growth in Canada's connection with Latin America in security terms. DND had little to do with the early stages of Canada's incorporation into the inter-American system. Indeed, Ottawa specifically excluded security matters from the connection, refusing to sign the Rio Treaty or acknowledge the mutual security commitments outlined in the Charter of the OAS. DND was also not permitted to take part in the Inter-American Defence Board (IADB) or send students to the Inter-American Defence College (IADC). Attendance at the commanders of services conferences was at an observer level only. No military attaché presence was planned in the region, and no real Canadian military presence had ever been there.

A dozen years later, Canada is one of the main backers of the Permanent Committee of the OAS on Hemispheric Security, sends students to the IADC, takes part as a full member in all inter-American commanders' conferences, sends ships and aircraft to a variety of inter-American exercises, and has no less than four military attachés in the region. In addition, DND and the CF have taken part in all types of disaster relief and other military activities in the area including a variety of major peacekeeping missions in Central America and Haiti.

This change has resulted from a realization that it is impossible for Canada to really be a partner in the Americas without taking part in the region's security dimension. Canada is now seen as a welcome associate in the security of the Americas and is active in arms control and civil-military relations matters as well as in those areas outlined above. DND is in a forward role here and none of it shows any sign of slowing down. The issues discussed in this paper demonstrate the centrality of security and defence matters at the present time in Latin America even if on occasion governments are wont to deny this state of affairs.

DND and the CF have grown very quickly in their capacity to operate in the Americas. Today the security dimension of Canadian policy and objectives in Latin America is more central than ever, and DND will need to be ready to continue to take its part in securing those objectives.

Hal Klepak

Functional Issues

Arms Control

The unrivalled military might of the United States coupled with its global interests and commitments make it the central player in most arms control and non-proliferation regimes. For the better part of the past decade, the United States shared the general consensus that traditional instruments of arms control were valuable in themselves because they fostered openness and international cooperation, which, in turn, strengthened stability and security. One implication drawn from this was that arms control agreements could be pursued for their own sake as well as for reductions and restrictions on weapons.

This "optimistic" view of the role of arms control probably reached its zenith in 1995 with the indefinite extension of the Nuclear Non-Proliferation Treaty (NPT), the growing number of signatories to which had increased to the point where they included all but a handful of nations (Cuba, Israel, India and Pakistan). Within a few short years, however, faith in the efficacy of a universal network of legally binding arms control constraints to maintain peace and stability was under challenge.

The 1998 nuclear tests mounted by India and Pakistan and North Korea's demonstration of an albeit primitive, long-range missile capability were only the most notable challenges. Equally disturbing was growing evidence of systematic violations of the NPT and other treaty commitments by a number of signatory countries, which Washington came to label "rogue states" (Iran, Iraq, Syria, Libya and North Korea). Furthermore, development of an indigenous missile technology capability by North Korea had advanced to the point that Pyongyang was becoming a supplier to other states intent on acquiring a weapons of mass destruction (WMD) capability.

These developments led to what some analysts have described as a "paradigm shift" in US perception of the value of arms control and disarmament regimes that were increasingly viewed as providing an unreliable basis for security policy. With the advent of the Bush Administration, which has seen the return of many of the Reagan-era sceptics and opponents of arms control to positions of influence and authority, it is now probably safe to speak of a "policy shift" in American thinking. This is not to say that the US sees no future for arms control – after all, the groundwork for the important reductions in nuclear arsenals over the past fifteen years was laid by many of the same "Reaganites" in the early 1980's. It means rather that the Bush Administration's pursuit of arms control will be based on quite a different set of assumptions than those that have prevailed since the end of the Cold War.

What are those assumptions and how will they affect current arms control and non-proliferation regimes? The first is that arms control and disarmament will no longer be considered as an end in itself. International security and stability will be based first and foremost on the deterrent effect of US military might. Specific arms control measures will be entertained only if they can be shown to enhance security and stability.

Second, traditional methods of deterrence no longer apply when dealing with new threats posed by "rogue states." For the US, the mere possession by such states of weapons of mass destruction, particularly nuclear weapons, plus means of delivering them to North American or West European targets would be sufficient to inhibit the

actions of the US and its allies, thereby undercutting confidence in the strength and reliability of US commitments. The ability of a "rogue state" to blackmail the US by holding even a small portion of its population at risk would introduce a new, unpredictable – and therefore destabilizing – element into international security calculations.

Third, this new situation calls for a new concept of deterrence, one that would see traditional means of dealing with threats reinforced by enhanced military capabilities, both offensive and defensive, based on new technologies. In developing those technologies, the US must not allow itself to be unduly constrained by arms control and disarmament agreements that were conceived in a different era to deal with a different threat or whose effectiveness is questionable.

President Bush has proposed "a broad strategy of active non-proliferation, counter-proliferation and a new concept of deterrence" aimed at "rogue states," a strategy that includes as a central element defences against low-level ballistic missile threats. Secretary of Defense Rumsfeld has characterized the new US approach as "layered deterrence," one in which arms control will have a role although a more modest one than anticipated in the immediate post-Cold War period. At the same time, Bush has coupled this with a call for even deeper cuts to the US nuclear arsenal than envisaged by the Clinton Administration. How then will the new US strategy affect current non-proliferation and arms control regimes?

Strategic Arms Reduction Talks (START)

It is over seven years since the START II Treaty was signed, but implementation has yet to begin. Nevertheless, the prospects for early reductions in US and Russian nuclear arsenals are probably better today than they have been for some years. This is mainly because future cuts will most likely be implemented in a unilateral, reciprocal manner rather than in the context of the formal strategic arms control process initiated in the early 1970's.

While START II set strategic warhead limits at 3,000–3,500, there is evidence that systems "rust–out" coupled with budgetary constraints may soon force Russian arsenals down to those levels without the benefit of formal, verified destruction. In the meantime, Bush's June 2001 announcement that the US will go ahead with the elimination of the 50 MX "Peacekeeper" missiles (with their 500 warheads) scheduled for removal under START II along with reductions in the numbers of Trident submarines and B-1 bombers may well presage proposals for further dramatic cuts that could eventually drive strategic warhead levels as low as 1,000. Such reductions would be implemented with the help of "transparency measures" rather than traditional verification. This is well removed from the Reagan-era mantra "trust but verify." Nevertheless, it would be in line with the Bush Administration's new approach to a Russia whose status, even as a potential enemy, rival or strategic competitor, has receded.

The effectiveness of this new approach to nuclear disarmament will hinge on the fate of the Anti-Ballistic Missile (ABM) Treaty. The Bush Administration has made it clear that retention of the Treaty in its present form is incompatible with its new approach to deterrence. Stiff Russian resistance to any tinkering with the Treaty appears to have

softened in the wake of the Bush-Putin meeting in June 2001 at which both participants stressed the need for dialogue and co-operation on strategic questions including ballistic missile defence. The US and Russia have since initiated "intensive consultations" on strategic nuclear weapons levels, the role of defences in addressing emerging threats and the future of the ABM Treaty. This has reduced the prospects of a unilateral US abrogation of the Treaty, which in turn has assuaged the concerns of NATO allies and partners over risks of a renewed nuclear arms race.

Bilateral consultations will likely be accompanied by a considerable amount of diplomatic jockeying. Washington would clearly like to abandon the ABM Treaty entirely but, faced with strong international opposition, may be prepared to settle for an amended Treaty, one that would allow for territorial defence while assuring the continued effectiveness of the Russian nuclear deterrent. Nevertheless, the US can be expected to use its renewed BMD testing program and the spectre of unilateral abrogation to press its case for minimum restrictions on the development and deployment of defensive systems. For its part, Moscow will be looking to ensure that the scope of a US ballistic missile defence network remains limited and does not become a platform for a more ambitious system that could impinge on the effectiveness of its own strategic deterrent. To this end, Russia will intensify its efforts against the "weaponization" of outer space, an objective that is shared by many of the United States' allies.

Prospects for an agreement in the coming year covering both ballistic missile defences and strategic nuclear reductions appear good. Indeed, the main stumbling block may well be the form the new agreements takes, whether a verifiable, legally binding and irreversible Treaty or something less formal. Russia clearly wants to retain the traditional approach under which reductions would be "irreversible." The Bush Administration claims that this would involve unnecessarily protracted negotiations and is pushing for a declaratory approach coupled with transparency measures.

The establishment of a new strategic relationship with Russia would also go a long way in winning over sceptics and silencing opponents of the Bush Administration's policies. How will those policies affect multilateral arms control regimes?

The Nuclear Non-Proliferation Treaty (NPT)

While the Bush Administration has rejected the ABM Treaty as the "cornerstone" of strategic stability and has serious reservations about the Comprehensive Test Ban Treaty (CTBT), it continues to view the NPT as the "bedrock" of its nuclear non-proliferation efforts. However, coupled with its flagging interest in multilateral arms control in general, it is difficult to see how these conflicting elements can be brought together in a coherent and effective approach to nuclear non-proliferation, one that can check the growing sense of fragility regarding the NPT process.

From Washington's perspective, the answer clearly lies in supplementing traditional measures of denial and deterrence through threat of retaliation with tactical and strategic defences. Administration spokesmen argue that reducing the strategic value of nuclear and other weapons of mass destruction through missile defence and other protective measures while at the same time increasing their cost through more effective export controls will discourage their development or force the abandonment of programs

already in place. The close co-operation of Russia, particularly in staunching the leakage of WMD technologies to North Korea and Iran, will be central to the success of US strategy.

Whether such an approach can strengthen or even sustain the NPT process is at best open to question. The unexpected consensus achieved at the 2000 NPT Review Conference was due in large part to the unconditional undertaking of the five nuclear weapons states to eliminate their nuclear arsenals. Whatever one may think of the quality of that commitment, President Bush has made it clear that nuclear weapons will continue to play a vital role in US security and that of its allies. Coupled with the absence of support within the Administration for CTBT ratification and its concerted assault on the ABM Treaty, there would appear to be little prospect for progress on the 13 "practical steps" towards nuclear disarmament agreed at the Review Conference. This, in turn, will do little to cool India and Pakistan's drive to acquire a nuclear weapons capability.

The NPT process is thus threatened on three fronts: non-compliance by signatory states, efforts by India and Pakistan to win recognition as nuclear weapons states and declining US support for multilateral approaches to arms control and non-proliferation. The alternative strategy of deterrence and devaluation of nuclear weapons through denial has yet to be fully elaborated while the effectiveness of the defences on which such a strategy would be based has yet to be proven. The prospects for the NPT process would therefore not appear to be particularly encouraging. It is conceivable that the situation could be redeemed in the short run by dramatic reductions in US and Russian strategic arsenals along the lines suggested above (although being unverified and reversible they would not be in keeping with NPT principles). This would provide a breathing space for Washington and Moscow to put a new strategic partnership in place and to assess the potential effects of "layered deterrence" on nuclear proliferation.

The Chemical Weapons and Biological and Toxin Weapons Conventions (CWC and BTWC)

Chemical and biological weapons are frequently grouped with nuclear weapons as weapons of mass destruction. This tends to obscure the fundamental differences in their destructive capabilities and the threats they pose to the United States and its allies. While biological agents could conceivably prove as destructive as nuclear weapons in terms of human casualties, they are difficult to "weaponize," especially for delivery by ballistic missiles. The large stockpile of chemical weapons developed during the Cold War was largely for battlefield use, and the threat posed by remaining weapons in active use is mainly to deployed forces. For the US, the risks posed by chemical and biological weapons are not nearly so great or pressing as those posed by nuclear proliferation. This, in turn, affects Washington's approach to the CWC and the BTWC.

The CWC is probably the most notable multilateral arms control achievement of the past fifteen years. While implementation has not been without difficulties – particularly continuing delays in the destruction of the vast Russian arsenals and production facilities – it has been a useful instrument in promoting transparency and confidence among most signatory states. Given the dual-use nature of the materials employed, the vast majority of inspections are conducted in the industrialized world,

which many US critics claim distracts from the real sources of threat. Nevertheless, the United States can be expected to support CWC implementation and provide material support for Russian CW destruction facilities under its cooperative threat reduction program. At the same time, Washington will press for stringent application of supply side restrictions while turning a deaf ear to claims that the Australia Group's export controls on biological and chemical materials is discriminatory and unnecessary. The US will also present protective measures including strategic and tactical defences against CBW threats as important means of devaluing the effectiveness of chemical and biological weapons.

Efforts to provide the 1972 Biological and Toxin Weapons Convention with an effective verification protocol have proven controversial for the US ever since they were initiated in 1993. The Bush Administration shares long-standing American reservations concerning the effect intrusive inspections would have on development of defences against biological weapons and on the commercial interests of the US pharmaceutical industry. At the same time, however, Washington argues that an ineffective verification protocol would do little to deter proliferant countries while conveying a false sense of security. On July 25 the US announced that it was withdrawing from the negotiations, a move that will bring this undertaking to a halt at least for the time being (although given the opposition of Russia and China to intrusive inspections, a change in US policy would by no means clear the way to an agreement). In the meantime, the US will attempt to focus international attention on known and suspected BTWC violators while continuing to work on defenses and counter-measures such as strengthening export controls.

Missile Technology Control Regime (MTCR)

The limits of supply-side controls on WMD proliferation have been most evident in the field of missile technology. The ability of proliferant states to acquire indigenous production capabilities has demonstrated that the challenge is much greater than the simple coordination of export controls – the function of the MTCR since its inception in 1987 – can address. Additional or alternative arms control measures to deal with the spread of missile technology have not been forthcoming although a number of the 33 MTCR states are currently drafting a "code of conduct" that sets out norms governing transfers. The code of conduct is not part of the MTCR *per se* but is intended to reinforce its non-proliferation objectives. There is hope that it will win international acceptance and eventually become a legally binding regime. The US is sceptical of the initiative, preferring to focus MTCR attention on reinforcing traditional efforts at export restrictions. Greater cooperation by Moscow might shore up the MTCR although, given the state of Russian society, that cannot be assured. Washington will stress ballistic missile defences as a complementary means of discouraging missile proliferation.

Conclusion

It has been suggested that many of the instruments of arms control are reaching the limit of their effectiveness. Whether this is indeed the case, it would appear to be the prevailing view of the Bush Administration. This does not mean that Washington is turning its back on arms control. It does mean that individual arms control regimes and proposals will be subject to two sets of questions:

- Do they enhance or degrade US security, the security of its allies and international stability in general?

- Do they complement or contradict the new US deterrence framework in which defences will play a prominent role?

Even before the 11 September terrorist attack on the World Trade Center and the Pentagon, it was evident that the coming year would not be an easy time for the international arms control community. Those events will reduce any temptation to downplay American concerns or dismiss their assumptions out of hand. Global arms control is an ongoing process whose objectives are more likely to be advanced by acknowledging the legitimacy of those concerns and accepting the assumptions as a basis for discussion and debate in a process of policy formulation that, for the Bush Administration, is just getting underway.

John Bryson

Ballistic Missile Defence – European Views

Since the late 1990s Europe has been reluctant to confront issues raised by American plans to deploy a nationwide ballistic missile defence system. Drawn into a debate they were not seeking, Europeans were at first highly sceptical of US arguments. Over time this opposition has softened, particularly in the aftermath of President Bush's election and his declared commitment to vigorously pursue missile defences. In recent months intra-alliance consultations have led the US and Europe to explore the geo-strategic, political and technological implications of potential future deployments. While Europeans understand that any US decision to deploy is a national one, their fundamental concerns have not disappeared.

This chapter examines European views on ballistic missile defence. It explores how and why European assessments of the proliferation threat differ from the more pessimistic US stance. It outlines allied reservations about Bush Administration policies on nuclear deterrence and arms control. Next, it deals with European concerns regarding Russia's potential response to US missile defence plans as well as likely Chinese reactions. The chapter also looks at European initiatives to develop indigenous missile defence systems and concludes with some thoughts on the recent evolution of European attitudes towards missile defence.

Threats and Vulnerabilities

European views of the threat posed by the proliferation of mass destruction weapons and ballistic missiles are neither identical nor radically different from those of the United States. Both America and Europe recognize the emergence of new challenges, not least of which are the spread of highly destructive arsenals and their means of delivery to hostile regimes in the developing world. Through NATO, the US and its European allies have consistently declared that proliferation is a serious concern, one that could conceivably involve a direct military threat to their populations, territory and forces. At the same time, Europeans are not wholly convinced by US assessments that posit a long-range missile threat to North America within as little as five years. European officials acknowledge that previous intelligence estimates have been overly optimistic. But they question whether states such as North Korea, Iran and Libya are capable of developing an intercontinental ballistic missile (ICBM) over the next decade given the significant mechanical and engineering obstacles in their path.

Apart from differences over the extent and timing of the long-range missile threat, Europeans also question whether proliferators would ever have the intention of using their arsenals against the West. In its August 2000 report on mass destruction weapons, Britain's House of Commons Foreign Affairs Committee expressed concern that the United States has put too much emphasis on capability in evaluating the threat. Europeans are uneasy with US assessments that downplay the political or regional context of ballistic missile acquisitions. For example, most allies would argue North Korea's missile program is intended primarily to gain bargaining leverage on economic and diplomatic matters, not to actually target US or European territory. Another factor in

European threat assessments relates to contrasting views of vulnerability. Having survived four decades next door to the former Soviet Union with its massive conventional and nuclear capabilities, Europeans are not very anxious about the small missile arsenals of a few far-flung proliferators. Conversely, Americans never really considered the Soviet missile threat acceptable despite the development of a nuclear strategy that incorporated vulnerability as a central tenet. Now that the Cold War is over, the US sees potential threats to its territory as "abnormal" and requiring a remedy. It tends to believe absolute security is achievable given the right technology and sufficient funding.

European allies do not anticipate conflict with regimes pursuing advanced missile capabilities. While Europe maintains substantial economic and political interests in volatile regions, these interests are not backed up by military commitments comparable to those of the US. In addition, absent the lift and information assets that modern, large-scale operations require, most European militaries are no longer capable of mounting a major operation against a well-armed adversary. Thus, a key scenario driving US ballistic missile defence plans – being forced to choose between upholding security commitments and facing a possible missile strike – is not one that keeps Europeans awake at night. Should a proliferator threaten Western interests, it would most likely be the US that initiates a military response, perhaps without significant European participation. In this situation, US allies may not be exposed directly to threats of retaliation.

Deterrence and Arms Control

President Bush's intention to see US nuclear strategy evolve from an exclusive reliance on offensive forces – that is, deterrence based on the threat of retaliation – to an approach that incorporates both "assured destruction" and the means to defend against ICBMs aimed at US territory has raised concerns among most Europeans. Since coming to power, the Bush Administration has argued that the current US-Russian strategic framework is no longer appropriate to today's realities. Rather than encourage reductions, existing agreements reinforce Cold War perceptions of threat even though neither side actually believes the other would ever contemplate a nuclear attack. Under Bush, the US would prefer to break free from the constraints of the Anti-Ballistic Missile (ABM) Treaty, giving it the latitude to deploy comprehensive defences and thus the confidence to move forward with deep reductions in offensive forces. The Administration has already proposed cuts in all three elements of the triad totalling some 1,000 warheads over the next fiscal year. For the United States, a major security challenge emanates from those regimes developing weapons of mass destruction and possessing small numbers of long-range missiles, regimes for which a strategy that relies solely on the threat of nuclear retaliation may be ill suited.

Such arguments do not come naturally to US allies. While acknowledging the need to re-examine long-held assumptions, Europeans are reluctant to adopt a new strategic framework until they are sure it can work better than the old one. Europe has invested a great deal in policies and agreements intended to preserve the logic of mutual and reciprocal deterrence. This logic includes an acceptance of vulnerability as mandated by the ABM Treaty prohibition on nationwide defences. Whatever its moral or practical limitations, Europeans would argue, nuclear deterrence has contributed to strategic

stability and avoided war between the US and Russia for more than five decades. A fundamental shift from this strategy could have far-reaching implications calling into question previous decisions by Britain and France to reduce their nuclear arsenals as well as constraints imposed by the START II treaty on multiple-warhead ICBMs.

The Bush Administration's commitment to deploy a missile defence system that also protects allies has done much to calm European fears about "decoupling." This concern arose in response to former President Clinton's plans, which envisioned limited defences only for the United States. Though less important than during the Cold War, differences in the level of security enjoyed by individual NATO members are still seen as jeopardizing alliance cohesion. There are also concerns among Europeans that the impact of US missile defence plans could fall disproportionately on them should Russia redeploy tactical nuclear weapons on its western border or withdraw from the Intermediate-Range Nuclear Forces Treaty. Until Bush unveils a specific architecture that makes good on his commitment to defend allies as well as the US, Europeans are likely to remain concerned that US plans could result in a net loss of security and exacerbate transatlantic differences.

Europeans also fear US defences, if deployed without prior Russian consent to modify the ABM Treaty, could result in a cessation of arms control efforts and Moscow's withdrawal from key agreements. Allies believe the existing arms control framework offers a network of constraints and a level of predictability that are worth preserving. For Europeans, US missile defence plans risk endangering the fragile international consensus embodied in the Nuclear Non-Proliferation Treaty as well as accords outlawing chemical and biological weapons. Clearly, Europeans remain committed to pursuing a multilateral approach on strategic issues. In a

> **Missile Defence Quotations**
>
> Jacques Chirac, French President:
>
> "France hopes that the ABM treaty…will not be put aside in favour of an unrestrained system." (8 June 2001)
>
> Joschka Fischer, German Foreign Minister:
>
> "New arms races must be avoided and further disarmament steps introduced." (4 February 2001)
>
> Anna Lindh, Swedish Foreign Minister:
>
> "We call on the USA to consider the consequences for disarmament and non-proliferation of developing a national missile defence system, and to refrain from pursuing this project." (8 February 2001)

statement that appeared to express widely-held views within NATO, French defence analyst François Heisbourg recently advised the US not to walk away from the ABM Treaty, calling such a move "a tragic mistake [that] would mean…Washington was subordinating all its other policy options, including ties with the allies, to its faith in missile defence." Europe would much prefer US-Russian agreement on a new strategic framework allowing for nationwide missile defences and signaling progress on the totality of the arms control and non-proliferation agenda.

Relations with Russia and China

One of Europe's foremost concerns regarding US missile defence plans is the reaction they have provoked from Russia. While allies have indicated they will not allow

Moscow's opposition to drive a wedge between them and the United States, they also do not want missile defence to become another source of conflict with Russia. Moreover, geographic proximity and a keen sense of Russia's enduring influence in Eurasian affairs have promoted greater awareness among allies of Russian sensibilities, not least regarding the future viability of Moscow's strategic nuclear forces. France in particular has highlighted the difficulties Russia will face in maintaining an arsenal numbering more than a few hundred warheads by the middle of the next decade. At this level, it is not surprising Moscow would feel threatened by even a limited US missile defence system.

At the same time, most allies accept US assurances that its plans are not aimed at Russia's strategic deterrent and that no architecture currently on the drawing board could realistically endanger Russia's retaliatory capability. Indeed, many believe Moscow's opposition is purely tactical and that its real priority is to obtain the best deal possible for its acquiescence in changing the existing strategic framework. One outcome could see US-Russian negotiations leading to further deep cuts in nuclear forces and some sharing of missile defence technology in exchange for abandoning ABM Treaty constraints. Allies would likely view such an agreement favourably. Should the US and Russia fail to agree, allies fear Moscow will begin to actively proliferate, join with Beijing in thwarting their interests and complicate regional peace efforts. The wrong approach could cause significant damage to Europe's relationship with Russia and upset the stability of the international system as a whole.

Presented to NATO in February 2001, Russia's plan for joint development of theatre missile defences suggests to most Europeans that Moscow recognizes a threat exists from missile proliferation and is willing to at least consider alternative responses. Allies believe Russia will want to be part of the solution if it is clear defences are directed at smaller-scale threats and not intended to take advantage of its declining arsenal. Providing such assurances, whether by placing a cap on the number of interceptors or linking deployment with offensive reductions, may be enough for Moscow to abandon steps such as building up its nuclear forces or offering missile-related technologies to proliferators that would actively counter a US system.

Chinese concerns have also been factored into European views on missile defence. Allies are generally sceptical of US claims that its proposed system is not aimed at China. Even if the intent to neutralize Chinese long-range missiles does not exist, Europeans believe the ability to do so cannot be denied given the relatively few ICBMs in China's arsenal. European officials are convinced Beijing's response to US nationwide defences will be a far more vigorous modernization of their nuclear forces than would otherwise be the case. They also see a "domino effect" of cascading arms buildups in Asia including Indian and Pakistani attempts to bolster their nuclear capabilities, pressure on all nuclear-capable states in the region to break free from the nuclear test moratorium, and further setbacks in efforts to jumpstart negotiations on a fissile material production cut-off treaty.

Costs and Benefits

Since Iraq's use of SCUD missiles during the Gulf War, Europeans have explored ways to protect their armed forces, infrastructure and populations from ballistic missile attack. But this willingness to consider active defences has been tempered by their prohibitive price tag. The mid-1990s saw Britain study the requirement for missile defences. Though Britain acknowledged that a "Club Mad" of proliferators in North Africa and the Middle East was developing progressively longer-range missiles that could eventually reach its territory, it decided against acquiring its own capabilities. Currently the only major ally with no plan to purchase theatre-based defences, London's cautious approach has been attributed in part to concerns about cost. For now, Britain seems content to monitor proliferation-related developments and keep its missile defence options open.

Cost has also factored into NATO deliberations on missile defence. Since 1994, as part of the alliance's overall response to proliferation, NATO has designated theatre defences for protection of deployed forces a top priority, prompting individual allies to procure systems as they saw fit. Wide-area defences to protect major portions of NATO territory and population were also seen as beneficial, but their steep costs have worked against acquisition in the near term. NATO has proceeded cautiously, agreeing in 1999 to embark on a four-year, US$15 million feasibility study in which two transatlantic industrial teams will examine how best to satisfy the alliance's missile defence needs. NATO decisions on development and deployment are not expected before mid-decade though these milestones could slip amid concerns about financing and technology sharing. With defence budgets stretched, there is little room for new funding commitments. Meanwhile, the US-European program to develop the Medium Extended Air Defense System has not inspired confidence among allies that effective transatlantic cooperation on missile defences is possible.

Despite these difficulties, Europeans continue to see benefits in pursuing theatre-based programs both collectively and on an individual basis. Britain is collaborating with Italy and France to develop the Principal Anti-Air Missile System (PAAMS). Designed to offer protection against aircraft and cruise missiles, the system also has a latent missile defence capability tied to the British-built Sampson Multi-Function Radar. In addition to PAAMS, France is developing an upgraded version of the Sol-Air Moyenne Portée Block-1 air defence system capable of intercepting short-range ballistic missiles. France and Italy have placed orders for the upgrade with initial deployment expected by 2006. For several years Italy, Germany, Netherlands and the US have discussed developing ship-based tactical missile defence systems while the German and Dutch navies recently completed a three-year study that examined maritime missile defence options. For their part, Greece, Germany and the Netherlands have already acquired Gulf War-era Patriot batteries to protect deployed forces with all three planning to buy enhancements as they become available. Finally, Turkey has expressed interest in bolstering its defences against missile threats, suggesting the US underwrite the purchase of theatre systems in exchange for allowing deployment of strategic missile defence interceptors on its territory.

A major factor driving Europe's interest in missile defences, along with the possibility of future joint endeavours with the United States, is the resurgence of its

missile industry. Having won contracts for offensive systems, European companies are now setting their sights on developing anti-missile capabilities. Thus far the US market has been tough to crack with European companies restricted to fairly minor contracts for the various missile defence programs now underway. That could change as US plans for nationwide defences move forward, propelled by the Bush Administration's new approach that considers transatlantic participation as integral and by European companies eager for a fair share of missile defence-related business.

Outlook

In recent months Europeans have responded to US missile defence plans with a greater sense of realism. In addition to pointing out areas of disagreement, such as the nature of the threat posed by proliferators' missile programs and the continuing relevance of Cold War-era arms control treaties, allies have also begun to engage the United States on the practicalities of deployment and the role Europe might play in the new strategic framework envisioned by the Bush Administration. Indeed, Europeans want more details than the US is currently prepared to offer, from the nuts and bolts of a future missile defence architecture to how the US intends to reinvigorate non-proliferation diplomacy. Given that most European observers now believe that the US will eventually field a nationwide missile defence system, allies appear primarily keen to influence that system in a way that preserves strategic stability while benefiting from whatever protection missile defences may someday provide. As a result, future consultations between the US and Europe are likely to focus increasingly on the specifics of moving from an assured destruction strategy to one that includes both offensive and defensive components, on how to overcome Russian and Chinese opposition as the US proceeds with research and development that may violate the ABM Treaty, and, lastly, on questions of affordability.

Michael Margolian

Asymmetric Threats – The Homeland Dimension

Since the mid-1990s the United States has increasingly focused on the concept of asymmetric warfare. The US Joint Chiefs of Staff has described this term as "attempts to circumvent or undermine US strengths while exploiting US weaknesses using methods that differ significantly from the United States' expected mode of operations." Such methods could include the use of weapons of mass destruction (WMD), conventional terrorism, information warfare or limited ballistic missile attack.

The concept of asymmetric threats is closely linked to that of "homeland defence," which refers to "measures to defend the people, property and systems of the United States from…asymmetric threats." Although US forces and facilities overseas face asymmetric threats, many US defence analysts believe that a key area of US weakness lies in its ability to protect its homeland.

The Asymmetric Threat

The growing emphasis on preparing for asymmetric threats is based on a confluence of incentives and means. In the first instance, the dramatic increase in America's conventional capabilities has made it unlikely that future adversaries will confront the United States on the traditional battlefield. Unable to match America's sophisticated technologies, adversaries are more likely to seek to gain advantage over the United States by using asymmetric means to undermine US strengths while exploiting its vulnerabilities.

At the same time, it has become easier for adversaries to find unconventional means of attack. Weapons of mass destruction including nuclear, biological and chemical weapons have proliferated significantly in the post-Cold War era. The number of countries with nuclear programs has expanded beyond the initial five nuclear weapons states to include "states of concern" like Iran and North Korea as well as regional powers like India, Pakistan and Israel. Terrorists and criminal organizations may also gain access to weapons of mass destruction, while the CIA estimates that some 20 countries have or are actively developing chemical and/or biological weapons, among them several countries that are openly hostile to the United States.

The means of delivering weapons of mass destruction have also increased. No longer limited to traditional methods, adversaries can now transport highly destructive devices in small trucks or cargo containers. As for ballistic missiles, the 1998 Rumsfeld Commission concluded that North Korea and Iran would be able to develop systems that could reach the United States within five years of a decision to acquire such a capability.

Since the March 1995 sarin gas attack on the Tokyo subway by a Japanese cult, fears of a WMD-related terrorist event on America's territory have grown substantially. National security officials have described WMD terrorism as one of the most serious threats facing the United States, and in 1999 former US President Clinton stated it was

"highly likely" a terrorist group would launch a germ or chemical attack on American soil within the next few years.

Information warfare is also increasingly an option for those who would seek to challenge US power with asymmetric means. The growing dependence of modern societies and their military forces on computers and computer networks has created points of vulnerability that may be easily exploited by computer hackers. Potential attackers range from national intelligence and military organizations to terrorists, criminals and industrial competitors. At least a dozen countries, some hostile to America, are developing an information warfare capability. Information warfare may be particularly attractive as a tool of terrorism because it gives individuals and groups a reach that was previously reserved for well-organized, state-funded terrorist organizations.

Many American military and intelligence officials believe a computer network attack on infrastructures at home is a "real and growing" threat. Such infrastructures may include transportation, oil and gas production and storage, water supply, emergency services, banking and finance, electrical power and information and communications. Federal government and private industry systems in the United States and Canada are also potential victims of systematic and organized information attack. In 1999 the Pentagon reported that it was subjected to daily information attack with between 80 and 100 "cyber incidents" on its computer systems each day. This figure doubled in 2000.

Finally, it goes without saying that the dramatic conventional terrorist attacks on the World Trade Centre and Pentagon on 11 September 2001 will increase the focus of American political, security and intelligence leaders on physical threats against key US infrastructures.

Response

The United States has undertaken a number of measures to respond to the prospect of asymmetric threats to the homeland. The Federal Bureau of Investigations (FBI) and the Federal Emergency Management Agency (FEMA) already share lead-agency status for WMD-related terrorist incidents in the United States. In the event of such an incident, DoD assets would be integrated into a co-ordinated federal response effort led by the FBI for crisis response and by FEMA for "consequence management," that is, managing the fallout from a WMD incident. DoD maintains forces that can be tasked on a 24-hour on-call basis to assist in responding to a WMD-related terrorist incident. In addition, as part of its Domestic Preparedness Program, DoD is helping to train "first responders" in 120 US cities to deal with the terrorist use of WMD.

The FBI and FEMA also share lead-agency status for conventional terrorist attacks on US facilities and infrastructures. As the dust continues literally to settle on the events of 11 September 2001, it is unclear what measures will be taken to increase their abilities to cope with such attacks in the future.

In response to the prospect of a "rogue state" ballistic missile attack, in 1999 Clinton signed the National Missile Defense Act calling for the implementation of a system to protect against limited attacks as soon as technologically possible. The Bush

Administration has stepped up momentum in this area, focusing on consultations with Russia regarding the 1972 Anti-Ballistic Missile Treaty, which must be amended if it is to accommodate the deployment of a ballistic missile defence system for the defence of national territory. At the G-8 Summit in Genoa in July 2001, US President George Bush and Russian President Vladimir Putin agreed to link discussions of American plans to deploy a ballistic missile system to the prospect of large cuts in the American and Russian strategic arsenals.

As for the threat of cyber terrorism, in 1996 Clinton created a Commission on Critical Infrastructure Protection to examine possible threats. The result was the establishment of a national organizational structure to address the cyber threat including a high-level Office of National Infrastructure Assurance associated with the National Security Council. In addition the FBI created a National Infrastructure Protection Center charged with being the federal focal point for gathering information about threats and co-ordinating responses to incidents impacting key infrastructures. In 2000 the White House released its National Plan for Information Systems Protection with the objective of having a comprehensive national strategy for critical infrastructure protection in place by 2003.

Meanwhile, the Pentagon has established a Joint Task Force for Computer Network Defense to oversee and co-ordinate efforts to protect DoD computer systems from cyber attack around the world. These involve co-ordinating actions among the various Computer Emergency Response Teams and the wider US intelligence and law enforcement communities. In 1999 US Space Command assumed responsibility for defending all defence department computer networks from hacker or foreign attack.

Despite these measures, high level American policy makers and defence experts have argued that the US government is still failing to adequately protect vital computer networks against a crippling cyber attack at the strategic level. Some have argued that the government must undertake greater co-operation with the private sector, which owns and operates many of the computer networks upon which Defense and other government departments depend. Others, such as the US Commission on National Security/21st Century, have emphasized a need for some sort of overarching command or agency to co-ordinate the government's response to WMD and cyber threats. Legislation has already been introduced to create the National Homeland Security Agency, which would integrate the homeland security responsibilities of more than 40 government agencies.

Canada and Asymmetric Warfare

A recent Asymmetric Threat Study commissioned by the Department of National Defence states that the risk of a large-scale asymmetric attack on Canadians on Canadian soil is slight. Even in the wake of the events of 11 September 2001, the Prime Minister played down the risk of any terrorist campaign spreading into Canada. More likely, Canada would be an indirect target of asymmetric warfare as a result of our interconnectedness with the United States. Nonetheless, because Canadian troops are involved in peace support operations in various hotspots around the world, Canada may be considered a potential target for groups hostile to our involvement.

Canada's National Counter-Terrorism Plan identifies the Solicitor General as the lead Minister for co-ordinating the response to terrorist incidents within Canada including WMD terrorism and physical attacks on critical infrastructure. In the event of such an incident, the RCMP would head up law enforcement aspects while Emergency Preparedness Canada (EPC) would co-ordinate "consequence management" efforts. This division of responsibilities echoes that between the FBI and FEMA. DND's role would be to assist the RCMP and EPC in threat identification, crisis response and consequence management.

To address the threat of information warfare attacks against Canada's critical infrastructures, the federal government has recently created an Office of Critical Infrastructure Protection and Emergency Preparedness. Although established within DND, the Office has national coordinating responsibilities and is comparable to America's Office of National Infrastructure Assurance. It coordinates many of the intelligence and counter-terrorism activities of the RCMP, the Canadian Security Intelligence Service and the Communications Security Establishment as well as the civil defence functions of EPC.

For DND itself, the Information Operations Group is mandated to address the threat of cyber attacks against defence establishments, assets and resources — a role similar to that of Space Command in the United States. DND has also set up a Critical Infrastructure Protection Working Group, and the Canadian Forces has established both a Network Vulnerability Assessment Team and a Computer Incidents Response Team. Efforts to coordinate the defensive information operations of the American and Canadian militaries are taking place within NORAD and more generally under the direction of the Canada-US Military Cooperation Committee.

In the wake of the terrorist attacks on the World Trade Center and the Pentagon, it is unclear as to what measures may be taken to increase the Solicitor General's ability to respond to conventional terrorism on Canadian soil. In this particular instance, the Prime Minister characterized the government's response as being one of a "heightened state of security" rather than military alert.

The Asymmetric Threat in Perspective

Some experts have argued that the threat of some forms of asymmetric attack on the US homeland may not be so large as the current public and government debate would have it. They note, for example, that carrying out a terrorist attack with chemical weapons is not an easy task. It takes massive amounts of a chemical agent to produce significant casualties, and the agent itself, being highly susceptible to wind patterns, is hard to disseminate with any precision.

The technical challenges of using biological agents to produce massive fatal casualties are even more daunting in that lethal doses must be inhaled and the particles involved must be of a particular size. A 1999 report by the US General Accounting Office found that the nature and magnitude of the military threat of biological warfare had not changed since 1990.

Even where the use of WMD may be plausible, it may not be in a domestic, "homeland" scenario. An alternative scenario may be the use of chemical and biological weapons against the overseas ports, airfields and command centres upon which the United States is dependent to project force.

Analysts inside and outside government have also questioned the threat of information warfare. Although there have been numerous deliberate disruptions of government computer systems, there is little to suggest that they have been carried out by terrorist organizations or state-sponsored groups. Most if not all of the disruptions would best be categorized as nuisance attacks or criminal activity and not "warfare" per se. Moreover, to date there have been no significant much less catastrophic cyber incidents.

There may be important downside risks to overemphasizing the threat of WMD and cyber attack on the US homeland. They include:

- raising public consciousness about the possible threat in a manner that emboldens criminals and terrorists to attempt precisely what the government and public want to avoid;

- pre-emptively undermining civil liberties in the name of enhanced homeland defence by encouraging overreaction by law enforcement agencies;

- expanding the role of the military into domestic realms of law enforcement by making the response to domestic chemical and biological attacks a core military mission;

- distracting the military from preparing for WMD threats to US bases and embassies overseas; and

- encouraging an "America first" siege mentality and a retreat from foreign commitments critical to US security.

But perhaps the most significant downside risk is that of diverting attention and resources away from addressing the conventional terrorist threat. It has long been evident that terrorists motivated to inflict mass casualties can do so using traditional means, which generally pose fewer technical difficulties than WMD attacks. Bombs have been responsible for over three quarters of the terrorist incidents that have killed 100 or more people over the past quarter century. The events of 11 September 2001 have dramatically highlighted the longstanding threat of conventional terrorist attack. "This [event] goes to prove the whole argument you don't need weapons of mass destruction," argues one WMD expert. "All you need is an airliner loaded with jet fuel."

The foregoing is not to dismiss the WMD and cyberspace threat to the US homeland and, by extension, their potential impact on Canada. These remain significant concerns and important areas of focus. Rather, it is to argue for a holistic perspective when developing policies to address the various aspects of the asymmetric threat.

Implications for Canada

America's increasing focus on asymmetric threats and particularly the homeland defence dimension holds significant implications for Canada. Over the past few years, it

has already had a significant impact on Canada-US defence relations. Although the US can field a ballistic missile defence system with or without Canadian involvement, its clear preference has been for a bilateral deployment. Canada can expect growing pressure to participate in some form. In addition, US Space Command's recently added responsibility for preparing US forces to conduct cyber attacks against enemy computer networks could increase pressure on Canada to adopt a similar approach.

Beyond this, other aspects of America's homeland defence agenda will demand Canadian involvement. Whether it be a cyber attack against telephone lines, a WMD threat to water systems or explosives driven across the border, the degree of interconnectedness between the two countries is such that neither country can fully address domestic asymmetric challenges without co-operation with the other. The notion of Canada as a "soft-underbelly" for terrorist access to the United States grew especially intense in light of the Ahmed Ressam case. The events of 11 September 2001 led to heightened security measures at border crossings between Canada and the United States. Such measures will very likely be part of America's long-term response. For the foreseeable future, the state of Canada-US foreign and defence relations will be largely dependent on the degree to which we support America's security agenda at home.

Elinor Sloan

Transnational Organized Crime: The Next Big Threat?

In the 1990s transnational organized crime became a major issue on the international agenda with multinational organizations and national governments taking the problem increasingly seriously and a popular author warning of "a Worldwide Mafia International." The UN convened a world ministerial conference on the subject in 1994 and has made the issue one of its priorities for the 21st century. As chair of the 1995 Halifax summit of the G-7 plus Russia, Prime Minister Chrétien warned, "Trans-national criminal organizations are a growing threat to the security of our nations." Soon after that summit, the G-8 set up the Lyon Group specifically to tackle the problem.

Scale and Nature of the Problem

Scale. Data on the extent of transnational organized crime are, naturally, pretty speculative (and not always objective), and some can be quite startling. For instance, in the mid-1990s one estimate of the annual worldwide profits of organized crime put them at US$1 trillion – nearly twice the size of Canada's GDP. In 1998 UN Secretary General Kofi Annan stated that the illegal trade in narcotics was worth more than US$400 billion annually, being larger than the oil and gas trade and the chemicals and pharmaceuticals business, and twice as large as the motor vehicle industry. The IMF calculates that between US$500 billion and US$1.5 trillion – equivalent to 1.5-4.5 percent of gross world product – generated by illegal activity are washed through the banking system by money laundering schemes. Finally, on a national level, Japan's recent economic problems have been called the "Yakuza recession" after the Yakuza (*boryokudan*) crime syndicates. Five years ago it was thought that 80-90 percent of Japan's uncollectible loans – then estimated to be as high as US$1 trillion – were linked to the Yakuza.

Nature. The UN developed the concept of "transnational crime" in the early-1970s to identify certain criminal phenomena that transcended international boundaries, transgressed the laws of several states or had an impact on another country. By the mid-1990s the UN had identified 18 categories of transnational crime including money laundering, the illicit drug trade, trafficking in persons, corruption, infiltration of legal business, fraudulent bankruptcy, insurance fraud, computer crime, trade in human body parts and illicit traffic in arms. The UN ranked money laundering first because of its impact on the global economy. Drug trafficking was not far behind, not only as being the principal generator of money laundering but also as a source of conflict, violence and every other kind of crime.

There is some debate as to the extent to which transnational crime is, in fact, organized. At one extreme is the idea of a "Worldwide Mafia International," a disciplined and formal global criminal network. (Twenty years ago Claire Sterling, the foremost advocate of this concept, argued that a similar global network directed terrorism, a claim that proved hugely exaggerated.) A report prepared by an inter-agency working group of the US government worried that there is a "significant potential" for broader alliances to undertake more complex criminal schemes. Traditional groups such as the mafia offer a

second model comprising identifiable, hierarchical and cohesive criminal organizations. This model is giving way to a third one comprising criminal networks wherein very varied groups or even individuals collaborate usually on an *ad hoc* basis. Networks are particularly effective at transcending borders especially in a globalizing world and, being more diffused than traditional groups, are harder to combat.

There is nothing new in criminal groups combining across borders for tactical purposes, but a number of trends since the end of the Cold War have encouraged the growth of transnational organized crime. The end of the Cold War produced political breakdown and even anarchy in some countries while in others economic growth has outstripped democratic institutionalization and the development of regulatory controls; both situations have created opportunities for criminal groups. Other factors encouraging the growth of transnational crime include population pressures on resources, deregulation and globalization of financial dealings, worldwide corruption, dramatic technological advances, the greater ease of international travel, the advent of intermodal commercial shipping and so on. The existence of diaspora populations facilitates network creation particularly where immigrant groups are not fully integrated into their host societies.

There are a wide variety of organizations and networks involved in transnational crime. Newer ones are challenging traditional groups such as the Italian mafia, the Chinese Triads and the Yakuza. These include the Russian mafia and a number of Balkan organizations including Turkish, Kurdish and Albanian gangs, which are major players in drug trafficking in Europe. The dismemberment of the Cali cartel in Colombia in 1995 spurred a trend towards "atomization" among criminal groups in South America. As a result, there are now hundreds of groups that tend to specialize in single phases of the process: production, transportation and so on. Nigerian criminal organizations not only play an important role in the heroin trade, they are also active in fraud, illegal migration and other areas. Even governments are sometimes tempted to resort to transnational crime. For instance, North Korean officials have been involved in criminal activities since the 1970s, but their involvement increased sharply in the 1990s in response to economic collapse. (In contrast, another renegade government, Afghanistan's Taliban, has managed to eradicate the bulk of the world's opium crop in one season.)

The United Nations International Drug Control Programme estimates that 180 million people consume illegal drugs, accounting for probably half the total criminal economy. The International Narcotics Control Board argues that the amounts of money involved in the trade are now capable of tainting or destabilizing global financial markets. In the US, nearly 70 percent of all violent crimes and one third of all crimes have been linked to narcotics. Counter-measures in some countries and changing or flattening consumption patterns in others have affected criminal organization. Criminal groups have responded by switching from "plant-based" to "synthetic" drugs. The latter comprise the fastest-growing sector of the illegal narcotics trade, and their profitability is frequently higher than that of cocaine or heroin.

Money laundering is now on a scale to affect the economies and governments of some countries. While money laundering is typically associated with the narcotics trade, it is an aspect of all crimes that generate proceeds. In a process typically involving three steps, cash derived from crime becomes unrecognizable as dirty proceeds. Aspects of globalization including the development of international payments systems, the lifting of

capital controls and electronic funds transfers have facilitated the rapid shifting of money. As targets tighten their controls, money launderers look for alternative institutions such as brokerage houses, non-bank financial institutions and even art galleries to make illicit money seem licit. Many "offshore banks" are loosely regulated and thus are a magnet for criminal groups. One important tactic of money laundering is the purchase of legitimate businesses.

While transnational smuggling involves a wide range of objects – cars, illicit arms and even body parts – the biggest source of concern is human smuggling, which constitutes the second most lucrative criminal business after narcotics. The UN official responsible for drug control and crime prevention estimates that as many as one million women and children are trafficked across national borders by criminal groups. Migrant smuggling involves another four million people worldwide as part of an illegal US$7 billion industry. (Where trafficked persons remain under the control of either the trafficking organization or another one, smuggled persons are released to their own devices.) A number of factors facilitate trafficking and smuggling, among them the great gap in living standards between developed and developing countries, the unequal status of women and girls in many societies, the demand for manual labourers, greater freedom of movement, and the growth of sex tourism and pornography.

Transnational criminal groups engage in a wide range of other activities. For instance, they are increasingly involved in cyber-theft including software copying (industry is thought to lose US$15-US$17 billion a year from copyright infringement), online investment fraud, financial diversion and so on.

The Canadian Dimension. In 2000 a senior RCMP officer stated that 70 percent of the force's investigations were transnational and that, for the first time, organized crime threatened Canada's democratic institutions and values. A recent Canadian Security Intelligence Service (CSIS) report contended that from five to 18 major transnational criminal organizations were operating in Canada including Triads, Colombian cartels, mafia, major outlaw motorcycle gangs and Nigerian crime groups. With its sizeable population, affluence, higher taxes and long border, it is not surprising that Canada should appear to the US as a transit point for organized crime. For instance, the CIA has identified Vancouver and Toronto as North America's key entry points for women and child "sex slaves."

Obviously, it is difficult to arrive at accurate figures on the scope of the transnational organized crime problem in Canada (as elsewhere). For what they are worth, the following estimates have been provided in a CSIS report. In 2000 the illicit drug market in Canada was estimated to be worth Can$7-Can$10 billion. Using an IMF formula, it has been estimated that Can$5-Can$17 billion is laundered in Canada every year. The US State Department recently designated Canada as one of 48 countries of "primary concern" for money laundering. A 1998 study concluded that 8,000 to 16,000 people enter Canada each year with the help of smugglers, a situation thought to cost the federal government Can$120-Can$400 million a year. There is a wide range of other organized criminal activities in Canada including stock market, mobile phone and telemarketing fraud. The illicit trade in ozone-depleting substances and hazardous waste is thought to be quite lucrative.

The "Next Big Threat"?

Some observers see transnational organized crime as the new "national security threat," taking the place of the East-West military struggle of the Cold War years (others view terrorism in the same light). A senior UN official has called transnational crime a greater threat than inter-state conflict, and a former Director of Central Intelligence called the activities of transnational organized crime groups "a mixture potentially as deadly as what we faced during the cold war." In the early-1990s a US Assistant Secretary of State argued that law enforcement was "the evolving American foreign policy." Canada has probably been slower to view crime as an aspect of foreign and security policy. However, this stance began to change in the mid-1990s when the trade in illicit arms and drugs was listed among the "unconventional threats" to Canada's security, and military resources were earmarked for countering the narcotics trade.

Colombia is an example of the nexus between crime and security. The Colombian drug trade is seen as one of the principal foreign policy threats facing the US due not only to its social, economic and health effects (it supplies most of the heroin and cocaine used by Americans) but also to its potential to promote regional instability. Large quantities of military equipment have been sent to Colombia, the Americans are backing an aggressive crop eradication program, and US military personnel are increasingly involved in training the Colombians in counter-narcotics operations. These activities have pushed Washington very close to a direct military role in a foreign country.

The most obvious national security dimension of transnational organized crime is its contribution to insurgency and terrorism. A US government report noted that "one of the more significant developments since the end of the Cold War has been the growing involvement of insurgent, paramilitary, and extremist groups…in criminal activities more associated with traditional organized crime groups." An economist at McGill has found that insurgencies have thrived in those societies where the spread of an underground economy delegitimated the state. Thus, he anticipates that in the future the spread of an underground economy could create "a political and financial breeding ground for the forces most anxious to challenge the status quo distribution of power and wealth."

It has been claimed that almost all the major insurgent or terrorist groups in the world rely on drug trafficking in some form. Equally, criminal organizations often provide guerrillas and terrorists access to arms merchants, transportation specialists, corrupt officials and so on. For their part, insurgents often control the territory where drugs are cultivated and transported. Thus, for example, there has been growing co-operation between the Russian mafia and the leading guerrilla group in Colombia. The terrorist ETA in Spain was forced to accept drugs along with the arms it had ordered from a criminal supplier, selling the narcotics to finance the weapons. However, some of the links between insurgent and criminal groups may have been exaggerated. For instance, it has been suggested that some of the claimed links between rebels and cocaine traffickers in Peru were invented to disguise military involvement in the trade.

While terrorism and insurgency are traditional, if normally low end, security threats to developed states, transnational organized crime is seen as representing a more indirect (and "non-traditional") threat. The concept of security has expanded from denoting the safety of the state and protection against military danger to conveying the

notion of freedom from fear and focusing on the security of people against a whole range of risks ("human security"). Many transnational criminal activities seem to fit this wider definition. They challenge the state's claim to the monopoly of violence (some criminal organizations have large armed followings) and impair its ability to raise taxes (both by raising their own taxes, as the Triads do, and by promoting an underground economy). In 1998 the Birmingham G-8 summit warned that transnational criminal activity threatened "to sap growth, undermine the rule of law and damage the lives of individuals in all countries of the world." A 1999 CSIS public report worried that the smuggling of illegal migrants undermined the integrity of Canada's immigration system "and thus can be viewed as a threat to national security."

Even if the concept of security is broadened to include a wide range of non-military harms, it is not clear that transnational organized crime is as threatening as some analysts aver. In the first place, it is probably a lot less organized than Sterling claimed (as noted above the large-scale South American cartels appear to be atomizing rather than concentrating). Further, crime is an economic activity that is not necessarily incompatible with the political status quo particularly where criminals have invested large proportions of their proceeds in legitimate businesses. The history of organized crime in Chicago shows the potential for *laissez-faire* and even symbiotic relations between criminal groups and the authorities.

Conclusion

Fuelled by the end of the Cold War and by many aspects of "globalization," transnational criminal activity greatly expanded in scope and variety during the 1990s. It now appears able to influence the economies of many countries, even some developed ones, as well as to undermine political institutions and social stability in some. However, much of major crime probably remains an individual or inside job, and there has been considerable devolution even among groups that were traditionally more monolithic.

The search in some quarters for the next strategic threat seems to have produced an exaggerated view of the extent to which international security is challenged by transnational organized crime. As the experiences of countries such as Colombia show, organized crime can indeed be a serious security threat although usually in conjunction with political anarchy or insurgency, making it difficult to separate cause and effect. At the same time, high levels of organized crime need not necessarily be de-stabilizing as modern American and Italian histories demonstrate. Organized crime is mainly entrepreneurial and generally does not seek directly to challenge governments and menace national security. However, its diffusion and adaptability make it difficult to counter, and, while most organized crime is now transnational, government responses remain mainly national. The security challenge is exacerbated where the response to transnational organized crime blurs the traditional diplomatic, military, law enforcement and intelligence roles within government. This suggests that, exaggerated or not, transnational organized crime is a security issue that will not soon disappear with possible long-term consequences for government and the rule of law.

Tony Kellett

The Future of Peacekeeping

Not very many years ago, it was commonly claimed that Canada had contributed to and participated in more United Nations peacekeeping operations than any other country. Such a claim is more difficult to make today. At present, there are about 43,000 military or police personnel in UN peacekeeping operations as defined by the UN website. Only about 300 of these are Canadian. Like many other Western states, Canada's effort is now put into peacekeeping operations that do not originate in the UN – five times as many Canadian troops are in the NATO-sponsored peacekeeping operations in the Balkans. Added to which, in the post-Cold War period, the nature of peacekeeping has changed dramatically: then, peacekeeping operations were usually placed between opponents who had agreed to stop fighting; now, operations have been created for "peace-building," humanitarian missions or intervention in civil wars. Interested countries that have put together a coalition with the approval of the UN lead other operations. Peacekeeping operations today are at the same time both more violent and less successful.

The British historian, Michael Howard, has drawn a useful distinction between what he terms "negative peace" – the mere absence of a war – and "positive peace" – the presence of a network of relationships which makes war very unlikely. France and Germany, for example, in 1869 had "negative peace" – they weren't actually at war, but they were about to be. Today it is almost unimaginable to think that the two countries could be at war with each other again. Peacekeeping operations could not by themselves have produced this state of "positive peace;" all they could have done was prevent the war that actually happened in 1870. Or would peacekeeping operations just have *deferred* that war? The dilemma of peacekeeping is simply this: one of the reasons why France and Germany, who have fought so many wars with each other, are now in a state of "positive peace" is precisely because they have fought so many wars. If each can't beat the other, both may eventually learn to live together. The process, of course, can take many lifetimes. Many people argue and there seems to be evidence to support the hypothesis that "democracies" rarely fight each other. "Democracies" perhaps can better develop those institutions that engender "positive peace." The reverse is that regimes that mistreat their own populations will often attempt to mistreat their neighbours, too. If the causes of most or at least of many wars are structural or historically rooted in the countries themselves, then the only way peacekeeping can help is if it can buy the time for these institutions that are part of "positive peace" to grow. But how long will that take? Cyprus, for example, has had a peacekeeping operation stationed there for 37 years (1,300 personnel today). Does anyone think that it has been there for *enough* time and that it can now leave?

Traditional United Nations "blue helmet" peacekeeping flourished during the Cold War. Often it helped to "fill the space" between the two superpowers with a disinterested force that was typically made up of a Western country, a Warsaw Pact country and a neutral country (for example, Canada, Poland and Sweden in the Middle East). Such groups were often interposed after a war had been fought out to a cease-fire – the superpowers did not want their clients to be utterly defeated. This buffer group was not there to fight but to supervise a cease-fire agreement or even to be a physical barrier

between the two enemy states. Such operations provided very useful services – they made it harder to start wars (but not impossible as Nasser's order to UNEF to leave in 1967 showed) and gave an opportunity for the belligerents to extricate themselves gracefully. The Middle East may be seen as the illustration of both the achievements and the failures of classic UN peacekeeping. Israel and its Arab enemies were always stopped from going too far, and it is quite possible, even likely, that there were fewer wars than there might have been. In short, UN peacekeeping operations in the Middle East helped to create or prolong the period of "negative peace." That is no trivial achievement, and it is probable that many lives were saved. But they evidently did little, as present headlines show, to advance "positive peace."

When the Cold War ended, one of the superpowers disappeared and so did the need for UN-sanctioned buffers between superpower client states. Nonetheless, the UN runs 15 peacekeeping operations today; in addition, there is the large NATO-led peacekeeping operation in the Balkans. It would seem that peacekeeping is bigger than ever. But there have been very significant changes.

The traditional Cold-War period operations existed in a relatively clear-cut legal space. There was usually a cease-fire agreement that both sides accepted, and the peacekeeping operation was expected to be neutral and generally could be. It was normally not expected to "nation-build," disarm belligerents, intervene with force or distribute humanitarian aid. Some post-Cold War UN peacekeeping operations have been put into the middle of civil wars with no agreement among the belligerents. It is generally agreed that the operations in Somalia, Rwanda and Bosnia were a disappointment, and the UN operations, for whatever reason, were unable to prevent the horrors they had been placed there to prevent. The peacekeeping group pulled out of the first two, and NATO stepped in in the third. Some UN operations – like the one to the Democratic Republic of the Congo – are having difficulty securing enough troops.

The countries that participate in UN peacekeeping operations have changed as well. Canada's decline in contributions has already been mentioned, but it is not just Canada. According to the United Nations website, as of June 2001, Canada, Poland and Sweden combined provided 1,613 personnel, about a quarter as many as Bangladesh's 6,040. Currently, the UN has 15 peacekeeping operations involving 43,871 observers, police and troops from 89 countries. Five operations are in Africa, three in the Balkans and four in the Middle East. The top five personnel contributors are Bangladesh, Nigeria, India, Jordan and Kenya, and they contribute 39 percent of the total. Central European former communist or Soviet states contribute eight percent of the total. "Old NATO" countries provide 12 percent of the total. It is striking, however, that only 42 percent of the personnel from "old NATO" are soldiers.

The Western countries are heavily involved in the Balkans where there are two NATO-led forces with 60,000 to 70,000 troops – a far higher number than the 34,000 soldiers deployed on all UN peacekeeping operations. That is where the NATO countries have put their efforts and that is one of the principal reasons why they have so few in the UN operations. The NATO-led operations, as it were, compete with the UN for resources. The force in Bosnia-Hercegovina is now already five years old, and there is nothing to suggest that it can be removed. The Kosovo force is two years old. Clearly,

these peacekeeping operations will be there for years to come, and another NATO-led operation has begun in Macedonia.

Inevitably, staffing assumptions about post-Cold War peacekeeping were based on Cold War experience. But circumstances have forced a re-think. For example, throughout most of the Cold War, Canada had more troops stationed abroad than it does now. It had a brigade group in Germany and usually about a battalion in each of Cyprus and the Middle East. In Germany, the troops lived with their families and had access to schools and other infrastructure in a pleasant part of Germany. While in theory they may have been seconds away from obliteration, in practice life was generally pleasant, and high-quality training was carried out. Thus, for the individual soldier, a posting to Germany was rather enjoyable both professionally and personally. Service in Cyprus, although without families, was not unpleasant, and over the years sufficient facilities had been constructed in the Middle East to make that service as comfortable as it could be. Thus, the two standard peacekeeping tours were not too onerous. Generally speaking, a 2:1 unit ratio (two units at home for every one abroad) was adequate to maintain these commitments at reasonable morale.

This has changed completely. Service in the Balkans generally involves living in tents, daily danger and continual exposure to dreadful events about which the individual can do little. Operations in Africa have been worse. Experience has shown that 2:1 is not enough – soldiers in professional armies have to be retained, and they will not stay in under the conditions of continual rotation. Canada's experience is now that the ratio must be 4:1. Canada's allies have come to similar conclusions. The problem is greatest among what are coming to be called the "endangered species." The real drain is on specialist personnel – medical, administration, logistics, mechanics and above all engineers. There are simply not enough of them to go around. In short, the "peacekeeping burden" is much heavier in the new form of peacekeeping operations.

Therefore, maintaining the troops NATO has committed to its peacekeeping operations in the Balkans ties up 300,000 to 400,000 troops. This has a considerable effect on the soldiers' war-fighting preparedness because the maintenance of combat-capable forces suffers given that so many soldiers are in the Balkans, preparing to go there, returning from there or recovering from having been there. In the US, for example, there have already been complaints that the need to rotate troops through the Balkans has reduced the combat readiness of divisions. The peacekeeping operation in Cyprus has already lasted a third of a century; can NATO countries sustain their Balkan commitment for even half that time?

Questions

Traditional "blue helmet" peacekeeping was generally accepted as a useful part of the international toolbox. Post-Cold War peacekeeping, however, has met with more criticism. Some questions are now being raised about its effectiveness.

The International Institute of Strategic Studies has been very critical of recent peacekeeping operations. Its latest report charges that Western countries are reluctant to operate outside their spheres of interest and that UN operations too often are poorly

planned. It argues that the most successful operations have been those in which one country (Australia's leadership in East Timor is mentioned) has clearly taken the lead.

Considering the brutal truth that one of the paths to "positive peace" lays through war, could it be that peacekeeping operations just "freeze" a conflict and prevent a resolution? The operations in Cyprus, Kashmir and the Middle East have accumulated 130 "mission-years" among them.

Can the well-intentioned outside intervener become part of the problem? There are several ways in which this can happen. An operation to provide humanitarian assistance can strengthen one warlord (for example, the one who controls the port of entry) over the others. Or, as Howard has wondered, "If Side A is bombarding the towns of Side B, and you stop Side A bombarding those towns, that gives Side B a chance for refuelling and replenishing its towns and retraining its armies." In each of these cases, the outsider, willy-nilly, has changed the correlation of forces. Why shouldn't one of the belligerents turn on the outsiders who are now perceived to be taking sides?

But there is a more subtle way in which the well-meaning outsider can, with the best intentions, become a participant in the struggle. Consider a situation in which a legal government is facing an armed insurrection. The outsiders have to talk to the government – after all, they cannot get at the shadowy figures in the hills. They often will pressure the government to make concessions both because they honestly believe that concessions are the right thing and *because there is only the one side that they can actually talk to*. Meanwhile the hard men in the hills watch as the government's legitimacy is eroded by the media circus and the endless parade of outsiders trying to squeeze out another concession to keep the "peace process" going. Meanwhile, the moderate opposition watch the hard men – who can always attack and blame it on someone else – gaining bit by bit, and they slowly start to side with the extremists who are, after all, making gains.

What is the Future?

The most likely future of peacekeeping operations is that we continue as we have for ten years. Some problems are taken up, some are not. The determinants will often be the degree of media exposure and the interest of important countries. If a particular country or UN-recognized regional organization takes an interest in a situation, it puts together a coalition and seeks the approval of the UN. This has been nicknamed "sub-contracting." There have been several cases in recent years, and very variable they have been, too, ranging from full-scale war to something more like the traditional: the Australian initiative in East Timor, the US-led interventions in Somalia or Haiti, the US-led Operation Desert Storm in Iraq/Kuwait, and the Nigerian-led ECOWAS Cease-Fire Monitoring Group in Liberia. The problem here, of course, is that such operations run the danger of becoming a manifestation of the interests of the parties. The other is that problems that do not acquire a sponsor are left to themselves. Occasionally the UN itself will seek to initiate an operation but will probably run into severe financing and staffing problems because there is no sponsor for that particular issue and the "sub-contracted" peacekeeping operations will have taken the available resources.

In some cases, there may be a danger of what might even be termed "neo-colonialism." One possible route to that would be if peacekeeping operations were to

come to be made up of first-world officers and third-world troops. To a degree, we are touching this possibility today because in many operations the developed countries (ever sensitive to the so-called "body-bag issue") provide the technical support while the developing countries provide the riflemen. The Brahimi Report, acknowledging that only a political solution can bring peace, has spoken of "peacebuilding." Peacebuilding is the attempt to use the "negative peace" that the peacekeeping operations bring to engage in creating the conditions for "positive peace." This idea, with its echo of the 19th century justification for empires that "those people cannot govern themselves," has potential pitfalls. If such efforts are to be seriously attempted, they will involve the supervision of every activity of a country by an internationally-sanctioned substitute government. Can such an effort be sustainable over the decades if not the generations it would take to embed "positive peace" conditions?

Conclusion

The nature of peacekeeping operations has changed a great deal. They now operate with much more force than before, and often their purposes are larger and more ambitious. The classic operation when soldiers stationed between the two enemies observed and reported and occasionally kept the sides apart is very far from what NATO has done and is doing in the Balkans or what the UN attempted in Somalia. The old style tried to keep out of civil wars; the new style has often been drawn into them. The failure of some new-style peacekeeping operations has invited criticism of the whole idea. Does peacekeeping merely prolong wars? Can outsiders avoid tipping the balance of power? How long does it take to get to "positive peace"? How much are the states that make up the peacekeeping operations prepared to pay in blood and treasure for the result?

Nonetheless, around the world there are approximately 100,000 individuals, mostly soldiers, who are participating in peacekeeping operations, and the fundamental success of good peacekeeping operations – the prolongation of "negative peace" – means that they will continue to be carried out.

G.P. Armstrong

Eyes Forward

Regard sur l'avenir

À quoi ressemblera le monde dans cinq ans ? À une époque où les changements semblent s'accélérer, spéculer sur ce que sera la vie de demain, et qui plus est, sur ce qu'elle sera d'ici à quelques années, est un exercice aléatoire. Pourtant, quelques traits structurels sous-jacents et des tendances en évolution dans le système international présagent de ce que peut nous réserver l'avenir. Comme toujours, la répartition de la puissance économique et militaire déterminera la nature du système, les États-Unis restant incontestablement à la première place. Nous serons aussi témoins d'une progression de la mondialisation économique et d'une amplification continue de la toile mondiale des communications, avec une plus grande pression mise sur les appareils actuels de gouvernement. Les technologies de pointe exerceront un effet de plus en plus marqué sur notre vie quotidienne et, à leur tour, influenceront la manière dont la sécurité est définie, les guerres à mener et les objectifs sociaux à faire évoluer. Des menaces asymétriques naissantes aiguiseront le sentiment de vulnérabilité des sociétés industrialisées. Comme l'ont démontré les événements récents en Afrique, dans les Balkans et en d'autres lieux, la pertinence des définitions traditionnelles du maintien de la paix et du contrôle des armements instaurées durant le demi-siècle de Guerre froide sera soumise à des défis réitérés. En d'autres termes, le contexte de la sécurité internationale se caractérise, comme nous l'avons indiqué dans l'introduction, par le fait d'être à la fois volatil et ouvert à certaines opportunités. Dans les sections qui suivent, nous examinerons ces éléments, ainsi que d'autres exemples de ce type.

La primauté américaine

De manière écrasante, les États-Unis sont le pays le plus puissant au monde et le resteront à court et à moyen termes. Il s'agit du seul État qui ait le ressort et la capacité de mettre en avant ses intérêts dans toutes les parties du globe. La supériorité de ses forces armées ne sera égalée par aucun pays, ni par aucune coalition adverse possible. Le règlement des grandes questions internationales sera considérablement, et souvent irrévocablement, entravé sans la participation américaine.

Les implications de la politique « réellement postérieure à la Guerre froide » du Président Bush sont très étendues. À l'opposé des années Clinton, l'Administration Bush s'est écartée d'une approche nombriliste, pour favoriser la médiation mondiale. En règle générale, sa stratégie de résolution des conflits a mis l'accent sur la stabilité régionale, une volonté explicite d'éviter l'imbroglio des négociations de paix, ainsi qu'une réticence croissante à engager les ressources américaines pour imposer ou appliquer les règlements de paix. Une telle approche trouve ses racines dans un virage progressif, échelonné sur une décennie, vers un comportement unilatéraliste plus marqué en politique étrangère américaine. L'Administration Bush ne va certes pas tourner pour de bon le dos à la collaboration internationale, mais elle continuera à aborder « *à la carte* » les efforts multilatéraux, et les évaluera au cas par cas.

En dépit d'une tendance à la hausse des dépenses pour la défense, l'état de qui-vive militaire américain et la capacité des forces armées à s'occuper des grandes situations régionales imprévues devront faire l'objet d'une attention particulière, surtout

au moment où les plates-formes du temps de la Guerre froide arrivent au bout de leur durée de vie. Les efforts visant à transformer le système militaire américain en un système qui incorpore les éléments technologique, doctrinal et organisationnel de la « Révolution dans les affaires militaires (RAM) » se poursuivront, mais à un rythme moins soutenu que prévu. Cela s'expliquera par les pressions qu'exercent le Congrès et le budget contre la transformation, ainsi que la résistance des gradés.

En concertation avec leurs principaux alliés et partenaires, les États-Unis vont vigoureusement poursuivre la recherche et le développement d'un système de défense de missile balistique pour l'ensemble de la nation. Cette initiative jouera un rôle de premier plan quand il s'agira de définir les relations américaines avec l'Europe, la Russie et la Chine. Elle suscitera presque à coup sûr une réévaluation en profondeur de la stratégie et de la position nucléaire chez les cinq membres permanents du Conseil de Sécurité. Tandis que les plans américains de défense antimissile compliqueront les efforts visant à étendre le contrôle mondial des armements, le désarmement et les dispositifs des traités de non-prolifération, d'autres initiatives, moins officielles, telles que les réductions unilatérales et les opérations de réduction de la menace, prendront peu à peu la première place.

Puissances régionales

Russie et Chine – Rivales ancestrales ou nouvelles partenaires ?

Les relations entre la Russie, la Chine et les États-Unis continueront leur métamorphose, alors que chaque État s'habitue à son rôle après la Guerre froide. En ce qui concerne les armes nucléaires, l'arsenal de la Russie, réduit à une peau de chagrin, les plans américains de défense nationale antimissile, et la perspective de forces militaires chinoises plus nombreuses et plus efficaces, annoncent un éloignement des anciennes notions de dissuasion et de contrôle des armements. La Russie étant prête à négocier un nouveau pacte stratégique avec les États-Unis, la Chine pourrait essayer de faire la même chose ou de développer ses forces stratégiques. Elle essaiera de faire les deux.

La Russie et la Chine se sont rapprochées, comme le montre la signature en juillet 2001 d'un nouveau traité d'amitié. Mais les deux pays n'ont pas pour autant d'affinités, et le niveau de leur rapprochement reflète un certain opportunisme stratégique et économique. La méfiance mutuelle sur leurs intentions à long terme persiste, et les deux pays s'efforceront d'éviter toute possibilité qu'ils puissent devenir des rivaux stratégiques.

La politique russe est bien moins tumultueuse aujourd'hui. En effet, les extrêmes de l'éventail politique se désintègrent, tandis que le centre gagne en force. L'économie se développe à pas comptés et les réformes structurelles qui vont « moderniser » la Russie sont mises en œuvre. Pourtant, dans cinq ans, la Russie n'aura atteint aucun « niveau européen », quel que soit le domaine, même si elle aura déjà commencé son cheminement. Dans le domaine des affaires étrangères, malgré des intérêts parfois en opposition, la Russie aura tendance à se ranger du côté de l'Occident au sujet des questions fondamentales. La transformation interne de la Russie l'exige.

D'ici à cinq ans, la Chine sera bien plus argentée et bien plus capable de faire ressentir son poids économique, démographique et stratégique au sein de la région Asie-Pacifique et à l'échelle mondiale. En même temps, les gouvernants seront confrontés à des problèmes socio-économiques d'envergure, au même moment où ils mettent en place

la transition vers une économie de marché. Le Parti communiste n'abandonnera pas volontiers son monopole sur le pouvoir. Il semble avoir et la volonté, et la capacité, d'anéantir toute agitation à grande échelle.

La Chine ne fait face à aucune menace militaire immédiate et extérieure à sa sécurité nationale. Elle entretient généralement de bonnes relations avec ses voisins. Malgré cela, en Chine, il semble y avoir une profonde ambivalence en ce qui concerne l'environnement présent et futur en matière de sécurité centrée surtout sur sa relation ardue avec les États-Unis. La Chine perçoit les États-Unis comme la plus grande menace envers les objectifs de sa politique de sécurité. Elle est persuadée que les États-Unis cherchent à la menotter du point de vue stratégique et militaire. L'hostilité va vraisemblablement s'accentuer si les États-Unis ne tentent pas de rassurer la Chine sur des questions telles que la défense antimissile et Taïwan. Il n'en reste pas moins que ces affaires ne vont sans doute pas s'aggraver au point d'aboutir à un affrontement armé ouvert entre les deux puissances au cours des cinq années à venir.

Europe et Japon – Principaux alliés des États-Unis. Les principaux alliés continueront à donner un coup d'épaule à la politique étrangère américaine. Néanmoins, certaines questions telles que la répartition des obligations, la prolifération, la défense antimissile balistique et l'environnement, peuvent ne pas être aussi propices au partenariat entre Américains et alliés, et pourraient même mener à une mésentente plus profonde au cours des prochaines années. Dans d'autres cas, comme l'Australie, la relation peut devenir plus étroite, surtout à propos des questions de défense.

La majorité des pays européens continuera à percevoir la valeur de la poursuite de l'implication des Américains en Europe. Les alliés européens peuvent bien pester contre le comportement de plus en plus unilatéraliste de Washington, il n'en reste pas moins qu'à court termes et à moyen termes, ils accepteront d'être sous la houlette des États-Unis sur les questions de sécurité, y compris l'agrandissement de l'OTAN, les missions de stabilisation dans les Balkans et, en fin de compte, la défense antimissile.

En 1999, la campagne de frappes aériennes au Kosovo a révélé des faiblesses alarmantes sur le plan des capacités militaires européennes, ainsi que l'ampleur de la subordination européenne aux États-Unis pour les opérations de gestion des crises. Cela a motivé les efforts visant à doter l'UE d'une capacité d'action militaire autonome, fondée sur les actifs de l'OTAN. Le développement d'une capacité de défense de l'UE sera en butte à certains obstacles : divergence des intérêts de sécurité entre les puissances continentales, besoin de réforme des structures militaires européennes, retard de l'adaptation des pays européens au RMA. Cependant, le plus grand défi sera sans doute la volonté politique de consacrer des ressources financières suffisantes à cet objectif.

Pour conserver le lien transatlantique, les alliés européens tenteront d'affermir au moins certaines de leurs capacités militaires au sein de l'OTAN, en correspondance avec la « Defence Capabilities Initiative (DCI) » de l'Alliance. La viabilité de l'OTAN peut se trouver en péril si la DCI se bloque et si les alliés ne sont pas capables de faire face à la RMA. La supériorité américaine en matière de technologie militaire – possiblement aggravée par une capacité de défense européenne autonome – pourrait creuser un fossé entre les États-Unis et ses alliés de l'OTAN, fossé qui pourrait, le temps passant,

compromettre sérieusement l'interopérabilité et créer une alliance inapplicable, à deux, voire trois étages.

Le sentiment que le Japon fait face à un contexte de sécurité plus périlleux se confirme et il est largement fondé sur la menace que représente la Corée du Nord. Le Japon s'inquiète aussi des intentions de la Chine. Les commissions parlementaires passent actuellement en revue la « Peace Constitution », et le gouvernement a également entrepris une étude du problème de l'autodéfense d'un point de vue collectif. Ces actions mèneront un jour ou l'autre à une réinterprétation ou à un amendement de la constitution, développement que les voisins du Japon trouveront préoccupant.

Si le Japon ne revient pas au militarisme, il n'en reste pas moins que sa conduite prudente sur le plan international va selon toute vraisemblance être remplacée par une conduite nationale et internationale plus péremptoire. Le Japon conservera ses solides liens de défense avec les États-Unis, mais il cherchera aussi à étendre son influence en Asie.

Inde et Pakistan. Le contexte stratégique, politique et économique qui règne sur le sous-continent indien a atteint un niveau de stabilité relative, qui devrait se poursuivre à court et à moyen termes. La reprise du dialogue entre l'Inde et le Pakistan va aussi continuer, poussée en partie par la dégradation de la position internationale du Pakistan à la suite des attaques terroristes contre l'Amérique. Le Cachemire restera toutefois une pierre d'achoppement, accentuée par l'occasion donnée à l'Inde de frapper les militants.

Le déséquilibre conventionnel entre l'Inde et le Pakistan va s'accentuer, du fait que le Pakistan se sera rendu compte qu'égaler l'augmentation des dépenses indiennes est hors de sa portée. La dotation en armement nucléaire se déroule à un rythme bien moins soutenu que prévu, et ne va vraisemblablement pas s'accélérer, même si cela s'explique surtout par des motifs économiques. Pendant quelque temps encore, les deux pays vont sans doute se reposer sur la valeur dissuasive des capacités et infrastructures limitées qu'ils possèdent, plutôt que de viser des arsenaux nucléaires grand format. L'intérêt que portent les grandes puissances au sous-continent restera vif, mais cet intérêt sera certainement dû davantage aux relations entre puissances mondiales et à la lutte contre le terrorisme transnational, qu'à un souci d'arbitrer le conflit de la région.

Quelques points névralgiques

Péninsule coréenne. Plus d'un an après le premier sommet Nord-Sud, une amélioration notable des relations bilatérales se fait toujours attendre. Le manque de réciprocité dans les relations Nord-Sud a fortement miné le soutien en Corée du Sud à une politique de concertation. Entre-temps, la situation de la sécurité reste inchangée. Dans la conjoncture actuelle, les perspectives d'améliorer le climat de sécurité restent minces, voire inexistantes.

Taïwan. Le principal objectif régional de la Chine consiste à réaliser la réintégration de Taïwan. Beijing a parrainé des prises de contact direct avec les groupes d'opposition et les chefs d'entreprises de Taïwan dans le cadre d'un effort généralisé visant à forcer le gouvernement taiwanais à négocier selon les modalités imposées par la Chine. Le réalignement politique en cours à Taïwan peut être dangereux pour les perspectives de résolution pacifique du différend. Si la Chine en arrive à la conclusion que sa stratégie

d'isolation du gouvernement taïwanais s'est soldée par un échec, et si elle voit que Chen prend des forces aux prochaines élections législatives, on pourrait assister à des demandes croissantes venues du corps militaire même et d'ailleurs, d'adopter des mesures plus coercitives afin d'inciter des changements favorables.

Indonésie. L'unité de l'Indonésie se déchire et la stabilité du pays subit un flottement certain. Dans la foulée de la sécession du Timor oriental, d'autres provinces réclament leur indépendance, notamment Aceh et Irian Jaya. Il sera infiniment pénible de rétablir l'harmonie ethnique et religieuse. Si l'Indonésie maintient toujours son unité dans cinq ans, il est à espérer que ce sera dû au fait que les Indonésiens ont trouvé une façon de travailler main dans la main plutôt qu'à un retour à une férule dictatoriale implacable.

Balkans. L'appartenance ethnique continuera d'être un facteur important dans l'ensemble de la région, dans la mesure où elle touche des questions d'identité nationale, comme les droits linguistiques et la culture de la minorité. L'action des organismes internationaux sera toutefois suivie d'effet, puisqu'elle apaisera les tensions entre ethnies dans certains pays, même si d'autres nationalismes peuvent attiser des conflits armés en dépit des efforts que fait la communauté internationale pour résoudre les conflits. En Bosnie, l'accord de paix de Dayton sera de plus en plus souvent considéré comme intenable. La sécurité du personnel de la KFOR, sous l'égide de l'OTAN, se réduira à mesure que les nationalistes albanais et kosovars en viendront à considérer la présence internationale comme un obstacle à l'objectif d'indépendance, qui est très populaire. En Macédoine, on ignore si l'accord de paix d'août 2001 vivra : dans le cas contraire, une menace inquiétante concernant la stabilité régionale, directement liée à l'avenir du Kosovo, verra le jour.

Moyen-Orient. Une guerre planifiée israélo-arabe semble peu probable. La supériorité stratégique d'Israël, garantie par les États-Unis, demeurera, et la plupart des Israéliens et des Arabes ne veulent pas la guerre. Hélas, les modalités qu'Israël, la Syrie et les Palestiniens sont prêts à accepter dans le cadre d'un accord de paix total, sont discordantes. Par conséquent, le conflit s'éternise, avec des poussées variables de violence. Toutefois, cela sera accompagné du risque d'une recrudescence accidentelle, si jamais l'*intifada* palestinienne, ou le conflit qui gronde entre Israël et le Hezbollah le long de la frontière libanaise, contamine les pays limitrophes.

Golfe persique. En Iran, les conservateurs continueront à mener des actions d'arrière-garde contre Khatami et les partisans de la réforme. Néanmoins, le processus de réforme ira de l'avant, quels que soient les obstacles, ce qui fera lentement avancer la République islamique sur la voie d'une démocratie religieuse pluraliste. En Irak, Saddam Hussein pourrait rester au pouvoir pendant des années, sans changer de sa politique d'accrochage avec les États-Unis et ses alliés. S'il quitte le devant de la scène, et à ce moment-là seulement, la lutte de succession sera à n'en pas douter violente et sanguinaire. Quant aux relations entre l'Iran et l'Irak, ces deux frères ennemis de toujours ne vont sans doute pas entièrement régler les innombrables problèmes politiques et de sécurité qui les séparent même si, à part égale, la perspective de voir ces différends dégénérer en guerre ouverte reste théorique.

Asie du Sud. L'Asie du Sud est et restera un point de ralliement du *djihadisme* (*voir ci-dessous*) ainsi qu'une source (qui se tarit actuellement) et une voie pour le trafic

des stupéfiants et la contrebande. L'insurrection est également endémique dans de nombreuses parties de la région – de l'Afghanistan au Népal, en passant par le Cachemire, les États du Nord-Est de l'Inde et le Sri Lanka – et s'aggravera dans certaines parties. Même là ou l'insurrection ne constitue pas un problème, comme au Bengladesh, la violence politique s'intensifie.

Afrique. La prolifération « d'États en faillite » comme la République démocratique du Congo, la Somalie, la Sierra Leone et peut-être le Burundi, posera un défi grave et constant. Les coups d'état politiques, l'état de droit piétiné (comme au Zimbabwé), ainsi que la violence ethnique et religieuse, affaibliront des structures démocratiques superficielles, calquées sur le modèle occidental.

Amérique latine. L'Amérique latine sera relativement paisible, du moins si on la compare à d'autres régions du monde. Il semble peu probable qu'un conflit entre États intervienne. Les sources de conflit se centreront plutôt sur des questions de sécurité non traditionnelles, comme le trafic des stupéfiants, la criminalité internationale, l'immigration illégale. Cela dit, la démocratisation est et restera superficielle. Un retour à la férule dictatoriale ou militaire continuera à être une option réelle dans la région.

Questions sensibles

Régimes antagonistes. L'un des grands défis pour la stabilité internationale continuera à émaner des « régimes antagonistes » : ceux qui mettent au point des armes de destruction massive, encouragent le terrorisme, minent les opérations de maintien de la paix et de contrôle des armements, et entreprennent des violations des droits de la personne à grande échelle. Les stratégies futures visant à traiter avec les régimes antagonistes ne changeront pas du tout au tout, sans parler des doutes sur l'efficacité des efforts en cours. En effet, il se peut que, sans mesures de coercition, les régimes antagonistes constituent un problème d'un gabarit bien plus considérable.

Menaces asymétriques. Incapables de faire écho à la puissance écrasante des États-Unis et de ses alliés, certains adversaires pourraient fort bien songer à essayer de décourager ou de contrer l'ingérence américaine dans leurs affaires en utilisant ou en menaçant d'utiliser des armes de destruction massive, ainsi que des virus informatiques pour cibler les forces, les infrastructures et les biens commerciaux vulnérables. Les attaques terroristes perpétrées le 11 septembre 2001 contre le « World Trade Center » et le Pentagone ont déjà validé, de manière affreuse, la menace terroriste conventionnelle contre les grandes infrastructures américaines.

Les sociétés sont particulièrement vulnérables aux « cyberattaques » (on estime qu'en 2000, dans le monde entier, les attaques de virus ont coûté 17,1 milliards USD aux entreprises). Mais jusqu'ici, les terroristes n'ont pas encore allié la motivation d'attaquer les infrastructures capitales à la capacité de provoquer des dommages conséquents à des systèmes bien protégés. À court terme, ils auront vraisemblablement recours à la technologie de l'information, davantage des raisons organisationnelles que pour causer des perturbations marquantes à des fins politiques.

Après les attentats à la bombe de 1998 sur l'Afrique de l'Est, Madeleine Albright a défini le terrorisme comme la plus grande menace qui plane sur les États-Unis et sur le monde. Les attaques suicides sur le continent américain ont mis cette affirmation en relief. Les incidents terroristes les plus meurtriers seront normalement associés à des conflits du monde en voie de développement, et seront de temps à autre exportés dans les pays industrialisés. Ces incidents qui coûtent un grand nombre de vie resteront épisodiques, et les coupables continueront à s'appuyer principalement sur des tactiques traditionnelles (bombes, véhicules suicides, y compris des avions), mais auront plus rarement recours aux armes chimiques, biologiques, radiologiques ou nucléaires. Ces armes de destruction massive serviront probablement surtout lors d'attaques de moindre envergure, ou même de canulars, plutôt que dans des frappes très meurtrières. Des incidents aussi faibles pourraient toujours être cause d'une grande désorganisation, surtout s'ils se produisent en série. Tandis que les parrains étatiques traditionnels du terrorisme sont restés relativement silencieux ces dernières années, de nouveaux réseaux terroristes – notamment, les extrémistes Sunnites – se sont rattrapés, n'hésitant pas à provoquer un nombre considérable de morts. Dans une guerre continue contre le terrorisme transnational, les parrains étatiques comme les réseaux extrémistes tenteront probablement d'exercer des représailles (comme l'a fait la Libye après les frappes aériennes américaines de 1986, et de nouveau en 1991 pendant l'opération « Tempête du désert »), mais sans doute avec une efficacité réduite.

Djihadisme. Le *Djihadisme* se définit comme une tentative d'imposer une version intégriste de l'Islam, par le biais d'une action armée. Ce que les *djihadistes* appellent «Terres de la *Djihad*» inclut les Philippines, l'Afghanistan, le Cachemire, l'Asie centrale, la Palestine, la Tchétchénie, la Bosnie et le Kosovo. L'affaire Ressam a attiré l'attention du Canada sur la nature internationale de la lutte. Les forces occidentales de sécurité observeront avec inquiétude tous les signes indiquant que leurs activités sont contrôlées à partir d'un point central.

Défis au sain exercice des pouvoirs. L'effondrement du système communiste dans l'ex-Union soviétique, ainsi qu'en Europe Centrale et en Europe de l'Est, a laissé des États exsangues, tout juste capables de maintenir l'état de droit, même lorsque les cultures politiques locales adoptent cette valeur. Cela a donné jour à une conjoncture souvent marquée par une corruption foncière et des taux de criminalité en hausse, mais aussi à une situation où les autorités gouvernementales, le grand banditisme et la nouvelle élite des affaires travaillent souvent main dans la main. Dans certaines régions, comme en Serbie sous l'ancien régime Milosevic et dans la région de Trans-Dniestr en Moldavie, la distance qui sépare le grand banditisme du gouvernement local est très mince. Cette situation s'améliorera au fil du temps, mais les dirigeants réformistes continueront à avoir des problèmes à mettre en place une législation économique et politique pourtant bien nécessaire, et la résolution de problèmes de sécurité plus généralisés en pâtira.

Dans les autres parties du monde, on relève des signes alarmants d'institutions démocratiques affaiblies dans de nombreux États en voie de développement, ainsi que des lacunes inquiétantes sur le plan des dirigeants, allant du mépris que manifeste Robert Mugabé au Zimbabwé envers l'état de droit, aux malversations politiques de Daniel Arap Moi au Kenya. Ces développements, conjugués à des performances économiques

languissantes et aux attentes populaires plus fortes, signifient que le sain exercice des pouvoirs deviendra une denrée rarissime au cours des années à venir.

Grand banditisme transnational. Le grand banditisme transnational a été ravivé par la fin de la Guerre froide et par la mondialisation. Sa stature prend de l'ampleur : une estimation indique qu'il représente plus du double de l'économie canadienne. Nombre des facteurs qui ont encouragé sa propagation existeront encore. Souvent présenté de manière exagérée comme un défi à la sécurité internationale, le grand banditisme transnational deviendra vraisemblablement encore plus tentaculaire, avec des conséquences à long terme pour le sain exercice des pouvoirs et l'état de droit. Sa dissémination, sa rentabilité et son adaptabilité le rendront difficile à contrecarrer.

Pressions démographiques et carence de ressources. Les données démographiques et les habitudes de migration changeantes pourraient avoir des implications politiques profondes au cours des prochaines années. En Europe de l'Ouest, où les taux de natalité sont presque partout en chute libre, la pression sur les gouvernements se fera plus forte, alors que ces derniers lutteront pour maintenir le financement adéquat en faveur des programmes sociaux. Une immigration plus permissive peut constituer un remède possible, mais la résistance à une telle mesure pourrait fort bien entraîner des violences locales. En même temps, le fort taux de natalité chez les Albanais, s'il se confirme, posera encore un autre défi aux frontières politiques existantes du Sud-Est de l'Europe.

Dans certains cas, les conséquences des changements dans la population ne sont pas aussi claires. Par exemple, on prévoit qu'au cours des 25 prochaines années, la population de l'Asie du Sud aura augmenté de plus d'un tiers (de 1,3 milliard en 2000, elle passera à 1,8 milliard), mais il s'agira d'une population vieillissante, ce qui peut réduire les pressions sociales et atténuer la menace de violence. Néanmoins, le taux d'urbanisation en Inde et au Pakistan va possiblement passer de 30 % de la population en 2000 à 48 % d'ici à 2030. Avec d'aussi fortes concentrations d'êtres humains, dont un grand nombre n'auront pas d'emploi rémunéré, les niveaux existants de violence politique vont vraisemblablement faire un grand bond.

Au Moyen-Orient, des populations relativement jeunes vont exacerber les tensions régionales. Un environnement caractérisé par la stagnation économique et la répression politique trahira les attentes sociales de la jeunesse désœuvrée (près de 50 % ont présentement moins de 20 ans), engendrera des troubles sociaux, un extrémisme religieux et idéologique, et un terrorisme dirigé contre les régimes locaux ainsi que contre les intérêts mondiaux, dont ceux de l'occident. En Israël et dans les territoires occupés, une population palestinienne et israélo-arabe en développement rapide joindra sa voix à celle de la population juive d'Israël, en vue de séparer les deux communautés dans la zone à l'ouest du Jourdain. Dans le contexte de l'*Intifada* ininterrompue, si cela se produit, ce sera sans doute plus à cause de l'action unilatérale israélienne que *via* un règlement politique total.

Par ailleurs, les pressions démographiques et économiques vont aggraver une conjoncture environnementale déjà catastrophique au Moyen-Orient et en Asie centrale. Une grande partie de la région souffre déjà du manque d'eau à cause d'une sécheresse qui s'éternise. Une planification défaillante et des habitudes de gestion médiocres ont mené à

la surexploitation des sources de surface et de la nappe phréatique. Les solutions à ce problème existent (parmi d'autres, la désalinisation, de meilleures techniques d'irrigation, le réemploi des eaux usées), mais nombre de ces solutions demandent un capital considérable et prendront du temps à mettre en œuvre. Au cours des cinq prochaines années, quantité de pays de la région lutteront pour régler les problèmes de disponibilité et de qualité de l'eau.

Maladie. La propagation des maladies infectieuses posera un défi de plus en plus important à la sécurité mondiale et nationale. Cela s'explique par l'arrivée de nouveaux facteurs pathogènes, par la facilité croissante et la fréquence accrue de passage des frontières, par l'augmentation dramatique de microbes résistant aux médicaments, et par le développement de mégavilles, avec leurs carences effarantes sur le plan des soins de santé. Les forces militaires déployées dans les régions frappées de taux importants de maladie peuvent également être contaminées, et ce facteur doit de plus en plus entrer en ligne de compte.

Bien qu'aucune région du globe ne soit à l'abri, l'Afrique sera la région la plus touchée par la maladie. On estime que les taux de mortalité grimperont jusqu'à 25 % parmi certaines populations adultes (comme en Afrique sub-saharienne). Les implications en matière de sécurité de la pandémie du sida en Afrique deviendront évidentes dans les années qui viennent. Le déclin économique, les migrations, la désintégration de la structure sociale, la réduction des capacités militaires par le biais d'une attrition de personnel peu viable, et de plus, l'instabilité politique, suggèrent que le sida peut éradiquer des décennies de développement africain. Selon certains analystes, le sida touchera gravement l'Inde et la Chine.

Interventionnisme et ingérence. L'ingérence pour des raisons humanitaires (la façon, le moment et les conditions où elle est entreprise), continuera à faire l'objet d'un débat généralisé chez les membres du système international. Tandis que les pays occidentaux seront généralement enclins à sanctionner l'ingérence, d'autres, y compris la Russie, la Chine et l'Inde seront plus hésitantes, par crainte qu'un précédent puisse être créé, par lequel des forces extérieures interviendraient dans les insurrections au sein de leurs propres frontières.

Contrôle des armements

Les dispositifs stratégiques actuels de contrôle des armements – les pourparlers sur la limitation des armes stratégiques (START) et le Traité ABM (Traité sur les limitations des systèmes des missiles antimissile) – sont le reflet des relations bipolaires de la Guerre froide et ne conviennent donc pas idéalement pour répondre aux défis où de nouveaux protagonistes affichent un respect moindre pour les accords de contrôle des armements. Par conséquent, les régimes existants continueront à connaître une tension considérable. Ils devront être souples, sans compromettre ni leurs valeurs fondamentales de coopération et d'autolimitation, ni leur capacité à atteindre l'objectif principal, celui de réduire le risque de guerre et les conséquences de cette dernière. Les attaques terroristes du 11 septembre 2001 contre les États-Unis consolideront cette position.

L'Administration Bush envisage un nouveau cadre stratégique, qui conjugue des mesures défensives à des mesures offensives. Il faudra pour cela que les États-Unis et la

Russie tournent la page sur leur relations traditionnelles qui favorisent la dissuasion en fonction des vulnérabilités mutuelles. Il semble probable que les deux pays vont redéfinir leur relation stratégique de façon à permettre une forme ou une autre de défense antimissile, en même temps que des réductions nucléaires stratégiques.

Les réductions nucléaires conclues entre les États-Unis et la Russie résulteront-elles en un nouvel accord START ? Cela semble douteux, mais pas impossible. Néanmoins, il est clair que des compressions surviendront des deux côtés. Pour Moscou, elles se feront par nécessité, étant donné le délabrement de l'arsenal nucléaire de la Russie. Pour Washington, elles se feront par choix, étant donné le sentiment toujours plus marqué dans la communauté américaine de la défense que les États-Unis détiennent davantage d'armes nucléaires que ne l'exige leur sécurité.

L'approche américaine vis-à-vis du contrôle des armements a commencé à changer ces dernières années. Elle se caractérise par un plus grand pragmatisme, qui subordonne les accords de contrôle des armements aux intérêts nationaux. Cette approche, suivie avec encore plus de conviction par l'Administration Bush (témoin son refus récent de l'ébauche du Protocole de la Convention sur l'interdiction des armes bactériologiques et à toxines), signifie que les accords de contrôle des armements ne seront pas entrepris comme des fins en soi, mais seulement s'ils sont perçus comme des accessoires renforçant la sécurité des États-Unis et de leurs alliés.

L'Administration Bush continuera à mettre un accent de plus en plus fort sur des contrôles efficaces à l'exportation – qui, dans une certaine mesure, font la distinction entre les pays fournisseurs détenant la technologie et les pays cherchant à y avoir accès – plutôt que sur des accords multilatéraux de contrôle des armements, qui appliquent des règles générales uniformément à chaque pays, sans tenir compte ni du comportement, ni de l'intérêt.

L'avenir de la guerre

Nature des conflits. Une guerre massive, à l'échelle du système, est moins vraisemblable aujourd'hui qu'à n'importe quelle époque depuis le XIXe siècle. Dans la mesure où, de nos jours, les intérêts des grandes puissances sont en conflit, une lutte militaire titanesque semblable à celle des deux guerres mondiales du XXe siècle est hautement invraisemblable.

Le conflit armé reste endémique dans le système international et, quand il éclate, il est souvent d'une violence extrême (par exemple, la guerre de huit ans entre l'Iran et l'Irak a coûté au bas mot un million de vies). Un conflit de forte intensité entre les protagonistes régionaux, pouvant impliquer des armes non conventionnelles, ne peut pas être écarté.

Un autre sorte de guerre, la guerre au terrorisme transnational, s'avère possible à la suite des massacres terroristes de septembre 2001 aux États-Unis. Il ne s'agira pas d'une guerre « rhétorique » mais d'une guerre bien réelle, où les problématiques de souveraineté nationale ou les normes de preuves médico-légales deviendront moins importantes que les résultats. Il s'agira possiblement d'une guerre sur plusieurs fronts, dans laquelle les États-Unis et leurs alliés attaqueront l'ennemi sans prévenir, sans se positionner, et sans examiner les problèmes juridiques et politiques qui rendaient les

précédentes guerres au terrorisme si brèves et si peu efficaces. Un tel conflit exigera probablement de nouvelles armes, davantage de nouvelles formes de renseignement, et un accroissement des forces et des opérations spéciales. Les alliés traditionnels des États-Unis, ainsi que leurs nouveaux alliés comme la Russie – elle-même combattant cet ennemi commun – devront faire des changements semblables. Dans une telle guerre planétaire contre le terrorisme transnational, la doctrine et les structures militaires, conçues pour de « lourdes opérations de maintien de la paix » ou la guerre conventionnelle, vont très vraisemblablement devoir être modifiées pour combattre un ennemi plus petit, plus leste, omniprésent dans le monde.

Sur le champ de bataille. La « Révolution dans les affaires militaires » va sans doute accroître le nombre d'options possibles pour réagir aux divers scénarios de conflits possibles, y compris les opérations de soutien de la paix. La plupart des conflits imprévus demanderont sans doute des forces navales pour projeter directement les forces de la mer vers la terre, que ce soit dans le cadre d'une guerre régionale ou d'une opération de maintien de la paix voisine d'un combat. Il s'ensuit que les missiles à longue portée d'attaque contre la terre deviendront des outils de plus en plus intéressants pour gérer les crises. Les conflits les plus vraisemblables de l'avenir demanderont des forces qui peuvent à la fois se déployer en un éclair dans une région en crise, et être mobiles sur le champ de bataille une fois sur place. Cela exige un pont aérien et un pont océanique stratégiques considérables, ainsi qu'un matériel léger, manœuvrable mais très meurtrier. Les hélicoptères de combat constituent la principale plate-forme de la mobilité sur les champs de bataille. La nature de la révolution de l'information est telle que les technologies militaires évoluées disposent du potentiel suffisant pour permettre au soldat d'en savoir aussi long sur le champ de bataille que son général. Par conséquent, le commandement local verra sans doute ses pouvoirs s'accroître, au détriment du commandement à un niveau supérieur.

Passage d'une force armée de conscrits à une force armée professionnelle. Le besoin décroissant d'armées massives, tout comme le recours aux technologies de pointe, va encourager la transformation d'une force armée de conscrits en une force armée professionnelle. Dans les pays où la conscription est abandonnée, les coûts de personnel absorberont une proportion croissante des dépenses de défense, diminuant encore plus la taille générale des institutions militaires, rendant encore plus difficiles les choix entre les programmes d'investissement de capitaux. Les pays disposant déjà de forces professionnelles seront plus souvent forcés d'opérer des choix entre les technologies de pointe et la taille des forces. D'autres conservent le principe de conscription à cause d'un manque de fonds, malgré des politiques prônant une plus grande professionnalisation des forces armées.

Ben Lombardi avec la participation des analystes de DA Strat

Eyes Forward

What will the world look like five years from now? In an age of seemingly accelerating change, speculating about what life will be like tomorrow much less a few years from now is an exercise engaged in at one's peril. Yet there are some underlying structural features and evolving trends in the international system that hint at what the future might hold in store for us. As always, the distribution of economic and military power will determine the nature of the system with the US remaining overwhelmingly pre-eminent. We will also witness further economic globalization and a continuing intensification of the worldwide communications web, with greater stress on current governing structures. Advanced technologies will increasingly impact on daily lives and, in turn, affect the ways in which security is defined, wars are fought and societal objectives are advanced. Emerging asymmetric threats will heighten the sense of vulnerability felt in advanced societies. As recent events in Africa, the Balkans and elsewhere have shown, the relevance of traditional understandings of peacekeeping and arms control developed during the half-century Cold War will come under increasing challenge. In other words, the international security environment will be characterized, as we said in the opening chapter, by both volatility and opportunity. We will examine these and other volatilities and opportunities in the sections that follow.

American Primacy

The US is, overwhelmingly, the most powerful country in the world and will remain so in the near- to mid-term. It is the only state with the reach and capabilities to promote its interests in every part of the globe. The superiority of its armed forces will be unmatched by any single country or likely adversarial coalitions. The settlement of key international issues will be seriously, often decisively, impeded without US involvement.

The implications of President Bush's "truly post-Cold War" policy are very large. In contrast with the Clinton years, the Bush Administration has stepped back from a high profile approach toward global mediation. As a rule, its conflict resolution strategy has emphasized regional stability, a clear desire to avoid the intricacies of peace negotiations and a growing reluctance to commit US resources to impose or enforce any peace settlement. Such an approach has its roots in a gradual, decade-long shift towards greater unilateralism in US foreign policy. While it will not eschew international cooperation altogether, the Bush Administration will maintain an *à la carte* approach to multilateralist efforts, evaluating them on a case-by-case basis.

Despite an upward trend in defence spending, US military readiness and the ability of the armed forces to cope with major regional contingencies will demand attention particularly as Cold War era platforms reach the end of their service life. Efforts to transform the US military into one that incorporates the technological, doctrinal and organizational elements of the Revolution in Military Affairs (RMA) will continue but more slowly than expected. This will be due to Congressional and budgetary pressures against transformation as well as resistance by uniformed officers.

The US will vigorously pursue research and development of a nationwide ballistic missile defence system in cooperation with its principal allies and partners. This initiative

will play a major role in defining US relations with Europe, Russia and China and will almost certainly prompt a comprehensive reappraisal of nuclear strategy and posture among the Permanent Five. While US missile defence plans will complicate efforts to broaden the global arms control, disarmament and non-proliferation treaty regimes, other, less formal initiatives such as unilateral reductions and threat reduction arrangements will take on greater prominence.

Regional Powers

Russia and China – Old Rivals or New Partners? Relations among Russia, China and the United States will continue to undergo transformation as each state adjusts to its post-Cold War role. 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. With Russia prepared to negotiate a new strategic understanding with the United States, China could attempt to do the same or build up its strategic forces. It will try to do both.

Russia and China have drawn closer together as evidenced by the July 2001 signing of a new friendship treaty. However, the two are not natural partners, and the degree of rapprochement reflects strategic and economic expediency. Mutual suspicion of longer-term intentions persists, and both countries will hedge against the possibility that they may become strategic competitors.

Russian politics are much calmer today as the extremes of the political spectrum decay while the centre grows. The economy is now growing slowly and structural reforms that will "modernize" Russia are being emplaced. In five years, however, Russia will not be at "European levels" of anything although it will clearly be on the route. In foreign affairs, despite occasionally competing interests, Russia will tend to side with the West on fundamental issues. Russia's internal transformation demands it.

Five years from now China will be wealthier and able to exert increasing economic, demographic and strategic weight within the Asia-Pacific region and globally. At the same time, the leadership will face enormous socio-economic problems as it proceeds with the transition to a market-based economy. The Communist Party will not voluntarily surrender its monopoly on power, and it appears to have both the will and capacity to quell large-scale unrest.

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, centred primarily on its troubled relationship with the United States. China views the US as the greatest threat to its security policy goals and believes that the US is seeking to contain China strategically and militarily. The hostility will likely intensify if the US does not attempt to ameliorate China's concerns on issues such as missile defence and Taiwan. Nevertheless, matters are unlikely to deteriorate to the point of open warfare between the two powers in the next five years.

Europe and Japan – Key US Allies. Key allies will remain broadly supportive of US foreign policy. Nevertheless, a number of issues, such as burden

sharing, proliferation, ballistic missile defence and the environment, may not be as conducive to US-allied partnership, potentially leading to greater dissension in the years ahead. In other cases, such as Australia, the relationship may become more closely cooperative especially on defence issues.

Most European countries will continue to see value in sustained American involvement in Europe. Despite grumbling about Washington's increasing unilateralism, in the near- to mid-term the European allies will accept the US lead on security issues, including NATO enlargement, Balkan stability missions and, ultimately, missile defence.

The 1999 Kosovo air campaign revealed serious weakness in European military capabilities and the extent of European dependence on the United States for crisis management operations. This has spurred efforts to endow the EU with a capacity for autonomous military action drawing on NATO assets. The development of an EU defence capability will face obstacles including divergent security interests among continental powers, the need for reform of European military structures and the lagging adaptation of European countries to the RMA. However, the greatest challenge will likely be the political will to devote sufficient financial resources to this goal.

To maintain the transatlantic link, European allies will try to enhance at least some of their military capabilities within NATO in conjunction with the Alliance's Defence Capabilities Initiative (DCI). NATO viability might be threatened if DCI stalls and the allies are not able to cope with the RMA. American superiority in military technology – possibly compounded by an autonomous European defence capability – could create a gap between the US and its NATO allies that might, over time, seriously erode interoperability and create an unworkable two- or even a three-tiered alliance.

There is a growing sense that Japan is facing a more dangerous security environment. This is centred largely on the threat posed by North Korea, but there is also anxiety about China's intentions. Parliamentary commissions are currently reviewing the "Peace Constitution," and the government has also initiated a study of the collective self-defence issue. These actions will eventually lead to a re-interpretation or amendment of the constitution – a development that Japan's neighbours will find alarming.

While Japan is not returning to militarism, the cautious international behaviour of the past is likely to be replaced by more assertive national and international behaviour. Japan will maintain its strong defence ties with the United States, but it will also seek to expand its influence in Asia.

India and Pakistan. The strategic, political and economic environment in the Indian sub-continent has reached a degree of relative stability that should persist in the near- to mid-term. The renewed dialogue between India and Pakistan will also continue, impelled in part by the deterioration in Pakistan's international position following the terrorist attacks on America. Kashmir will nevertheless remain a point of contention, exacerbated by the opportunity given India to strike at the militants.

The conventional imbalance between India and Pakistan will grow with Pakistan having realized that matching Indian spending increases is beyond its capability. Nuclear weaponization is proceeding far more slowly than expected and is unlikely to speed up, although mainly for economic reasons. For some time to come, both countries are likely

to rely on the deterrent value of the limited capabilities and infrastructures they have rather than striving for full-fledged nuclear arsenals. While great power interest in the sub-continent will remain high, it will likely have more to do with global power relationships and combating transnational terrorism than with concern about mediating conflict in the region.

A Few Trouble Spots

Korean Peninsula. More than a year after the first North-South summit, substantive improvement in bilateral relations has yet to materialize. The lack of reciprocity in North-South relations has largely undermined support within South Korea for the engagement policy. Meanwhile, the security situation remains unchanged. At the present juncture, there is little or no prospect for improving the security climate.

Taiwan. China's principal regional objective is to achieve the reintegration of Taiwan. Beijing has fostered direct contacts with opposition groups and business leaders in Taiwan as part of a wider effort to pressure the Taiwanese government to negotiate on China's terms. The political realignment underway in Taiwan may be dangerous to prospects for a peaceful resolution of the dispute. If China concludes that its strategy to isolate the Taiwanese government has failed and if it sees Chen gaining strength in the upcoming legislative elections, there may be growing calls from within the military and elsewhere to adopt more coercive measures to induce favourable change.

Indonesia. The unity of Indonesia is fraying at the seams, and the stability of the country is clearly in doubt. In the wake of East Timor's secession, other provinces are clamouring for independence, notably Aceh and Irian Jaya. Reconstructing ethnic and religious harmony will be extraordinarily difficult. If Indonesia is still holding together in five years, it will hopefully be because Indonesians have found a way to work together rather than due to a return to harsh authoritarian rule.

The Balkans. Ethnicity will continue to be a factor throughout the region particularly as it relates to issues of national identity such as minority language rights and culture. International organizations will be effective in dampening inter-ethnic tensions in some countries though in others nationalism could ignite armed conflict despite ongoing international efforts at conflict resolution. In Bosnia, the Dayton Peace Settlement will more and more be seen to be increasingly untenable. The security of NATO-led KFOR personnel will decline as Albanian-Kosovar nationalists come to regard the international presence as an impediment to the widely popular goal of independence. In Macedonia, it is unclear if the August 2001 peace agreement will endure; if not, a serious threat to regional stability, which is directly linked to the future of Kosovo, will emerge.

Middle East. A planned major Arab-Israeli war is unlikely. Israel's strategic superiority, guaranteed by the US, will remain unchallenged, and most Israelis and Arabs do not want war. Unfortunately, the terms Israel, Syria and the Palestinians are willing to accept as part of a comprehensive peace settlement do not overlap. Thus, the conflict will drag on with varying intensities of violence. With this, however, comes the risk of unintended escalation should the Palestinian *intifada* or Israel's simmering conflict with Hizbollah along the Lebanese border spill over into neighbouring countries.

Persian Gulf. In Iran, conservatives will continue to fight a determined rear-guard action against Khatami and the supporters of reform. Nevertheless, the reform process will go forward despite the setbacks, slowly moving the Islamic Republic in the direction of a pluralist religious democracy. In Iraq, Saddam could remain in power for years with no change in his confrontational policies with the US and its allies. If and when he does pass from the scene, the succession struggle will likely be violent and bloody. As for relations between Iran and Iraq, these two traditional competitors are unlikely to fully reconcile the many political and security problems dividing them though, equally, the prospects of these differences degenerating into open warfare are remote.

South Asia. South Asia is and will remain a nexus for *Jihadism* (*see below*) and a source (though currently declining) and conduit for illicit drugs and smuggling. Insurgency is also endemic in many parts of the region – from Afghanistan to Nepal, Kashmir, India's northeastern states and Sri Lanka – and will worsen in some. Even where insurgency is not a problem, as in Bangladesh, political violence will continue to increase.

Africa. The proliferation of "failed states," such as the Democratic Republic of Congo, Somalia, Sierra Leone and, possibly, Burundi, will be a serious challenge. Political coups, declining rule of law (such as in Zimbabwe) as well as ethnic and religious violence will weaken shallowly rooted Western-style democratic structures.

Latin America. Latin America will be relatively peaceful as compared to other parts of the world. There is unlikely to be an interstate conflict; rather, sources of conflict will center on non-traditional security issues like the drug trade, international crime and illegal immigration. That said, democracy is and will remain weakly anchored. A return to authoritarian or military rule will continue to be a real option in the region.

Troubling Issues

Adversarial Regimes. A major challenge to international stability will continue to emanate from "adversarial regimes" – those developing weapons of mass destruction, promoting terrorism, undermining peacemaking and arms control efforts, and engaging in large-scale human rights violations. Future strategies for dealing with adversarial regimes will not change radically, notwithstanding doubts about the efficacy of current efforts. Indeed, it is possible that, without coercive measures, adversarial regimes will constitute a much greater problem.

Asymmetric Threats. Unable to match the overwhelming power of the United States and its allies, some adversaries might consider trying to deter or counter US intervention in their affairs by using or threatening to use weapons of mass destruction and computer viruses to target vulnerable forces, infrastructure and commercial assets. The terrorist attacks on the World Trade Center and Pentagon on 11 September 2001 have already horrifically validated the conventional terrorist threat to key US infrastructures.

Societies are particularly vulnerable to cyber-attack (virus attacks cost businesses world-wide an estimated US$17.1 billion in 2000), but terrorists so far have not allied the motivation to attack critical infrastructure with the ability to cause serious damage to well-protected systems. In the near term they seem likely to employ information technology more for organizational purposes than to effect significant disruption for political purposes.

After the 1998 East Africa bombings, Madeleine Albright described terrorism as the biggest threat to the US and the world; the suicide attacks on the American mainland emphasized the point. While the most lethal terrorist incidents will usually be associated with conflicts in the developing world, they will occasionally be exported to developed countries. Such mass casualty incidents will remain sporadic occurrences, and their perpetrators will continue to rely primarily on traditional tactics (bombs and suicide vehicles including aircraft) with much more limited resort to chemical, biological, radiological or nuclear weapons. These mass destruction weapons will probably be used primarily in low-level and even hoax attacks rather than in high-lethality strikes though such low-level incidents could still be highly disruptive especially in series. While the traditional state sponsors of terrorism have been fairly quiescent in recent years, new terrorist networks – notably those encompassing Sunni extremists – have filled the breach with even fewer constraints on exacting heavy casualties. In a sustained war on transnational terrorism, both state sponsors and extremist networks will probably try to retaliate (as Libya did after the 1986 US air raids and again during the 1991 Operation DESERT STORM) but likely with reduced effectiveness.

Jihadism. *Jihadism* is the attempt to impose a puritanical version of Islam by violent action. What *Jihadists* call "Lands of the *Jihad*" include the Philippines, Afghanistan, Kashmir, Central Asia, Palestine, Chechnya, Bosnia and Kosovo. The Ressam affair focused Canada's attention on the worldwide nature of the struggle. Western security forces will watch with concern for signs that their activities are centrally controlled.

Challenges to Good Governance. The collapse of the communist system in the former Soviet Union and Central and Eastern Europe left weak states whose ability to maintain the rule of law is extremely limited even when local political cultures embrace that value. This has created a situation where there is often pervasive corruption and increased crime rates but also where state authorities, organized crime and the new business elite often work hand-in-hand. In some places, such as Serbia under the former Milosevic regime and the Trans-Dniestr region of Moldova, the distance between organized crime and local government is very narrow. Although this will decrease over time, reform-minded leaders will continue to have problems implementing much-needed economic and political legislation, and the resolution of broader regional security problems will be impeded.

Elsewhere in the world, there are worrying signs of weakening democratic institutions in many developing states and serious shortcomings in leadership, ranging from the disdain of Zimbabwe's Robert Mugabe for the rule of law to the political manipulations of Kenya's Daniel Arap Moi. These developments, combined with weakening economic performance and rising popular expectations, mean that good governance will become an ever-scarcer commodity in the coming years.

Transnational Organized Crime. Transnational organized crime has been fuelled by the end of the Cold War and by globalization. It is increasing in scale; by one estimate it is more than twice the size of the Canadian economy. Many of the factors that have encouraged its spread will persist. Often exaggerated as a challenge to international security, transnational crime will likely increase in scope with long-term consequences for governance and the rule of law. Its diffusion, profitability and adaptability will make it difficult to counter.

Demographic Pressures and Resource Scarcities. Changing demographics and migration patterns could have major political implications in the coming years. In Western Europe, where birth rates are almost everywhere declining, pressure on governments will grow as they struggle to maintain adequate funding for social programs. More permissive immigration might be a possible remedy although resistance to such measures could well result in localized violence. At the same time, the high birth rate among Albanians will, if it is maintained, likely further challenge existing political borders in southeast Europe.

In some cases, the implication of population change is not so clear. For example, over the next 25 years, the population of South Asia is expected to grow by more than one third (to 1.8 billion in 2025 from 1.3 billion in 2000), but it will also age and this might reduce social pressures and mitigate the threat of violence. Nevertheless, the rate of urbanization in India and Pakistan is likely to rise from 30 percent of the population in 2000 to 48 percent by 2030. With such large concentrations of people, many of whom will not be gainfully employed, existing levels of political violence are likely to increase.

In the Middle East, relatively youthful populations will exacerbate regional tensions. In an environment characterized by economic stagnation and political repression, unfulfilled social expectations of those in the "youth bulge" (nearly 50 percent are now under 20 years of age) will breed social unrest, religious and ideological extremism, and terrorism directed against local regimes and global – i.e. Western – interests. In Israel and the occupied territories, a rapidly growing Palestinian and Israeli Arab population will reinforce calls among Israel's Jewish population for separating the two communities in the area west of the Jordan River. In the context of the continuing *intifada*, this is more likely to come, if at all, as a result of unilateral Israeli action rather than *via* a comprehensive political settlement.

Demographic and economic pressures will also aggravate already serious environmental conditions in the Middle East and Central Asia. Much of the region is water-stressed as a result of a lingering drought. Poor planning and management practices have led to the overexploitation of surfacewater and groundwater sources. Solutions to the problem exist – i.e. desalination, improved irrigation techniques and wastewater reuse among others – but many of these are capital-intensive and will take time to bring on-line. Over the next five years many countries in the region will struggle to cope with problems of water availability and quality.

Disease. The spread of infectious disease will pose a growing challenge to global and national security due to the emergence of new pathogens, the growing ease and frequency of cross-border movements, the dramatic increase in drug-resistant microbes and the rise of mega-cities with severe health care deficiencies. Military forces

deployed to regions experiencing significant rates of disease may also become infected, a factor that must increasingly be taken into account.

Although no part of the globe is immune, Africa will be the region most affected by disease. With death rates estimated to reach as high as 25 percent among certain adult populations (e.g. in sub-Saharan Africa), the security implications of the AIDS pandemic in Africa will become evident in the coming years. Economic decline, migrations, breakdown of the social fabric, the reduction of military capabilities through unsustainable attrition of personnel, and further political instability suggest that AIDS might erase decades of African development. Some analysts believe that AIDS will also seriously affect India and China.

Intervention. Humanitarian intervention – how, when and under what conditions it should be undertaken – will continue to be the subject of wide-ranging debate among members of the international system. While Western countries will be generally inclined to sanction interventions, others including Russia, China and India will be more hesitant, fearing that a precedent could be set by which outside forces might intervene in insurgencies within their own borders.

Arms Control

The existing strategic arms control regimes – the Strategic Arms Reduction Talks (START) and the Anti-Ballistic Missile (ABM) Treaty – largely reflect Cold War bipolar relations and, therefore, are not ideally suited to respond to challenges involving new actors who have limited respect for arms control agreements. Consequently, the existing regimes will continue to experience considerable stress. They will need to be flexible without compromising either their fundamental values of cooperation and self-restraint or their ability to achieve the principal objective of reducing the risk and consequences of war. The September 11, 2001 terrorist attack on the US will reinforce this stance.

The Bush Administration envisages a new strategic framework that combines defensive with offensive measures. This will require the US and Russia to go beyond their traditional relationship that favours deterrence based on mutual vulnerabilities and that discriminates against defensive capabilities. It is likely that the two countries will redefine their strategic relationship in a way that will allow for some form of missile defence along with new strategic nuclear reductions.

Whether nuclear reductions between the US and Russia will result in a new START agreement is doubtful though not impossible. Nevertheless, it is clear that cuts will occur on both sides. For Moscow, they will be by necessity given the deterioration of Russia's nuclear arsenal. For Washington, they will be by choice given the growing sense in the American defence community that the US holds more nuclear arms than is required for its security.

The US approach towards arms control has begun to change in recent years. It is characterized by a greater degree of pragmatism that subordinates arms control agreements to national interests. This approach, followed even more forcefully by the Bush Administration (e.g. its recent rejection of the draft Protocol to the Biological and Toxic Weapons Convention), means that arms control agreements will not be pursued as

ends in themselves but only if they are perceived as improving the security of the US and its allies.

The Bush Administration will continue to place greater stress on effective export controls – which to some extent distinguish between supplier countries in control of technology and those countries seeking access to it – over multilateral arms control agreements that apply general rules equally to every country, without consideration of behaviour or interest.

Future of Warfare

Nature of Conflict. A "major" system-wide war is less likely today than at any time since the mid-19th century. Inasmuch as the interests of the great powers collide today, a titanic military struggle such as occurred in the two world wars of the 20th century is extremely unlikely.

Armed conflict remains endemic in the international system and, when it erupts, will often be extremely violent (for example, the eight-year-long Iran-Iraq War resulted in well over a million casualties). High-intensity conflict between regional protagonists, potentially involving non-conventional weapons, cannot be discounted.

Another sort of war – a war against transnational terrorism – is possible after the September terrorist massacres in the US. This will not be a rhetorical war but an actual war in which issues of national sovereignty or forensic standards of proof become less important than results. This will likely be a multi-front war in which the US and its allies attack the enemy without warning, without posturing and without the concerns, both legal and political, that have made previous "wars on terrorism" short-lived and ineffectual. Such a conflict will probably require new weapons, more and new forms of intelligence-gathering, and increases in special forces and operations. Traditional allies of the United States as well as new ones like Russia – itself a fighter against the same enemy – will have to make similar changes. In such a global war against transnational terrorism, force structures and doctrine designed for "heavy peacekeeping operations" or conventional war will most likely have to be modified to fight a smaller, more nimble enemy located in many parts of the world.

On the Battlefield. The Revolution in Military Affairs is likely to increase the options available when responding to a range of conflict scenarios including peace support operations. Most future contingencies will likely require naval forces to project force from the sea directly ashore whether in the context of a regional war or a near-combat peacekeeping operation. It follows that long-range land-attack missiles will be increasingly attractive tools of crisis management. The most likely conflicts of the future demand a force that is both rapidly deployable to a crisis area and mobile on the battlefield once in theatre. For the former, the requirement is for significant strategic sea- and air-lift as well as lighter and manoeuvrable yet still highly lethal equipment. Combat helicopters will be the key platform for battlefield mobility. The nature of the information revolution is such that advanced military technologies have the potential to allow the soldier to know as much about a battlefield as a general. Therefore, local command will likely be empowered at the expense of theatre level command.

Moving from Conscript-based to Professional Armed Forces. The declining need for mass armies and the use of advanced technologies will encourage the transformation from conscript-based to professional armed forces. In those countries where conscription is abandoned, personnel costs will absorb an increasing proportion of defence expenditure, further decreasing the overall size of military institutions and putting added strain on capital investment programs. Those countries already having professional forces will increasingly be forced to make choices between advanced technologies and force size. Others will retain conscription due to a lack of funds despite policies advocating increased professionalization of the armed forces.

Ben Lombardi with contributions from D Strat A Analysts

Epilogue

Épilogue – La sécurité internationale après les événements du 11 septembre 2001

Les événements tragiques du 11 septembre 2001 se sont produits à l'heure même où le rapport *Évaluation stratégique 2001* allait être mis sous presse. Les dirigeants américains ont aussitôt qualifié ces attaques terroristes de «déclaration de guerre». Les agressions contre les symboles de la puissance économique et militaire américaine peuvent présager d'un contexte international bien plus hostile et redoutable. Il est encore trop tôt pour cerner les conséquences avec certitude, mais à la lueur de ces attaques, la modification des priorités internationales en matière de sécurité pourrait inclure les développements suivants.

Ordre du jour concernant la sécurité

- Le terrorisme transnational sera vraisemblablement considéré comme la principale menace envers la sécurité internationale.

- Toutes les autres questions de sécurité, allant de l'agrandissement de l'OTAN à l'équilibre stratégique, en passant par le conflit dans les Balkans, seront en partie analysées sous cette optique.

- Les capacités militaires présentes et futures seront évaluées, en partie, en fonction de leur contribution à la guerre contre le terrorisme transnational et aux opérations antiterroristes.

- L'équilibre entre la notion de «sécurité humaine» et les concepts traditionnels de sécurité va vraisemblablement se déplacer vers la défense du territoire national et des populations nationales, et s'éloigner du discours prônant l'éradication de la pauvreté et la défense des droits de la personne.

Composer avec la menace

- Les Américains éprouvent une impression de vulnérabilité territoriale, qui va amplifier les initiatives de défense du pays, y compris celles qui ont trait à la défense antimissile balistique. Cela mènera possiblement à une réaction de grande envergure contre la menace du terrorisme transnational. De fortes pressions économiques et diplomatiques vont sans doute s'exercer sur les pays qui se font complices du terrorisme, ou présumés ne pas s'occuper de combattre le terrorisme avec suffisamment de zèle. Menées par les États-Unis, des opérations démesurées des forces spéciales contre les terroristes impliqués dans les agressions de septembre sont probables. La réaction peut également inclure des opérations militaires conventionnelles de longue haleine et à grande échelle contre les parrains étatiques du terrorisme.

- L'ancien souci d'éviter des pertes de vies militaires lors d'opérations militaires et de minimiser les dommages collatéraux revêtira moins d'importance que le fait d'atteindre les objectifs militaires.

- Les normes imposant d'apporter la preuve de la complicité ou de la responsabilité d'attaques terroristes avant que ne soient entreprises des actions antiterroristes, seront vraisemblablement assouplies en faveur de l'obtention de résultats.

Relations internationales

- Le système international connaîtra un nouvel ordre : alliés ou ennemis de la lutte contre le terrorisme. Les pays qui tentent d'adopter une position neutre seront forcés de choisir leur camp. Les pays qui ne sont pas traditionnellement considérés comme faisant partie de l'Occident peuvent bénéficier d'une certaine liberté de se déclarer neutres, mais cette liberté dépendra de leur proximité avec les zones de conflit et de leur emprunt possible comme base pour les attaques terroristes ou les opérations antiterroristes. Les États seront considérés comme des alliés non pas sur la foi de déclarations verbales de soutien, mais sur celle d'un engagement prouvable et tangible dans la lutte antiterroriste.

- Les nouveaux alliés de la lutte contre le terrorisme incluront la Russie et l'Inde, ainsi que les républiques d'Asie centrale, étant donné leur propre bataille ininterrompue contre le terrorisme et les insurrections.

- Les organisations multinationales se verront sans doute forcer à jouer leur rôle dans cette guerre planétaire. Faute de quoi, elles seront frappées d'ostracisme.

Autres implications pour les pays occidentaux

- Le nouveau classement de l'ordre du jour concernant la sécurité internationale mènera possiblement à des incitations à fortifier les défenses nationales et à modifier les structures des forces, afin de fournir des capacités adaptées à la guerre contre le terrorisme. Les pays qui ne disposent pas de capacité de frappe à longue portée pourraient bien se voir imposer soit de développer ces capacités, soit de contribuer à financer une réaction occidentale perfectionnée. Les forces spéciales peuvent être optimisées au détriment d'éléments plus traditionnels de structure des forces.

- Les alliés traditionnels des États-Unis constateront que les appels au soutien militaire, diplomatique ou autre émanant de Washington, seront considérés comme une vérification de leur loyauté.

- Les tensions entre primauté de l'état de droit et la défense de la nation peuvent s'accentuer. Les droits de la personne et les libertés civiles pourraient être limités afin d'assurer un renforcement de la sécurité.

- Les inquiétudes relatives à la sécurité vont sans doute modérer le souhait d'une plus grande intégration au sein de la communauté mondiale. Les politiques en matière de réfugiés et d'immigration, ainsi que de voyages aériens internationaux, pourraient être resserrées de façon à restreindre l'accès aux territoires nationaux. Une sécurité plus vigilante aux frontières, une présence policière plus visible et

d'autres mesures de sécurité passives pourraient être instaurées. Les liaisons internationales hors des États-Unis et des pays alliés pourraient être réduites.

Elizabeth Speed, avec les contributions des analystes D Strat A

Epilogue – International Security after the Attack

As *Strategic Assessment 2001* was going to press, the tragic events of 11 September 2001 occurred. American officials have already called these terrorist attacks "an act of war." The attacks against the symbols of US economic and military power may be the harbingers of a much more hostile and dangerous international environment. Although it is too soon to speak with any certainty about their impact, changes in the international security agenda flowing from these attacks could include the following developments.

Security Agenda

- Transnational terrorism will likely be regarded as the primary threat to international security.

- All other security issues ranging from NATO enlargement and the strategic balance to the conflict in the Balkans will be viewed, in part, through this lens.

- Present and future military capabilities will be assessed, in part, on the basis of their contribution to the war against transnational terrorism and to counter-terrorist operations.

- The balance between the notion of "human security" and traditional concepts of security will likely shift in the direction of defending national territory and populations and away from championing poverty eradication and human rights.

Dealing with the Threat

- Americans' heightened sense of territorial vulnerability will intensify homeland defence initiatives including those relating to ballistic missile defence. This will likely lead to a wide-ranging and lasting response to the threat of transnational terrorism. Strong economic and diplomatic pressure will likely be brought to bear on countries that have abetted terrorism or are seen to have not done enough to fight transnational terrorism. Significant US-led Special Forces operations against those terrorists implicated in the September attacks are probable. The response may also include sustained and large-scale conventional military operations against state sponsors of terrorism.

- Previous concerns to avoid combat casualties in military operations and to minimize collateral damage will be of less importance than achieving military objectives.

- The standards of proof for complicity in or responsibility for terrorist attacks before undertaking counter-terrorist actions will likely be relaxed in favour of results.

International Relationships

- The international system will be re-ordered into allies or enemies in the fight against terror. Countries that try to adopt a neutral stance will find themselves under pressure to take sides. Countries not traditionally regarded as part of the West may have some latitude in declaring themselves neutral, but that latitude will be circumscribed by their proximity to conflict zones and their possible use as a conduit for terrorist attacks or counter-terrorist operations. States will be regarded as allies not on the basis of verbal statements of support but in terms of a demonstrable, tangible commitment to fight terrorism.

- New allies in the fight against terrorism will include Russia and India as well as the Central Asian republics, given their own ongoing battles against terrorism/insurgencies.

- Multinational organizations will likely come under pressure to play their part in this global war. If they do not, they will be sidelined.

Further Implications for Western Countries

- The re-ordering of the international security agenda will likely lead to calls to bolster national defences and change force structures to provide capabilities suited to the war against terrorism. Those without long-range strike capabilities may be required to either develop such capabilities or help fund an enhanced Western response. Special Forces may be bolstered at the expense of more traditional force structure elements.

- Traditional US allies will find that calls for military, diplomatic and other support from Washington will be regarded as a test of their loyalty.

- Tensions between the primacy of the rule of law and defending the nation could intensify. Human rights/civil liberties may be circumscribed in order to provide enhanced security.

- Security concerns will likely moderate the desire for greater integration within the global community. Refugee and immigration policies as well as international air travel may be tightened to restrict access to national territory. Heightened border security and policing and other passive security measures could be increased. Transnational linkages beyond the US and its allies may be curtailed.

Elizabeth Speed, with contributions from D Strat A Analysts

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