

# EAST ASIA IN THE POST COLD WAR ERA

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## INTRODUCTION

The end of the cold war, has produced a relative peace in Asia, which means there is no longer a global military confrontation and competition between the United States, and the former Soviet Union. The new era has reduced the over riding urgency of military and security issues, causing them to recede into the background.

The New World order has now become clear; privatization, free trade, democratic dispensation and prosperity based on market economy. Today, countries like South Korea, Hong Kong and Singapore are heading towards an entirely new role in the family of Asian Nation, while Malaysia, Indonesia, Thailand, Philippines are standing by to follow. Japan has already joined the group p of seven - United States, Britain, and Japan. Germany, France, Italy and Canada. The rest of the Asia - Pacific Countries, specially China for likely to join this club by the end of this century.<sup>1</sup>

It used to be fashionable to describe Asia a continent reluctant to change. But Asia today is undergoing rapid change. There seems to be a wide agreement that economic power has become as important as was military power in the post-cold-war world. Asia is not a trading bloc but a vast range of countries. The only common theme now, which used not to be common now, is that practically all-Asian economies are at one stage or another on the development ladder. Therefore, these economic spheres are not being formed by political initiative, but spontaneously and organically. This seems natural form of economic development Ladder, and very few have been left behind. Asian Countries are still mostly small in GNP terms and they depend on Foreign Markets for their economic development.<sup>2</sup> To them a closed regionalism is out of question, and even regionalism in the form of a free - trade area has its problems. It would be dangerous to accept the ideological assumption of

an ideal Asian economic sphere. There exist large political differences between Taiwan and China, for instance furthermore, Asia is home to various religions, languages and nations. And there are marked differences in the economic capabilities and living standards of individual countries.

This paper will focus on the growing economic development, in East and South East Asia. In addition, it will also examine to regional military development in brief.

### EAST ASIA

The most dynamic and one of the important change had been the growth of Asian economics. Asian economic prosperity is the result of the use by many Asian nations of a market strategy that includes a part of economic reforms - productivity incentives, privatization of states run enterprises, and open door to foreign investments and technology that have helped to enhance rapid industrialization and the expansion of exports in an increasingly competitive world economic growth continues to lead, the world.<sup>3</sup>

The strongest economic growth has been witnessed in South Korea, Taiwan and have reached a high level of development. Malaysia, Thailand, Indonesia, Singapore, Philippine, Brunel, Vietnam are also not far behind. The business transactions in these countries are bound to swell in future. East Asian countries are moving towards the introduction of a market and Japanese banks and manufacturing firms have begun to set-up operations there. Indeed, many Japanese companies that can not manufacture profitably at home because of the ever climbing yen are shifting production offshore, especially, East Asia, and banks are following them abroad. No doubt the Asia - Pacific region will continue to become more prominent in the international community, and higher expectations will be placed on Japan as a financial and technical power.

These days Asian countries other than Japan produce roughly half of the world's, T.V sets and video cassette recorders, refrigerators, and watches, almost a quarter of its steel, and over



10% of its motor cars.<sup>4</sup> "China has taken the lead in textile and other low level standardized goods, South East Asian countries have the biggest say in a variety of house hold appliance South Korea has begun to call the shots in semi conductors and steel, and Taiwan is moving out in front in computers. This region is, in short, a production centre for the whole world, offering low wages and favourable exchange rates. It is of great importance the region has grown into a gargantuan consumer market with a gross domestic product far larger than Japan's. Even in times of global slumps this market has gone right on consuming and importing, a performance that has translated into increased international clout.

The economies of Asia are vigorously maturing in many parts of the world. One natural outcome of this development has been the formation of an East Asian economic sphere. The end of the cold-war and burgeoning ties of trade and investment are pulling together the countries of East Asia. With a new confidence born by their economic achievements, their leaders and people seem to be looking a head to a better future for the region instead of looking back to past wars, aggression and bitter divisions. The degree of inter dependence in East Asia can be measured in terms of trade and direct investment and also in terms of foreign aid, which helps to build the infrastructure needed for development. All in all, these East Asian countries have gradually been growing more inter dependent in their trade relations.<sup>5</sup> Even so, their reliance on trade with each other is far lower than that of EC countries, which depend heavily on each other for exports and imports. In Southeast Asia in particular the trade within ASEAN group is hardly sufficient to justify the formation of independent bloc. East Asia has experienced dynamic economic growth in a context of deepening regional interdependent. Hence the growth should spread from the dragons and ASEAN group into neighbouring countries. The Chinese coast, especially the areas with links to Hongkong and Taiwan, and Indo China may be the next economic frontiers. If so, East Asia may attract even greater world wide interest.

On the import side, East Asian countries buy more from Japan than America. All in all, these countries have gradually

been growing more interdependent in their trade relations.

After the end of cold war, the world far headed a tripolar structure. One pole will be the European economic region, this region has the EC at its core, surrounded first by the nations of the European free trade Association and next by the Central and Eastern Europe. The second pole will be North American economic region led by the United States, and third pole will be the Asian economic region, in which Japan has the central role. Trade within Asia has also been rising steadily. In 1990, the value of Japan's combined trade with the newly industrialized economies of Hong Kong, Singapore, South Korea, and Taiwan, the members of Association of South East Asian nations and China surpassed that with the United States, the Japan's biggest trading partner. This means that these countries together are now more important for Japan's economy than is the United States. Their economic growth rates are generally higher than Japan and in 1990 the combined value of their exports and imports exceeded that of Japan. They have in other words, jointly come to occupy a more important place in world economy than Japan occupies.<sup>6</sup>

In the field of trade the United States absorbs a far greater share of East Asian exports than Japan does. As far as exports are concerned, any attempt to form economic bloc that leaves out the United States would no doubt be doomed to fail.

There is no American initiative on these questions, defecto East Asian grouping will evolve - not a bloc, not a fortress, not necessarily an organization - but East Asian countries. Though there are many differences in languages, culture and history, the countries of Asia that share Buddhist and Confucian traditions have a certain common culture. In countries like Indonesia and Malaysia, with Muslim majority, to business elite include large number of ethnic Chinese.

## ASEAN

Association of South East Asian nations (ASEAN) was established in 1967, by the governments of Indonesia, Malaysia, the Philippines, Singapore and Thailand to promote economic



growth, social and cultural development, and a balance of power in the Southeast Asia region. ASEAN was formed during the Vietnam War and supported unsuccessful United States effort to prevent the establishment of a communist government in Vietnam. Since then it has been active in trying to limit Vietnamese influence over Kampuchea. ASEAN constitutes a cohesive, generally Pro-western political bloc in the United Nations but has had difficulty in promoting closer economic ties among its members.<sup>7</sup>

The cold war wounded down by fall of Berlin wall and the unification of Germany. As a result the United States closed its military bases in the Philippines and the Soviet Union did the same in Vietnam. At that point ASEAN turned in Japan's direction and became relatively dependent on investment, aid, exports, and technology sent from Japan. But over the last few years ASEAN has been gaining confidence in its ability to stand on its own feet. So, in the context, ASEAN members are aiming for more than economic independence, they believe to seek autonomy in the political and security spheres as well. The ASEAN members are helping to expand its membership to cover all Southeast Asia with the admittance of Cambodia, Laos and Burma. The organization's goals were not only regional economic co-operation but also prevention and management of regional conflicts.

In the Scenario ASEAN is preparing for the twenty first century, it imagine, the United States is expected to make a full-fledge entry into the Asian market, bringing with it considerable military power as well as great potential for economic growth. An enlarged and more firmly, ASEAN would be better able to deal with hypothetical political and military threats from China, which is itself growing into an economic superpower. Towards this end, steps were taken to setup a Southeast Asian community to prepare a framework for regional security at the July 1994 meeting of ASEAN foreign ministers. At the same time, the Southeast Asian countries have been keeping in close contact with each other through summits and other top - level meetings, and they have also been getting together with China's leaders.

In December 1995, Southeast Asian nations agreed to announce ASEAN a free trade area (AFTA). The agreement to

remove tariffs and other trade barriers within the Association of Southeast Asian Nations between 1995 and 2003 which seems a positive step towards freer trade. The study shows that after three to five years under AFTA, Southeast Asian countries will indeed a great deal of new trade within their region such as \$ 2.9 enjoy billion a year. And trade with rest of the world would expand by \$ 2.4 billion. However, under open regionalism, Southeast Asia's trade with the rest of the world would expand by \$ 9.1 billion annually and trade within the region would still rise by a respectable \$ 1.7 billion per year.<sup>8</sup>

### A P E C

Before the creation of AFTA, the Asia-Pacific Economic Co-operation (APEC), was already and is still in existence. It was founded in 1989, which includes Australia, Brunei, Canada, Chilly, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, Newzealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand and the United States of America.

The interlinked dynamism involves the utilization and mobility of resource-capital, labor technology and like across national boundaries. It is in Asia-Pacific region that the changes regarding its development are the most profound and positive. The region, which features a high economic growth rate, rapidly expanding investment, vigorous and flourishing trade, and increasing regional cooperation, has become the world's most economically active region. It has not only revitalized the world economy, but also promoted world peace and development. The APPC members amount for about 40 percent of the world population and world trade and nearly 60 percent of world GDP. APEC is fast becoming one of the most important cooperative frame works for Pie prosperity of its members and people. APEC will undoubtedly contribute to the regional stability and prosperity. China a country in Asia - pacific region, has attracted worldwide attention and has also achieved notable success in the development of foreign relations.

Asia-Pacific Economic Cooperation which would become a much broader organization and too much strongest. Because it



deals with all the major trading nations along the Pacific, it has a very good membership. It is an inclusive arrangement with all the trading powers and Vietnam could later come in.<sup>9</sup>

Asia - Pacific with its immense spending power, growing capital resources and fast spreading new technology is poised to lead the global economy into the next century. Five years ago the world's economic centre moved from the Mediterranean Atlantic to the Pacific.

Economic pundits predict that by the year 2000 the Asian markets will be more economically powerful than the EC and the Asia - Pacific rim served by Tokyo, Singapore and Hong Kong will take over from the formerly dominant Atlantic with its New York - Paris - London industrial culture. It is estimated that by the end of this century, Asia - Pacific region, Europe, North America and the rest of the world will share world production equally. The Asia - Pacific region will probably grow by more than US \$5 trillion by the year 2000, more than one - third the forecast growth for the whole world.

United States as also motivating force in the summit of the Asia - Pacific economic cooperation (APEC) forum in Jakarta when 18 countries including powerhouses Japan and China agreed to setup a free trade zone in the region by 2020. With 800 million inhabitants the Americans account for 29 percent (6.8 Trillion Dollars) of global industrial production and 17 percent (1.2 Trillion Dollars) of world trade.

The APEC countries with 2.08 billion inhabitants account for 52 percent (12.2 Trillion Dollars) of world industrial production and 41 percent (3.1 Trillion Dollars) of world trade.<sup>10</sup>

## MILITARY STRATEGY

There is still some concern over the regional instability and uncertainty despite the ending cold war, reduction of tension in Asia and else where in the world. There is also a significant change in the power relationship and balance in Asia. Instead of the two-superpower hegemony, multi-power centres have

developed in Asia. There has evolved a gradual "dispersion of power" between five great powers. China, India, Japan, Russia and United States, with none in a dominant position. Added to this constellation of powers in Asia is the Association of South East Asian Nations (ASEAN), whose regional goals are not only regional economic cooperation, but also prevention and management of regional conflicts. The new power balance in post cold war Asia is to be more stable partly because four of the nations (China, United States, Russia and India) possess nuclear capabilities. A potential threat to that power balance and Asia's stability is the nuclear capabilities being developed by India, Pakistan and North Korea.<sup>11</sup>

In face of the actual and potential challenges, many countries in Asia - Pacific region have also increased their military strength. The Asia - Pacific region has become the No. 1 region in terms of weapons imports. Military expenditure have exceeded US \$ 250 billion, accounting for 22% of the world wide total and the percentages continues to grow. Seven of the 15 major weapons importing countries are from the Asia - Pacific region. Japan, in particular, is the major weapon importer amongst developed countries, in 1991, the Volume of weapon imports of the Asia - Pacific region accounted for 34% of the world - wide, total a sharp contrast compared to the 1982 figure of 15%.

Military industries in United States and some Western countries were confronted with a difficult situation at the end of the cold war, and have since taken the opportunity to meddle in regional conflicts by exporting a large volume of weapons. Since the end of the gulf war, the United States has exported weapons valued at over US \$ 63 billion to 142 countries. Economic difficulties have forced Russia to sell various types of weapons on the world market and have been an important aspect in fuelling the arms build-up in various other regions, thereby becoming a factor inducing regional conflicts.<sup>12</sup>

East Asia still faced unsolved territorial problems, including the armed stand-off between Japan and Russia over ownership of Kuril Islands, and the rival claims over the Spratly Islands in the South China Sea, China, Taiwan, Vietnam, Malaysia,



the Philippines and Brunei have overlapping claims on the Islands, and keep troops stationed on many of atolls and reefs they control. This is just one of a large number of territorial disputes in the waters between China and its neighbours and the underlying basis for most of them are the possible oil and gas reserves in area.

China has contracted the U.S. oil company, to drill exploratory wells near the spratly, in an area that Vietnam, for its part, has approved applications by U.S firms to join European and Asian companies drilling for oil of its shores in the South China Sea. The spratly issue, while Tokyo views very seriously because Japan's dependence on imported oil, natural gas and industrial materials slipped via South China sea.<sup>13</sup>

The growing political influence of the armed forces in China and a dwindling domestic oil supply are pushing Beijing to try enforce its claim to control nearly all of the South China Sea. Such an effort, if backed by the threat or use of overwhelming force, could secure Chinese access to extensive new offshore oil and gas reserves in the region-but at a very high political cost.

The Sino-Burmese frontier has been expanded. The China's military ties with Burma and Laos is perceived that China is extending its influence beyond its border. Perhaps, the fear to other neighbouring states is of great concern that China might give birth to new Monroe Doctrine in Asia. In China at least, the expansion of commercial ties has met with widespread enthusiasm. The Chinese press regularly uses a new coinage, "The Great Golden Peninsula" to refer to a vast region stretching from Yunnan to Singapore in the South and India and Vietnam in the West and East.<sup>14</sup>

It may be seen as natural that China wants to provide its new market with a military Umbrella, but Burma's neighbours don't necessarily see it that way. They have watched with unease the massive Chinese shipments to Burma's army and air force. But it is China's role in upgrading the Burmese navy that have caused the most alarm. It is also clear that China's interest in staking a presence in Burma, and there by the Indian Ocean, is a long-standing one.

Laos has long been a buffer state between powerful neighbours, a place where the interests of China, Thailand and Vietnam meet or collide. Now driven by the force of bridge between China and Thailand, while Vietnam's influence is waning. Fears that the growing Chinese influence there is not all benign. For example China had setup three signals - intelligence stations near Champassak, Southern Laos, where the borders of Laos, Thailand and Cambodia meet.

Clearly, China's military and economic ties with Laos are growing a place. Since the two countries reached a defence cooperation agreement in 1993, China has delivered 1,600 tones of military hard-ware mostly small arms and artillery shells according to intelligence sources. Indeed, if there is to be a connection between China and South East Asia it makes sense to built it through Laos.<sup>5</sup>

The collapse of the Soviet Union has allowed the Chinese to rapidly advance this agenda and created power vacuums among many of China's neighbours which Beijing is taking advantage of. The Chinese have keyed the development of their outlying regions both in terms of economic development and security concern to establishing symbolic relations with adjacent territories.

China is seen not simply a threat to South East Asia but a threat to the region. Virtually every country in South East Asia would oppose China's action, and the United States and Japan would probably throw their weight behind the regional states.

The security agreement signed on Monday the December 1995, by Australia and Indonesia was the first example of what was likely to become an increasing trend as countries in Southeast Asia and Southwest Pacific banded together to sustain stability and economic growth in their region.

However, the Asian Countries are very worried about military and economic dominations, therefore, Asia as climbed on economic, "for the time being, and for the reasonably fore



seeable future, every one in the region seems for more bent on making money than making war.<sup>16</sup>

## CONCLUSION

The main focus in this paper has been on the economic development in Asia, especially in East and South Asian subcontinent after the end of the cold war. It has been suggested that the post containment era has produced a relative calm in Asia, which has given way to economic development and competition.

The hub of the Asian economic development has always been and will remain in East Asia. With the latest trends in Economic sphere it seems that South Asia will catch-up importance in this regard during the first decade of the coming century.

Despite favourable indicators of economic development and relative calm in Asia, arms race in most of the regions is continuing and growing. Most of the countries in Asia are upgrading their armed forces. The arms race seems to grow exactly the way it was growing during the cold war years. It seems arms race, for example between China and Taiwan, India and Pakistan and in the Middle east may cause severe hindrance in economic development.

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