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Power and Influence in Southeast Asia:
A Study of the Methods of China, India, United States, and Japan

Introduction

Over the years, nations have sought to extend their influence beyond their borders and affect the decisions of other states. Influence results from the use of power. The exercise of power can take many forms, such as arms transfers, aid, installing a favorable regime, or trade. Power is often defined as the ability of a country to take the actions it wants and to change the potential behavior of other countries (Nye 1990). In recent years, power has been thought of in two forms: *soft power* and *hard power*. Soft power relies on the use of intangibles – moral authority, credibility, or an attractive culture – to affect the decisions of other countries. Other states, seeking to emulate the success of the powerful nation, will be more receptive to fulfilling the desires of the powerful nation by imitating the powerful country's actions. Hard power, by contrast, seeks to influence other states through the use of incentives or punishments, such as sanctions, arms transfers, military aid, economic aid, or even the threat of military action. Hard power is the form of power that is commonly referred to by realists and thought of by much of the public when *power* is referenced.

Soft Power

Soft power is a subtle form of power. It is exercised “when one country gets other countries to want what it wants” (Nye 1990). After World War II, “the direct use of force for economic gain is generally too costly and dangerous for modern great powers,” or for any other member of the international community (Nye, 1990). The 1991 Gulf War is an illustrative example of the costs of aggressive military action. Iraq, under Saddam

Hussein, invaded neighboring Kuwait with the intention of seizing Kuwait's oil fields, the extra revenue from which would help pay for Iraq's expensive eight-year war with Iran. However, these actions against Kuwait caused the international community to respond with force in order to repel the Iraqi invasion. The Gulf War, in short, was an expensive political-military cost for Iraq's attempt to use its military for economic gain.

Soft power can avoid the costs associated with hard power. By promoting their culture or values around the world, a nation can encourage a desired action with little political cost. By shaping another nation's culture and values to more closely resemble its own, a state can increase its influence over that country.

However, the intangible nature of soft power makes it inherently difficult to measure. It is therefore necessary to identify a measurable medium by which soft power is projected from one nation to another. Trade fits this requirement because when two countries trade, they exchange goods and services, which may inherently transfer values, culture, and ideas.

For example, American movies are sold and viewed throughout the world. The physical media that carry these movies (e.g. film and DVDs) are goods, but the substance of the movies – the plot, characters, references, morals – reflect American values and culture. As audiences in other countries accept the values and norms expressed in American movies, they incorporate those values into their cultures and moral-value systems. Once these values become a part of a society's culture, that nation is more likely to act in ways favored by the United States.

Hard Power

Hard power is typically less subtle than soft power and can quickly and forcefully

signal a nation's views on a specific issue or the actions of another country. War is the exercise of hard power at its most extreme. An example of this extreme form of hard power occurred in 1982 with the Falklands War between Argentina and the United Kingdom. Argentina claimed the Falkland Islands (*Islas Malvinas*) based on the islands' geographic proximity to the Argentinean coast. Argentina acted on this long-standing claim by invading the Falklands and trying to take control of the islands from the United Kingdom. This action signaled to the international community Argentina's point of view on the Falklands, and how much importance Argentina placed on this issue.

However, most issues do not require armed conflict between states. Therefore, most uses of hard power take the form of incentives or sanctions. Beside sanctions, countries will sometimes threaten military action, undertake military exercises in proximity to the other state, or mobilize their armed forces to convey the seriousness of the issue or situation to the other party.

The international community used sanctions to punish South Africa for its continued adherence to its system of apartheid. The international community, after World War II, ostracized South Africa from sporting events and other cultural events. The United States placed sanctions on South Africa in the 1960s, which ended the arms trade that the United States had previously maintained with South Africa. In the 1980s, much of the world, including the United States, placed economic sanctions on South Africa. These economic sanctions restricted trade with South Africa and lowered South Africa's GDP. The restrictions on trade and arms transfers and the cultural and sports boycotts made South Africa a pariah in the world, and pressured the country's government to end apartheid.

In another example, during the late 1970s the United States, Israel, and Egypt negotiated and signed the Camp David Accords, a peace treaty between Egypt and Israel. As a reward for signing the treaty and for continuing to honor the agreements, the United States provides both countries with economic and military aid.

Hypothesis

This study seeks to ascertain whether the use of soft power or hard power is more effective in influencing other nations. It also looks at whether the use of soft power and hard power in some combination is effective and how effective it is in comparison to the use of soft power or hard power alone.

It is theorized that soft power would be more effective over time than hard power and that in the short run, hard power would be more effective. This can be compared to parents' efforts to discipline a child. If parents use too much punishment and try to restrict the actions or activities of the child, then, over time there will be increases in the level of resistance as well as increases in the amount of resentment that the child may have towards the parent because of the parent's use of power. On the other hand, "[p]arents of teenagers have long known that if they shaped their child's beliefs and preferences that their power will be greater and more enduring than if they rely on active control" (Nye, 1990).

In the long run, hard power would lose its efficacy and could result in a backlash that would lead to a reduction in cooperation in comparison to the levels present before hard power was first used. In the parent-child model, this would be akin to the child harboring resentment or showing resistance to the parents' desires after a long period of control through the use of punishment, or cooperating only temporarily so that the

incentive – such as a car – promised by the parents will be delivered.

Methods

In order to investigate the relationship between power and influence, this study examines the use of power by China, India, Japan, and the United States in relation to the countries of Southeast Asia—i.e. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Despite its presence in Southeast Asia, Timor Leste (East Timor) was excluded from this study due to the lack of data for that country for the range that this project is investigating.

China and India were chosen because they are rising global powers and strong regional powers. The United States was chosen because it is a global power. Japan was later added to the study because of its strong economy and relatively small military capacity. Japan is therefore the prototypical country that relies on soft power rather than hard power.

Although it does have one of the strongest economies of all the countries chosen, the United States seems to rely more heavily on arms transfers than the other powers. Southeast Asia was chosen as the region to test the influence of the powerful countries because it is not the primary sphere of influence of any of the aforementioned countries and could therefore be considered neutral. China and Japan's primary sphere of influence is East Asia. India is primarily concerned with South Asia. The United States as a global power does not have one region as a primary sphere of influence. The study analyzes data from 1989 to 2001. The data was analyzed twice: once with a one year lag and once without the lag.

Variables

In order to understand the relationship between power and influence, the study uses bilateral trade and arms transfers as a percentage of GDP as the independent variables and events data and UN disagreement percentages as dependent variables. For this study, bilateral trade was defined as the percentage of the influenced nation's GDP that comes from importing and exporting to and from the influencing country for a given year.

For example, suppose that Indonesia is the influenced nation and China is the influencing nation. The formula would work so that for a given year the imports to Indonesia from China would be subtracted from the exports from Indonesia to China. This value would then be divided by total value of the trade that Indonesia has engaged in for that year. This new value represents the percentage of Indonesia's total trade that comes from bilateral trade with China. This value is then multiplied by the percentage of Indonesia's GDP that accounts for Indonesia's total trade in a given year. This measures China's soft power vis-à-vis Indonesia.

Since soft power is typically based on using intangibles to influence other countries, trade was one of the few tools of soft power that could be objectively measured. Trade is a tool of soft power because the transfer of goods and services between countries also involves the transfer of ideas, values, and other aspects of a nation's culture. *Bilateral trade* captures the exchange of movies, sports, music, and advertisements – media that project soft power.

Arms transfers – a gauge for hard power – is measured in a similar manner. It is defined as the percentage of the influenced country's military expenditure that is used to acquire arms from the powerful country. The formula for calculating arms transfers is

similar to the formula for bilateral trade.

For example, suppose the United States is the powerful country and Singapore is the influenced country. The formula would first calculate what percentage of the total arms transferred into Singapore came from bilateral arms transfers from the United States. Then, the formula would find the percentage of Singapore's military expenditure that was spent on arms transfers in a given year. Finally, these two values would be multiplied together to find the arms transfers value.

The first dependent variable used was *events data*. The events data used assigned values to events initiated by the influenced country towards a given powerful country based on the action's level of hostility or friendliness. The values assigned ranged from negative ten (-10) to positive ten (10). The events data is a good indicator of the overall nature of the relationship between the countries. It also indicates the degree of cooperation or conflict between those countries in the given year.

Each independent variable was tested three times against the events data variable. The first test used *total behavior* as its dependent variable to demonstrate how cooperative or hostile the relationship was in a given year. The second and third times the variables were used the independent variables *total cooperation* and *total conflict*, respectively. These variables measured the magnitude of either the positive or negative aspect of the relationship in a given year.

The second dependent variable used was *United Nations disagreement*. This variable measured the frequency with which the influence country disagreed with a given powerful country in the UN General Assembly in a year, as a percentage of total votes. For any given resolution, a state can vote *yes*, vote *no*, or abstain. When a state abstains

on a resolution, it does not signal its preference, and therefore there is no accurate record of a nation's views on a topic. However, influence can be considered acquiescence to a powerful country's desires. Therefore, if a Southeast Asian country, in particular, or an influenced country, in general, does not disagree with a power country on a resolution, then the power country has achieved some level of influence in terms of UN General Assembly resolutions. If the power country voted yes on a resolution, a yes by the influenced country was coded as a zero and a no was coded as a one. Whereas, if the power country voted against the resolution, then a no by the influenced country would be coded as a zero and a yes would be coded as a one. For all resolutions, an abstention by the influenced country was coded as a zero and a resolution where the power country abstained was ignored because it would be impossible to know how the power country felt about the subject of the resolution. These values would then be added up and divided by the total number of votes by the power country in that year.

In addition to the aforementioned independent and dependent values, controls were used to ensure that the measure of influence that could be accurately attributed to bilateral trade or arms transfers. The controls used were the existence of a conflict (either internal or external), per capita GDP, the 1997 East Asian Financial Crisis, and a polity index. Conflict involving an influenced country in a given year could account for a sudden increase in bilateral arms transfers. Per capita GDP can indicate the relative affluence of the country and may help explain some of the findings. The 1997 East Asian Financial Crisis was a crisis that started in Thailand and affected the stock markets, currencies and other aspects of the economy in many of the Asian countries. This control simply kept track of whether or not the values were pre-crisis or post-crisis in case the

Financial Crisis had an adverse impact on the results. The last control used was a polity index. It measures how democratic or authoritarian the influencing country's regime was in a given year. This data was analyzed using a STATA regression analysis.

Findings

Based on the no-lag test results produced by STATA, soft power is not more effective than hard power. The analysis showed that the correlation between total behavior or total cooperation and bilateral trade were not statistically significant. On the other hand, the relationship between total conflict or UN disagreement and bilateral trade was more significant than the correlation between total behavior or total cooperation and bilateral trade. However, the relationship was still not statistically significant. These no-lag test results indicate that soft power is more positively correlated with conflict than cooperation.

The no-lag results for hard power show that the correlation between total behavior or total cooperation and arms percentage are highly significant. By contrast, the correlation between UN disagreement or total conflict and arms percentage are not significant at all. Unlike soft power, hard power, based on these results, is positively correlated with cooperation and not conflict. When both independent variables were tested together with each of the dependent variables, it was found that in all cases the statistical significance of both variables increased. This set of analyses tests both independent variables together in a no-lag model. Therefore, when used together, soft power and hard power are more effective in influencing a country.

When all of the previously mentioned tests were conducted again with a one-year lag introduced between the exercise of power and the observation of influence, the results

were highly different. For bilateral trade, its correlation with total cooperation and its correlation with total conflict increased from the levels found when these variables were tested with no lag. In contrast, between the two tests, hard power's correlation with total conflict increased in significance while its correlation with total cooperation decreased in significance.

When both independent variables were tested together with total cooperation, both variables decreased in significance relative to the first (no-lag) test. However, in terms of total conflict, the two variables became more significant between the tests. There was no change in the UN disagreement tests when the two variables were tested together.

Conclusions

These results have important implications for the international relations literature as well as for policy recommendations. These results show that hard power is only effective for a short period of time. Hard power loses its effectiveness after the incentive – arms transfers in this case – is transferred to the influenced country. In particular, the arms transfers' positive correlation with cooperation in the no-lag tests and the subsequent rise in the significance of the arms transfers' correlation with total conflict in the lag tests show that countries will cooperate with the desires of the powerful country and not exhibit hostility towards that powerful country so that nothing impedes or delays the arms transfer from the influencing country to the influenced nation. The short term effectiveness of arms transfers as a tool of power indicates that arms transfers hold some value as a reward due to the need for self-preservation in an anarchic international political system and that most countries do not have a defense industry that is capable of satisfactorily supplying the state's armed forces. Also, a country may decide to cease

continuing its higher level of cooperation after the arms have been transferred because there is no reason to continue the higher levels of cooperation for free; it may also stop cooperating at those higher levels after the threat of punishment has passed because the state knows that continuing the threat of punishment after an issue has been resolved lowers the effectiveness of future threats.

Soft power, by itself, seems to become more effective over time as can be seen in the change between the lag and no-lag tests. However, with the increase in bilateral trade's correlation with total cooperation, there is also an increase in the significance in the correlation between total conflict and bilateral trade. It should, therefore, be thought of as a foundation for future exercises of power. It can help reduce the cost of future uses of power, specifically hard power.

In terms of policy, countries should strive to promote their culture, institutions, as well as create or maintain a reputation of fairness and moral authority. This will make countries more willing to follow a potential regional or global power. The use of this soft power does not mean that countries will automatically follow another state; Instead, fewer incentives or threats are necessary for cooperation. As mentioned earlier, the results indicate that soft power has a positive correlation with conflict in both tests. This is to be expected because "close interdependence means closeness of contact and raises the prospect of occasional conflict" (Waltz, 1979). This state of occasional conflict could be likened to the situation between two strangers and two brothers. The two strangers will have not have much in common and therefore have fewer reasons for conflict. By contrast, the two brothers have much in common – beliefs, values, culture – just as two states would through the projection of soft power. They – the brothers or the states – will

naturally have to fight or argue amongst each other from time to time. In particular to this example, two brothers may fight over shared objects, such as who can use the car for a given night or who has priority over the TV. They fight, not because they dislike each other and see the other as an enemy, but because the two will have the same or similar goals and they disagree on the method to achieve those ends or who gets to use those resources first. In contrast, two strangers would not need to fight over use of the car or the TV for a given night since the car and TV are not shared resources. Similarly, two states that exhibit close interdependence may argue over tariff rates, agreements on joint training exercises, or the creation or use of a military base within the other state's borders. Two states that are not close as trading partners nor exhibit close interdependence will not have a need to argue over tariff rates, agreements on joint training exercises, or other such activities.

References

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