Realism, Institutionalism, and Philippine Security

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Can a state entrust its security to multilateral security institutions? This indeed is a crucial issue for the many small and middle ranking powers that face particular and troubling external security problems. These states confront the dilemma of whether to rely on so-called realist notions of security that entail traditional defense, alliance-making, and balance of power concerns or shifting their interest and energy to multilateral institutions with the associated emphases on dialogue and preventive diplomacy. Much depends on the geographical position of these states. For those located in relatively threat-free and stable environments, the emphasis on multilateralism and institutionalism need not require extensive elaboration. But the lesser powers located in unstable regions or that have suddenly encountered new and disturbing security challenges must make an agonizing choice over which response to stress.

The Philippines is one such middle power that has to face this security choice after having dispensed with the U.S. bases on its territory in 1992. At that time, their removal signified for many in the Philippines the beginning of a new age of peace that would allow the country to focus on economic stabilization. When it was discovered in 1995 that the People’s Republic of China (PRC) had intruded into the Philippine claim area of the South China Sea, Manila experienced renewed fears of an external threat. Two general schools emerged on how to deal with threats that China’s move exemplified. One took the broadly expressed view that the country needed to emphasize institution building, dialogue, multilateralism, and the avoidance of military provocation, particularly in relation to the PRC. The second school, which in-

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cludes the security establishment and its political supporters, adopted a more traditional stance. It has fallen back on realist solutions such as seeking to establish a balance of power and strengthening the country’s military alliances, in this case with the U.S. The process by which the Philippines formulated a response to the challenge posed by China will be examined in this article in terms of the roles that realism and institutionalism play in addressing state security.

Realism and Institutionalism

According to the classical realist tradition, the resort to and effective utilization of power is regarded as the only sensible course of action for a government. Morgenthau’s dictum that international politics is a “struggle for power” and power is the immediate aim of policy appears today as a reflection of early Cold War conditions and certainly not a universal law.¹ The prescriptions of classical realism are inadequate for middle or small states today and appear anachronistic in the present era of interdependence. Kenneth Waltz’s structural realism downplays the idea of power and supposes that “in anarchy security is the highest end.”² Also called neorealism, structural realism assumes that states are independent and self-serving actors that must look after themselves either through defense strategies, by balancing against larger and more powerful states, or by bandwagoning with them. Self-serving states cannot cooperate with each other for long in a situation of international anarchy, and whatever cooperation may be achieved serves national interests anyway. Structural realism holds that a small state is left to its own devices when facing a security challenge from a stronger one; the small state may either seek support through an alliance with another strong state or be compelled to bandwagon with the challenging state. International anarchy allows small states few other options.

Institutionalists, on the other hand, see the outlook for small states as less dismal. These states may rely on global interdependence and the institutions that correspondingly have arisen out of it to restrain stronger states. This makes any resort to power on the part of the stronger states prohibitively costly in terms of trade disruption, loss of economic benefits, and resulting instability. Institutionalists claim that international politics is more ordered than anarchic; they identify a range of institutions and regimes that regulate and constrain state activity. Keohane and Nye developed neoliberal institutionalism in the 1980s to explain why states cooperate. They argued that the

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benefits of economic interdependence acted as a major incentive, resulting in greater predictability and regularity between states and creating procedures, rules, and institutions for governing state relations. Keohane and Martin explained that the incentive to cooperate arises from the information provided by institutions about state intentions, which reduces the propensity to act on the basis of the worst-case scenario, thereby enhancing predictability and stability. Much has been written on the value and importance of security institutions that emphasizes their function to "alter behavior and allow cooperation where it would otherwise almost certainly fail."

Realism as a state policy response to the uncertainty of the external environment has not disappeared, though it has been modified by the expansion of interdependence and institutions that have made classical realism obsolete. Kapstein and Mastanduno argue that "positional competition" among states is the "core feature" of realism that is observable even within interdependence. According to Schweller, realism comes to signify competition for scarce resources such as prestige, status, and political influence under conditions of scarcity. Realism, he argues, is the competition of the marketplace, the contest for political influence, and the promotion of one's group, a situation in which the element of struggle is ever-present. In this sense, realism assumes universality in denoting the competition that takes place between groups even within the parameters of interdependence. The means employed in this competition may change as the policy options so freely endorsed by classical realists become unrealistic or unthinkable. Governments may be compelled to accommodate conditions of interdependence by adjusting their responses and avoiding provocative action, but the competition continues nonetheless. There is a shift from overt power plays, risk taking, and the employment of force toward low-risk strategies and carefully calculated moves that are coordinated with dialogue and negotiations.

In the present article, the Philippines will be examined in terms of the ongoing security dilemma between the self-help strategies prescribed by realism and the dependence that is encouraged by institutionalism. The objective

is to assess the extent to which a state in a similar predicament may be able to depend on institutionalism for its security.

The Phasing Out of U.S. Bases
The Philippines had relied on the U.S. for its external defense under the Mutual Defense Treaty (MDT) of August 30, 1951; the Manila Treaty of September 8, 1954; and the Military Bases Agreement (MBA) of March 14, 1947. Under the MBA, the Americans occupied 16 military facilities, including those of Clark Field and Subic Bay. After much controversy about the bases, the Philippine Senate on September 15, 1991, voted 12–11 not to renew the MBA. The airbase at Clark Field in fact had been made inoperative by the eruption of Mt. Pinatubo on June 15, 1991. The Senate’s decision related to the naval base at Subic Bay from which the Americans withdrew by November 1992.

Such developments aside, at the time the Philippine executive and security establishment insisted both that the bases be retained and that the country required American support for its external defense, arguing that the consequences of a base shutdown would be disastrous for the country. Then-Defense Secretary Fidel Ramos decried the “isolationism” that was behind the call for the bases’ removal and declared that their continued operation was a matter of “survival” for the Philippines. In December 1984, Corazon Aquino had signed on to the Unity Program of the opposition against then-President Ferdinand Marcos, which also opposed the American bases, but as president in the early 1990s she stressed the necessity of the U.S. presence to the Philippines’s external defense. Aquino made particular note of potential conflicts in the South China Sea as a concern and lamented the Philippines’s inadequate external defense capability.

Yet, it was not opposition to the government or a groundswell of popular nationalism that closed the bases. Indeed, if a referendum on the bases had been held at the time the response probably would have been positive given the popularity of the U.S. among the general public and reports indicating their strong support for the bases. In the House of Representatives, opinion in favor of retaining the bases was noticeable, particularly among those congressmembers from constituencies that benefited economically from the presence of the bases. These congressmembers called for a referendum on the

9. Aquino explained that, when she signed the Unity Program in December 1984, “the perception was that since the U.S. needed these facilities, it [sic] was being used as blackmail to support the dictator.” She added that “times have changed, the situation in the country is not what it was before.” USIS (U.S. Information Service) *Information Bulletin*, August 28, 1991. For her South China Sea concerns, see *Manila Bulletin*, July 2, 1991.
10. See *Philippine Star*, November 11, 1990.
issue, which Speaker of the House of Representatives Ramon Mitra supported. However, a majority in the Senate insisted that, according to Article 18, Section 25, of the 1987 Constitution, any bases treaty had to be ratified by the Senate first before it could be submitted to the nation in a referendum. In this way, the Senate majority that expressed nationalist hostility toward the U.S. military presence brought about its removal. The Senate opposition included such figures as former defense secretary Juan Ponce Enrile, Joseph Estrada, and Orlando Mercado, who were either acting opportunistically or were caught up in the mood of the times. Prominent public figures such as Wigberto Tañada and Aquilino Pimentel also lent their voices to the antibase contingent.

The senators and academic opponents of the bases (the latter largely affiliated with the University of the Philippines) generally framed their case for the removal of the facilities in terms of defending democracy, protecting sovereignty, and expressing national pride. Pervading their discussions was the assumption that military bases were no longer necessary in the threat-free security environment that the end of the Cold War was assumed to have produced. The opposition accused the administration of using external security to justify the U.S. presence or bending under American pressure. The view emerged among base opponents that the Philippines should move beyond the realist strategies of the past and seek new opportunities to build binding security institutions that would embrace the region. Senate President Jovito Salonga offered a strategic vision for a Philippines without U.S. bases when he called for taking measures that would realize the Zone of Peace Freedom and Neutrality (ZOPFAN) proposed by the Association of Southeast Asian Nations (ASEAN). Senator Enrile meanwhile sought the scrapping of the alliance with the U.S. and the signing of nonaggression treaties with the PRC, Japan, the Soviet Union, and other neighbors. Ten Liberal Party senators on August 24, 1989, declared that the Philippines should strengthen ties with Asian states, support ZOPFAN, and promote the idea of a regional nuclear-weapons-free zone. All in all, the Cold War’s end produced an incipient, ill-defined, security-institutionalism trend in Philippine security strategy thinking reflecting wider regional trends.

The Challenge of the South China Sea

There was much concern within the Philippine government about the South China Sea. In 1971, the Philippines had laid claim to an area it called Kalayaan (freedom) and subsequently garrisoned eight islands there. After

the March 1988 clashes between the PRC and Vietnam in the Sea, Manila became apprehensive about the possibility of similar conflicts arising with its neighbors for which the country was unprepared militarily. President Ramos, who succeeded Aquino in 1992, called upon ASEAN to assume a role in preventing conflict in the South China Sea and maintained that "the internal balance of political and economic power [within ASEAN] is sufficient to ensure collective stability and peace."  

Nonetheless, for the Philippines the U.S. military presence in the western Pacific was deemed a prerequisite for any regional institutional arrangements to be effective at maintaining a balance of power. Within the government, some expressed the belief that the U.S. security commitment to the Philippines was necessary and voiced regrets that the Americans were compelled to withdraw from their bases because of the Senate vote. In spite of the outcome of the vote, the Philippine Department of Defense continued to seek a specific U.S. commitment to the Philippines over the South China Sea. Negotiations with the U.S. over naval access to Philippine ports under the proposed Acquisition and Cross-Servicing Agreement continued over 1993–94 during the regular meetings of the Mutual Defense Board. However, the Defense Department was hamstrung in its efforts by the constitutional requirement of Senate ratification for any such access agreement, which at that time was unlikely.

The Mischief Reef incident of 1995 changed the situation for the Philippines. That February 9, the Philippines released photographs of the reef showing that the PRC had constructed four octagonal structures on steel pylons. The structures featured guardposts with satellite antennas, and one also had a helipad and helicopter. The photographs further showed three Chinese naval vessels with five support ships in the zone claimed by the Philippines. The Philippine navy destroyed Chinese survey markers in the area and in March seized four Chinese vessels and 62 Chinese fishermen near Palawan. The PRC side claimed that the structures had been built by local fishermen, but in the Philippines there were feelings of betrayal and confusion over the apparent Chinese exploitation of Philippine weakness and confidence.  

Ramos accused China of breaking international law and disregarding the 1992 ASEAN declaration on the South China Sea in which claimants agreed to maintain the status quo.  

What options were available to the Philippines in dealing with a great power of China's stature? Military confrontation would have been unthinkable; Undersecretary of Defense Feliciano Gacis in a congressional testimony lamented that the Philippines "would not last 24 hours" in the event of an air and naval battle with any one of its neighbors. Army Commander Arturo Enrile agreed that in any clash in the South China Sea the Philippines would be unable to defend itself. The Philippines had the weakest external defense capability among all the ASEAN countries owing to its long reliance on the U.S. military presence. The country had no modern air capability, with an air force of only five operable but obsolete F-5s and these were grounded in December 1996 after one crashed. Its navy was made up of similarly obsolete equipment, including one second-hand American frigate and 14 second-hand offshore patrol vessels, none with missile capabilities. In its first meeting under Aquino on August 7, 1989, the National Security Council (NSC) had spoken of preparations for a 15-year plan to modernize the Philippine Armed Forces, but little had been done since to bring the plan to fruition. The country's dismal economic performance during the 1980s, competing budgetary claims, and the government's preoccupation with communist and Islamic insurgencies meant that external defense needs were relegated to a low priority. Indeed, it was for this reason that Rafael Ileto when he was Aquino's defense minister from 1986–88 urged the government to renounce the claim to the South China Sea, stressing that the risk and expense of persisting were too great for the country.

The Mischief Reef incident spurred President Ramos to push yet again for the modernization of the armed forces. In February 1995, Congress in a display of resolve passed a bill reviving Aquino's 15-year defense modernization program to protect the country's territorial integrity, but the bill specified neither weapons nor purchases. Ramos submitted a more detailed procurement plan to Congress in June calling for the strengthening of the country's air and sea defense capabilities and reducing the army from 126,680 to 95,000 troops over 10 years. The plan called for the acquisition of 36 F-16s or Mirage 2000s, 12 offshore patrol vessels with missiles, tactical air support for ground air forces, a long-range maritime air surveillance capability, and

19. Ileto said that the Defense Department had accepted that as long as access to the area could be ensured for commercial purposes there was no need for the claim. This was not revealed at the time, which indicates that there was much opposition to this proposal. See *Straits Times*, February 20, 1995.
an airlift capability.\textsuperscript{21} Congress eventually approved a 15-year, $9.2 billion program in December 1996, with the Senate stressing that priority be given to the development of an air and naval defense capability to defend the country’s marine resources.\textsuperscript{22} Although the plan had been approved with high hopes, implementation was suspended in 1998 as the financial crisis that had been gripping the region finally reached the Philippines.

In the absence of the military means to counter the Chinese move, the Philippines was compelled to place a greater emphasis on diplomatic and institutional responses. The country’s relatively weak military capability may have been the main reason why the Chinese intruded into the Philippine claim area and not into those of Vietnam or Malaysia where the risk of conflict was greater. Indeed, the Philippines had hoped to compensate for military inferiority to China by generating enough negative publicity to restrain it and prompt negotiation on more equal terms. Foreign Minister Roberto Romulo considered an appeal to the World Court as a first step, while Chairman of the Senate Foreign Relations Committee Blas Ople called for an appeal to the U.N. Security Council. Nonetheless, the Chinese were unabashed by the Philippine diplomatic protests and persistently claimed that shelters for fishermen posed no threat to any of the claimants.\textsuperscript{23}

**Resort to Institutionalism**

The Philippine effort to invoke regional institutional support over the Mischief Reef incident in ASEAN and the ASEAN Regional Forum (ARF) was a test of those organizations’ viability. The post-Cold War euphoria stimulated the creation of new regional institutions to enhance cooperation and security in the Asia Pacific by engaging the major actors. Malaysian Foreign Minister Abdullah Ahmed Badawi declared that security could no longer be obtained “through the old method of deterrence by countervailing force” and that “our security, like our prosperity, will have to be shared through increased cooperation, transparency, and understanding.”\textsuperscript{24} On this basis, ASEAN foreign ministers inaugurated the ARF, which first met in Bangkok in July 1994 as a security forum initially comprising 18 members. The Council for Security Cooperation in the Asia Pacific (CSCAP), a track-two organization, was established with 10 members in Kuala Lumpur in June 1993. Economic issues were raised at the Asia-Pacific Economic Cooperation (APEC) forum, which first met in Canberra in November 1989 with 12 members. APEC was later vigorously promoted by the Clinton administration during the Blake Island

\textsuperscript{21} South China Morning Post (SCMP), August 12, 1995; and Straits Times, August 14, 1995.

\textsuperscript{22} Straits Times, December 16, 1996.

\textsuperscript{23} Japan Times, March 12, 1995.

\textsuperscript{24} Business Times, June 8, 1993.
summit in Washington State in November 1993. All told, the 1990s wit-nessed an unprecedented expansion of institutionalism in the Asia Pacific; confidence in the ability of multilateral dialogue and engagement to remove the sources of dispute and conflict was at its height.

The Philippines, however, was disappointed by the response of these institutions. It discovered that their effectiveness depended on China’s cooperation, and in its absence, they would be deadlocked. Regional leaders emphasized that China’s isolation was to be avoided and its integration with the international economy was a means to ensure its responsible behavior in the future. Regional institutions that had been created to engage China, or that regarded the task as one of their major functions, would not confront Beijing over what was to most members the small and ambiguous issue of disputing sea claims. Although Chinese participation and active involvement in regional institutions was regarded as essential for dialogue and cooperation, members would be reluctant to press China over transgressions that conflicted with these institutions’ objectives. The Philippines feared that Asia-Pacific actors would gloss over its concerns and interests in the South China Sea for the sake of the grand and ambitious goals that these regional institutions had adopted.

ASEAN. The South China Sea was raised in the April 1995 ASEAN-China two-day Senior Officials Meeting (SOM) held in Hangzhou, Zhejiang Province. ASEAN senior officials reportedly assumed a united position but were reluctant to press the Chinese too far while they in turn resisted discussion of the issue and called for joint development.25 EU delegates to an ASEAN–European Union (EU) meeting held that same month in Phuket expressed apprehension that conflict in the South China Sea would disturb shipping, but the ASEAN delegates made light of recent events.26 ASEAN foreign ministers were wary of provoking China when the organization’s endorsed objective was to obtain Beijing’s support for regional security. The communiqué of the Brunei ASEAN Foreign Ministers’ Meeting of that July revealed this reluctance, stating that the ministers expressed “concern” over the South China Sea and called on all parties to “refrain from taking actions that could destabilize the region.”27 This “concern” over the issue was reiterated at the ASEAN Foreign Ministers’ Meeting of July 1996. There, the

ministers endorsed the idea of a “code of conduct” for “long-term stability” in the area to “foster understanding among the claimant countries.” 28

There were several reasons why ASEAN deferred the issue and failed to give the Philippines the support it expected. The top priority for ASEAN leaders was China’s integration into the Asia-Pacific regional order at a time of economic transition, and the South China Sea was a troubling diversion. Moreover, ASEAN leaders were pursuing their own relationships with China as part of a bandwagoning effort to secure benefits for their own countries; consequently, they avoided taking a united stand against China that could have jeopardized those benefits. For example, during a July 1995 visit to China Indonesian Foreign Minister Ali Alatas sought Beijing’s assurances in relation to Indonesia’s Natuna Islands in the South China Sea where Chinese and Indonesian EEZs (Exclusive Economic Zones) overlapped. Ali Alatas subsequently declared that Indonesia would strengthen and “cement” Sino-ASEAN ties and that the idea of a China threat to the region was “untenable.” 29 Malaysia had overlapping claims with the Philippines in the South China Sea over which the two had clashed in 1988. As a consequence, Kuala Lumpur was not inclined to support Manila over any issue related to claim areas in the sea. Mahathir pursued his own engagement policy with China and publicly insisted that China was no threat but an “enormous business opportunity.” 30

For these ASEAN leaders a unified ASEAN position over a matter benefiting only the Philippines would be a hindrance; they regarded the ARF as the appropriate body for raising this issue with China. The financial crisis of July 1997 had made China’s cooperation essential for regional financial stability and the idea of ASEAN taking a position against China over the South China Sea became unthinkable. At the ASEAN informal summit in Kuala Lumpur in December that marked the start of the ASEAN-Plus-Three meetings, Chinese representatives earned the gratitude of the organization’s members by pledging not to devalue the yuan and expressing a willingness to work with ASEAN to secure financial security and stability. 31

ASEAN has been of limited use to the Philippines over the South China Sea issue. The association’s behavior supports the structural realist theory in the reluctance of its members to develop a united position over an issue that concerns all of them. Structural realist theory maintains that institutional cooperation is a product of state interest; that cooperation can readily be sacri-

ficed if it becomes a hindrance to the state or if that interest could be satisfied by some better alternative. If individual ASEAN members could meet their needs through self-help strategies or bandwagoning, they would break with the ASEAN consensus or forestall its formation. From a realist perspective, there was an incentive for individual ASEAN members to bandwagon with China to seek a bilateral understanding and avoid antagonizing China with attempts to devise a consensus, which would be fragile in any case. Concern over the Natuna Islands compelled Ali Alata to seek a bilateral understanding with Beijing and its support for Indonesia’s claim for archipelagic status under the Law of the Sea. His declaration of satisfaction with China’s response on his return was related to Indonesia’s bilateral interests, even though it was presented as a general position affecting the Philippines as well. Perhaps the most glaring example of the pursuit of individual state interest concerned Malaysia.

In May 1999, Malaysia occupied two more islands in the South China Sea, bringing its total there to five. The new islands were Investigator Shoal (Terumbu Peninjau) and Erica Reef (Terumbu Siput), the latter lies within the Philippine claim area. The Philippines made an official protest on June 23, 1999; China issued a diplomatic protest on July 13; and Vietnam protested on June 28. Mahathir meanwhile insisted that the two reefs were in Malaysia’s claim area. The Filipinos accused Malaysia of acting against the 1992 ASEAN declaration on the South China Sea, which called for the maintenance of the status quo, and suspected collusion between Malaysia and China. Philippine Foreign Minister Domingo Siazon noted that Malaysian Foreign Minister Syed Albar’s visit to Beijing coincided with the occupations and it seemed to the Filipinos that Malaysia had obtained China’s understanding. Syed Albar had signed an agreement with China that May 31 on bilateral cooperation and the use of peaceful means to resolve tensions. Specifically, Point 9 of the agreement spelled out its purpose as being to “maintain peace and security in the South China Sea and to promote the settlement of disputes through bilateral friendly consultations and negotiations in accordance with universally recognized principles of international law including the 1982 U.N. Convention on the Law of the Sea.” Certainly, Malaysia’s position came closer to that of China over the South China after these events; Syed Albar also echoed China’s view that negotiations over the issue should be bilateral rather than multilateral and limited to the claimants

The ARF. From the outset there were disagreements as to the function and role of the ARF that limited its utility as a security institution. From the U.S., Canadian, and Australian perspectives, the forum was intended to contribute to the resolution of existing Asia-Pacific conflicts that required a formal structure to bring the parties together for negotiations. Fearing that it would become a target of a formal security institution, China insisted that the ARF should focus on discussion rather than arbitration or conflict resolution. While China maintained this position, the ARF was torn between incompati-
ble goals. Engaging China and getting it to participate in the ARF required conceding to its demands, but the desire to restrain Chinese behavior over the South China Sea necessitated a security body capable of resolving issues. ASEAN members were particularly wary of provoking Chinese animosity and adopted a gradualist approach, promoting a slow evolution in the institution's development. Malaysian Foreign Minister Ahmad Badawi stressed that the ARF should inculcate "habits of dialogue" and should not be used to isolate any particular country. ASEAN proposals called for an evolution-
ary approach in three steps: confidence-building measures (CBMs), preventive diplomacy, and the establishment of a conflict resolution mechanism, which was regarded as an "eventual goal" of the ARF. While these funda-
mental disagreements in relation to the purpose of the ARF existed, it could hardly be invoked over the South China Sea.

The impasse the ARF faced was a predictable one, as China insisted that multilateral negotiations were inappropriate for the South China Sea, which should be dealt with bilaterally. At the ARF SOM held to discuss the Mischief Reef incident in May 1995, the other ASEAN members rejected the Philippine request to raise the issue collectively as China was adamant that it should be excluded from the final report. China's opposition effectively excluded the issue from the organization's deliberations; the report from the second ARF held in Brunei that August 1 simply noted the issue, encouraging "all claimants to reaffirm their commitment to the principles contained in the relevant international laws and convention, and the ASEAN's 1992 Declara-

tion on the South China Sea.” Subsequent reports took a similar tack. In early 1999, after China built additional structures in the South China Sea, pressure mounted from the Philippines, Vietnam, and Thailand to include the issue of China’s new structures in the agenda. At the ARF SOM of May 1999, head of the U.S. delegation Assistant Secretary of State Stanley Roth called for an “intersessional group” within the ARF to deal with the issue. Beijing lobbied heavily to ensure that the issue of the new structures would be excluded from the agenda and pressed Philippine ambassador to China Romualdo Ong accordingly. China obtained the support of Malaysia’s Syed Albar, who publicly stated that the issue should not be raised at the ARF and thus confirmed Philippine suspicions of collusion between them. The South China Sea was included in ARF reports, including the intersessional Support Group meetings on CBMs held in November 1999 and subsequently, but without specific mention of China’s actions.

The Philippines lobbied for a code of conduct on the South China Sea within both ASEAN and the ARF. The idea of a code was based on Point 4 of the 1992 ASEAN Declaration on the South China Sea, which called for the parties to apply the principles contained in the ASEAN Treaty of Amity and Cooperation “as the basis for establishing a code of international conduct over the South China Sea.” The Philippines drew on the August 1995 China-Philippines communiqué to draft rules of behavior that would be observed pending a resolution of the dispute. Those rules included the obligation to settle disputes in a friendly manner, build trust and confidence, refrain from the threat or use of force, and pursue multilateral dialogue. ASEAN endorsed the idea, but China was initially opposed to multilateral codes of conduct and demanded that they be negotiated on a bilateral basis. The proposal was excluded from the ARF’s discussions, but negotiations carried on within ASEAN. However, the common position that ASEAN drafted was rejected by China at the ASEAN-Plus-Three meeting in November 1999. That draft called for an end to all new occupation of reefs, shoals, and islets in the disputed area, which was defined as the entire South China Sea. China, however, proposed that the geographic area exclude the Paracels and demanded that the code of conduct include a declaration of opposition against

40. Chairman’s Statement to the Second Meeting of the ASEAN Regional Forum, August 1, 1995, Bandar Seri Begawan, Brunei Darussalam (Jakarta, ASEAN Secretariat, 1995).
42. PDI, May 19, 1999.
45. Joint Statement on RP–PRC Consultations on the South China Sea and on other Areas of Cooperation, August 9–10, 1995, Manila, Department of Foreign Affairs.
military exercises and reconnaissance patrols as well as make provision for joint development. Nonetheless, it is significant that China had moved from its previous position of refusing to accept multilateral codes of conduct and was at least negotiating with ASEAN over an acceptable formula.

The Realist Option

Institutionalism offered the prospect of long-term resolution of the South China Sea issue for the Philippines but could not offer an immediate solution. The ARF may have induced a greater willingness on the part of China to engage in dialogue as part of the process of inculcating habits of dialogue among participants, but the result would indeed be seen only over the long term. The ARF chairman’s reports noted that the forum was still young and would require further time to build confidence, while in the meantime China continued to engage in what Philippine Defense Secretary Orlando Mercado called a “creeping invasion” of the South China Sea. In May 1997, China and the Philippines faced each other over a rocky outcrop known as Scarborough Shoal, prompting President Ramos to declare Philippine sovereignty over the area. In January 1999, Philippine Navy Chief Vice-Admiral Eduardo Santos revealed that China had strengthened existing structures on Mischief and Fiery Cross Reefs, the latter having been converted into a headquarters and command post with observation decks, six satellite dishes, and a pier capable of handling 4,000-ton vessels. In this situation, the Philippines reached for American support.

The Philippines had sought an American commitment to the defense of its claim area in the South China Sea under the MDT, but the U.S. side pointed to Article 5 and limited the obligation to the “metropolitan territory” of the Philippines as defined at the time the treaty was signed. Article 5 also mentioned “island territories” under the jurisdiction of the parties and “armed forces, public vessels or aircraft in the Pacific,” which in the U.S. view was

47. Negotiations over the proposed code of conduct continue. Differences remained over the areas to be covered by the code as Vietnam demanded that the Paracels be included and that Vietnamese names for the islands be adopted. At the ASEAN Ministerial Meeting held in Hanoi on July 23–24, 2001, the communiqué noted that ministers “welcomed progress on the code of conduct in the South China Sea.” See Joint Communiqué of the 34th ASEAN Ministerial Meeting, Hanoi, July 23–24, 2001, Jakarta, ASEAN Secretariat, <http://www.aseansec.org/view-sasp?file=newdata/hanoi04.htm>. The proposal had made little progress in reality and was for all intents and purposes shelved.
subject to the above condition. The U.S. military was interested in regaining a position in the Philippines but in terms of access agreements and joint military exercises rather than permanent bases. The principal difficulty was the Philippine demand for inclusion of criminal jurisdiction over American soldiers in a Status of Forces Agreement to which the U.S. objected. Negotiations over naval port visits and the annual Balikatan military exercise, which was last conducted in 1995, were all suspended over this issue. Cooperation between the two militaries continued as the U.S. provided the Philippines with satellite reconnaissance photography of the South China Sea. Discussions were also conducted relating to the possibility of attaching an annex to the MDT that would allow the U.S. to protect the Philippine claim area.

It was the series of encounters with China’s so-called creeping invasion in the South China Sea that prompted Ramos to sign a Visiting Forces Agreement (VFA) with the U.S. on February 10, 1998. The Philippines compromised over the controversial issue of criminal jurisdiction and both Philippine and U.S. law would apply according to Article 5 of the VFA. Philippine leaders then prepared their public and Senate for the agreement by drawing attention to China’s activities in the South China Sea. Senator Blas Ople declared that the alliance with the U.S. was necessary to counterbalance China over Mischief Reef and called for the U.S. to issue a clear statement that it would assist the Philippines if it was attacked by China in the South China Sea. Foreign Secretary Domingo Siazon adopted a similar approach, claiming that if the U.S. did not come to Philippine defense in the South China Sea the military and security configuration in Asia would change for the worse. At the Pacific Basin Economic Council meeting on May 17, 1999, President Estrada claimed that China’s sweeping claims to the South China Sea were “the biggest threat to Southeast Asia” and called for multilateral and not just bilateral negotiations over the issue.

The agreement was presented to the Senate by an administration whose head (Joseph Estrada) and defense secretary (Orlando Mercado) had voted against the MBA’s renewal in 1991 when they were senators. The Senate ratified the VFA by 18 to 5 on May 27, 1999. Among those voting in favor were Juan Ponce Enrile and Aquilino Pimentel, both of whom had also voted against renewal in 1991. This time the Senate was motivated by a concern over China and what was regarded as an external threat to national security in recognition that the VFA did not entail a return to permanent American ba-

ses. Senate President Blas Ople then declared that the MDT and VFA would “perform the function of a major deterrent against a potential aggressor against the Philippines.”53 Enrile claimed that “China—and this cannot be denied—has clearly and unequivocally initiated an aggressive move against our national interest.”54

How could the VFA assist the Philippines against China? Admiral Dennis Blair, Commander-in-Chief U.S. Pacific Command (CINCPAC) stressed that VFA could not provide a security guarantee for the Philippines and that ratification was just a necessary step to restoring a working relationship between the U.S. and Philippine militaries. Orlando Mercado agreed with Blair and stated that the Philippines could not invoke the VFA to contain the Chinese in the South China Sea. The Philippine defense secretary affirmed that the VFA had no strategic importance but was expected to strengthen the existing alliance with the U.S. through joint exercises and U.S. naval visits to Philippine ports. Senator Francisco Tatad, chairman of the Senate Foreign Relations Committee, said that the VFA was not intended to provide a security blanket and agreed that it would strengthen the MDT, which is the basis of the U.S. commitment to the Philippines.55 U.S. Ambassador Thomas Hubbard claimed that Admiral Blair’s remark’s had been misconstrued; in a letter to Foreign Secretary Domingo Siazon dated May 24, 1999, Hubbard stressed that the U.S. would defend the Philippines should it be attacked in the South China Sea. Hubbard referred to the Vance-Romulo note of January 6, 1979, which spells out U.S. obligations in case of an attack against Philippine forces in the “Pacific area,” according to Article 4 of the MDT. Hubbard added that U.S. Defense Secretary William Cohen affirmed in August 1998 that the U.S. considered the South China Sea as part of the “Pacific Area” according to Article 4.56 Hubbard’s remarks facilitated the passage of VFA through the Senate as Blas Ople in his address publicly displayed Hubbard’s letter to justify the Senate’s position.

What were the results of the Philippine move? Military exercises with the U.S. were renewed and Balikatan 2000 was conducted that February off the coast of Palawan. The U.S. obtained access to facilities in the Philippines that would help it to maintain a rotational naval presence in the South China Sea. In August 1999, the aircraft carriers USS Kitty Hawk and USS Constellation entered the South China Sea in a move that was linked to the Taiwan

issue; in August 2001, the move was repeated with the carriers USS *Carl Vinson* and USS *Constellation*. U.S. access to Philippine and other regional ports may allow its navy to play a role in any confrontation between Beijing and Taiwan; in that sense, the South China Sea became more closely linked with the Taiwan issue. It seems that closer military cooperation between the Philippines and the U.S. has not deterred the intrusion of Chinese fishing vessels around Scarborough Shoal during January, February, and March 2000. While Beijing may not be able to control local fishermen, the report that Chinese naval vessels had intruded into the area in May 2001 was more troubling. The *Washington Times* reported that 12 Chinese warships were observed in the area around Scarborough Shoal on May 18, the first time that Chinese naval vessels were seen there. The newspaper also reported the U.S. intelligence view that China has adopted an “island-chain strategy” that entailed expanding military control of areas progressively outward from China’s coast.57

Nonetheless, the Philippine move to involve the U.S. has had an observable impact on the Chinese negotiating position in relation to the South China Sea. According to diplomatic interview sources, China has become “more reasonable” over the South China Sea over the past two years and has demonstrated a concern to prevent an outbreak of conflict or escalation. China previously insisted on bilateral negotiations, but it is now willing at least to consult with ASEAN reportedly because of the involvement of U.S. in the restoration of a balance of power. In ASEAN and ARF meetings, China has demonstrated restraint over the issue. Previously, the Chinese delegation would answer every attack from the Philippine side but in more recent meetings the Chinese have fallen silent.58 China’s concern about U.S. involvement has influenced its attitude toward the code of conduct that was under negotiation with ASEAN. The Chinese draft included the provision that claimants should desist from conducting military exercises directed against other countries in the South China Sea, and from carrying out dangerous and close military reconnaissance.59 When ASEAN-China SOMs met in Cha-Am in Thailand in March 2000, Senior Counselor to China’s Foreign Ministry Yang Yi warned ASEAN against conducting large-scale military exercises and military alliances with countries outside the region.60 Furthermore, during President Estrada’s visit to Beijing in May 2000 Jiang Zemin reportedly agreed not to take action that would complicate the situation in the South China Sea. Estrada responded to the overture by signing a joint statement on the framework on bilateral cooperation in the 21st century that stated that

“the two sides commit themselves to the maintenance of peace and stability in the South China Sea.”61 Malaysian Defense Minister Najib Tun Razak reported that Chinese Defense Minister Chi Haotian said during a visit to Kuala Lumpur that China wanted to remove the negative image of a “potential aggressor.”62 These are all positive indicators of change in China’s attitude that may result in progress in negotiations over the South China Sea.

**Weak State Security**

How does a weak state deal with a great power? As a relatively weak and fragile state, the Philippines attempted to invoke institutionalism to manage the security problem posed by China’s occupation of Mischief Reef that was such a shock to the country. Behind the institutionalist’s approach was the assumption that a concern for economic interdependence would bind China to negotiation and dialogue and that China would avoid actions that would prove disruptive of its integration into the international community. Institutionalism, however, is a broad and long-term process that affects regions but not always individual states. China has recognized the restraints on autonomy imposed by economic interdependence and responded to general concerns about its behavior to mollify regional concerns. Nonetheless, institutionalism is not collective security that binds states against aggression but is an ongoing process of negotiation and norm creation in which adjustments are made for the sake of consensus. Small or weak state grievances on the periphery of the international community’s field of attention may be subordinated to or sacrificed for the greater good of regional stability. This, indeed, was the Philippines’s experience of Asia-Pacific institutionalism when ASEAN was unwilling to face China and, moreover, was seriously divided over an issue in which competing claims were raised from Malaysia and Vietnam. The ARF was deadlocked over the issue and, though it may have made China more receptive to dialogue in general, offered little satisfaction to the Philippines.

The Philippine move to involve the U.S. in a balance of power was a realist response that demonstrated that it would be premature for small or middle powers in similar situations to base their security on institutionalism alone. Institutionalism’s inability to meet the interests of all parties is an incentive for aggrieved members to resort to realist strategies, in which case alliances or the balance of power may be invoked. The Philippines could readily involve the U.S. on the basis of the existing alliance relationship as Washington’s own interest in the area had been stimulated by China’s conflict with Taiwan. The Philippines’s intention was to use balancing behavior to strength-

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en its bargaining position with China and maneuver the Chinese into a position in which they would agree to negotiate with a weaker power over disputed claims in the area.

The above experience does not mean that institutionalism has no role to play, that it should be discarded, or that Asia-Pacific leaders have been deluded in pursuing it. Indeed, reliance on the U.S. in a balance of power and the threat of a military force that accompanies it may exacerbate existing tensions in the South China Sea and the linkage with the Taiwan issue may become a dangerous one. The Asia-Pacific region only recently has developed security institutions that have brought together actors with little familiarity of each other. Moreover, the region is one where obvious disparities in size and power exist between great and small actors, creating the temptation for great powers to resort to power to pursue territorial claims. China cannot be managed in negotiations in Asia-Pacific negotiations without the involvement of the U.S. as the disparity in size and status with smaller actors is far too great. A balance of power involving the U.S. will still be required as a safeguard against the resort to force and to ensure the stability on which institutions may build. Ultimately, if institutionalism is to be effective in the Asia-Pacific region it should address the concerns of small and weak states and not simply ignore them.
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[Footnotes]

4 *The Promise of Institutionalist Theory*
Robert O. Keohane; Lisa L. Martin

5 *Beyond Anarchy: The Importance of Security Institutions*
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