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2012 IGCC White Paper on Northeast Asia Defense Transparency, Summary Version

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Author

Kwong, Jeff

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IGCC Annual White Paper on Northeast Asia Defense Transparency

2012 Edition

Summary Version

EXECUTIVE SUMMARY

This white paper is part of a larger project by the University of California Institute on Global Conflict and Cooperation (IGCC) to measure the level of defense transparency in Northeast Asia. The central goal is to conduct a rigorous measurement of whether and how states provide timely, accessible, and reliable information on their defense-related activities. The project includes an annual Northeast Asia Defense Transparency Index (NEADTI) and regular workshops.

The new IGCC defense transparency web site contains the index and research output from the

project (see <http://igcc.ucsd.edu/research/regional-diplomacy/neasia-defense-transparency-project/>)

This paper covers Japan, People's Republic of China (PRC), Republic of Korea (ROK), United States, and Russia in eight functional areas: 1) disclosures in defense white papers; 2) information available on official defense websites; 3) reporting to the United Nations; 4) openness of defense budgets; 5) legislative oversight; 6) robustness of press independence; 7) reporting of international military activity; and 8) disclosure on cyber activities (see Table 1).

Table 1. Summary of functional areas, criteria examined, and data sources

Areas of Coverage	Criteria for Index	Sources
I. White papers	<ul style="list-style-type: none"> • Strategy and Doctrine • Forces and Employment • Acquisition and Procurement of Armaments • Management and resources • Accessibility 	Summative white papers from defense-related executive agencies published usually once every 1–4 years
II. Website	<ul style="list-style-type: none"> • Contact information • Speeches, press releases, and news • Doctrine and strategy • Missions and operations of armed forces • Accessibility 	Defense agency websites and if linked, websites of individual armed forces
III. United Nations reporting	<ul style="list-style-type: none"> • UN Standardized Instrument for Reporting Military Expenditures¹ • UN Register of Conventional Arms² • UN Database on National Legislation on Transfer of Arms, Military Equipment and Dual-Use Goods and Technology³ 	United Nations Office for Disarmament Affairs
IV. Budgeting process	<ul style="list-style-type: none"> • Budget Proposal • Enacted Budget/In-Year Reports/Mid-Year Reports/Year End Report • Audit Report 	Open Budget Index Project; official defense budgets of individual states
V. Legislative oversight	<ul style="list-style-type: none"> • Independence of Legislative branch • Subpoena, hearing, reporting, and independent research • Public hearings • Budgeting, appropriating, investigatory, and hearing powers over central government administrative units 	Open Budget Index Project; official executive and legislative branch publications of individual states
VI. Press independence	<ul style="list-style-type: none"> • Level of state control and coverage of press issues on defense matters • Legal status of media and press organizations • Degree of freedom that journalists and news organizations enjoy (Reporters Without Borders criteria) 	Public source data; Reporters Without Borders (France)
VII. International activities	<ul style="list-style-type: none"> • Regional security cooperation/alliance building • Military exchanges and military exercises • Weapons/armaments sales/joint-development/transfer • Institutions with security dimension • Descriptions of international operations 	Summative white papers from defense-related executive agencies published usually once every one to four years
VIII. Cyber operations	<ul style="list-style-type: none"> • Doctrine and strategy • Capabilities, forces, and budgeting • Cyber-Related Defensive and Offensive Measures • Definition of cyber space terms • Plans, policies, and organization • Threat environment 	Defense agency publications, speeches, statements, or other official domestic report (i.e. legislative branch)

¹State adherence and information submitted to relevant United Nations offices/agencies in accordance with UN Resolution A/65/118

²State adherence and information submitted to relevant United Nations offices/agencies in accordance with UN Resolutions 46/36 L (paragraphs 10 and 18), 47/52 L (paragraph 5), and 49/75 C (paragraph 4))

³State adherence and information submitted to relevant United Nations offices/agencies in accordance with Resolution A/RES/57/66

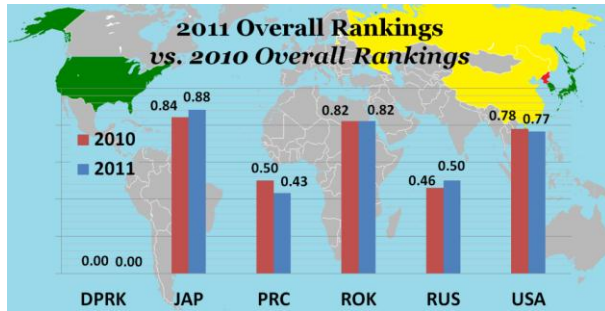


Figure 1. Overall rankings, 2011 versus 2010

Findings

Since the first version of the index was published in 2010, there has been little fluctuation in the overall rankings (see Figure 1). While Japan and Russia registered improvements in the release of defense information over the previous year, the PRC showed a slight decline. Japan continues to lead the way in defense transparency, fulfilling 88 percent of our rubric, followed by the ROK at 82 percent, the United States at 77 percent, while Russia and the PRC scored relatively lower, at 50 percent and 43 percent respectively.

- Japan is strong in six categories but lags in legislative oversight and cyber.
- The ROK performs well in white paper and international activity, but needs to improve in press, budgetary, and UN reporting.
- The PRC scores well in website and international activity transparency, but is especially weak in UN reporting and legislative oversight.
- Russia overtook China for the first time, due to a major revamping of its website, and improved press freedom and budget transparency. Russia does moderately well in website, budgetary, and legislative oversight, but lags in website and UN reporting.
- The United States is strong in four areas (press, legislative, budgetary, website), but struggles in white paper, UN reporting, and international activity.
- The DPRK is included in the index but not analyzed in depth because of the paucity of available information. It is a transparency black hole.

Qualitatively, transparency remains an elusive goal. Even between close allies such as the United States and Japan, information asymmetries remain.

Japan

Japan remains the most transparent actor in the NEATI. Decades of divergent interpretations of the degree of militarization permitted by Japan's post-war constitution appear to have ended. Major initiatives are underway to beef up air and naval forces with multi-billion dollar purchases and other joint efforts with the United States. These new developments have exacerbated Chinese worries, and for the time being Japan seems unable to answer Beijing's assertions of a re-militarizing Japan eager to work with the ROK and United States to contain China's rise in the region. Additional incidents involving divergent interpretations of the Law of the Seas and the demarcation of exclusive economic zones remain areas of disagreement and uncertainty. However, given its high rankings in the areas of transparency reflected by the Defense Ministry website; annual reporting to the United Nations; budgeting, auditing, and reconciliation of defense spending; press reporting, and exposure of international activities between the Self-Defense Forces and foreign militaries (see Figure 2), Japan ranks first in our transparency index.

People's Republic of China

Although defense information has become much more widely available in China over the past decade and the People's Liberation Army has introduced new mechanisms to provide improved defense transparency such as a defense spokesman office and regular media briefings, the PRC's defense transparency remains low compared to the standards of its Northeast Asian counterparts. Its defense white paper, which was designed to fit into the pages of *People's Daily*, no longer meets the needs of the international community and does not match the quality of publications released by peer and neighboring states. Policy statements and military strategies are unclear and poorly described, while information on the defense budget and new acquisitions are not connected with the PRC's stated goals of limited and regional engagement within the international community. The coverage on its official website, the timeliness and accuracy of reporting to United Nations, and lack of domestic budgetary and oversight functions confirm this general opacity.

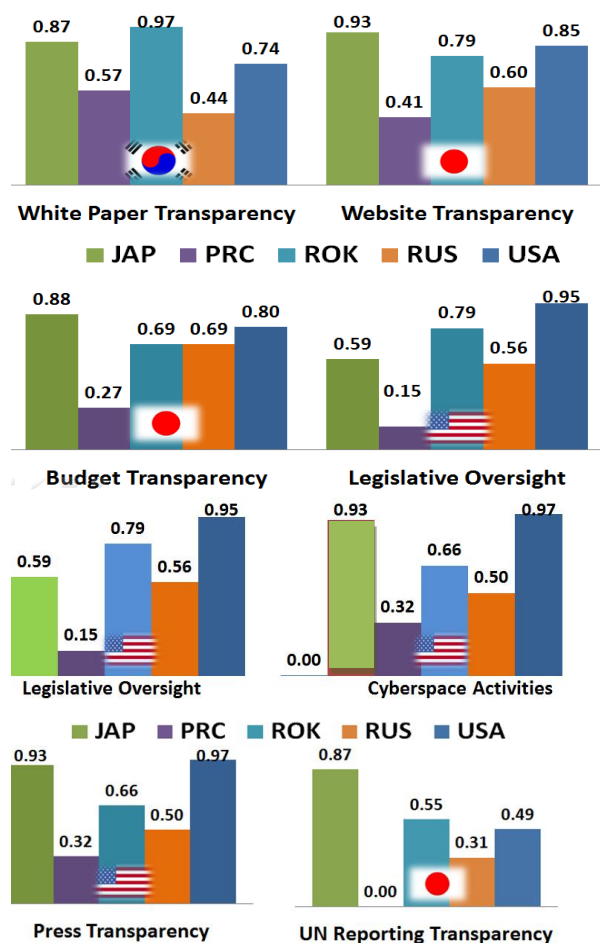


Figure 2. 2011 country rankings in the eight functional areas

Republic of Korea

Despite the uncertain and volatile security environment caused by a belligerent North Korea, and tensions with China and Japan, the ROK has made a strong effort towards achieving defense transparency. Overall, the ROK's second-place ranking is based on its best-in-class defense white paper, and high levels of transparency in its Ministry of National Defense's web site. In the wake of the *Cheonan* incident and shelling of *Yeonpyeong Island* in 2010, the ROK made an unprecedented effort to convey how these events affected its defense and strategy planning. While the Ministry of Defense's website and the ROK's legislative oversight and budgeting process account for the coun-

try's strong performance in defense transparency, media restrictions on the reporting of national security issues prevented the ROK from achieving a first-place finish.

Russia

In recent years, Russia has embarked on a comprehensive effort to reorganize and modernize its armed forces. While Russia has been forthcoming regarding some of its defense plans, its defense transparency remains poor relative to those of other countries in Northeast Asia, earning it a fourth-place ranking in the NEADTI. Russia's most impressive effort at enhancing its defense transparency came with the release of its 2010 Military Doctrine of the Russian Federation, yet it falls short in that it mentions very little about the momentous reforms in the Russian military that have been underway for several years prior to 2010. However, improvements to its defense website and budget transparency, and media reporting on events such as the *Vostok* military exercise, meant that Russia's defense transparency surpassed that of China in 2010.

United States

Moves to refocus and concentrate U.S. troops, weapons, and alliance resources in the Pacific have spurred Chinese allegations of a containment strategy against Beijing. Worries about China's expanding force projection capabilities and international activities in the same waters the United States has traditionally considered its backyard have raised the stakes of potential conflict, leading to calls for greater Sino-U.S. military-to-military exchanges and mechanisms to improve mutual trust. In the NEADTI, the United States scores strongly in domestic oversight and legislative scrutiny, budgetary allocations, and cyber activities. However, in areas where international customary law or norms have emerged, the United States continues to underperform, from timely reporting to United Nations registers to the compilation of a single defense white paper that combines vision, goals, doctrine, plans, and capabilities.

METHODOLOGY

Defining Defense Transparency

Some scholars and policy researchers have attempted to locate and define the role and effects of defense transparency solely in terms of the ability to access the information—through channels and vehicles of information.

From a public policy viewpoint, the bulk of the work has focused on financial and monetary transparency since pricing mechanisms upon which economic transactions rely are intimately tied to the transparent and free flow of information.

In the security realm, the definition of defense transparency remains highly controversial and entangled in debates on arms control, democratic peace, and literature on international organizations. Finel and Lord (1999) look specifically at domestic institutions and hierarchies, noting as sources of transparency the “legal, political, and institutional structures that make information about the internal characteristics of a government and society available to actors both inside and outside of the domestic political system.”¹ Mitchell (1998) similarly focuses on a procedurally-based acquisition and accumulation process in defining transparency as the “acquisition, analysis, and dissemination of regular, prompt, and accurate regime-relevant information” and “the “openness” of a government’s political system and decision-making procedures to external observers”²

Others have focused instead on the signals and information offered by states, such as “available information,” the quantity or quality of information, and ability to “assess accurately the intentions of another actor,” a definition that has more to do with perceptions and decision-making processes than transparency. Lindley (2007) adds to this, calling transparency the “availability of information about potential adversaries’ actions, capabilities, and intentions.”

We take all three components of transparency—procedural/acquisition process-based transparency, content and data-driven informational transparency, and signal/intentions-driven percep-

tive transparency and define defense transparency here as ***an ongoing process in which governments credibly transmit timely, relevant, and sufficient information about their military power and activities, budgetary matters, and intentions to allow other states and domestic audiences to assess the consistency of this information with declared strategic interests and institutional obligations to reduce misperception, ensure good governance, and build mutual trust.***

Using this definition, we examine which specific avenues allow governments to credibly transmit information and what kind of information. We believe there are three main concerns: content, mediums of transmission, and unity of strategy and doctrine.

Content

The demand for content—the type and breadth of such information—changes in terms of intensity, coverage, and the entity that has demands for such information (the demander). Intensity is the need for the information, which is variable. For example, following the 1996 Taiwan Strait Crisis, the United States may have been intensely searching for clues as to China’s defensive posture in coastal provinces and the Nanjing and Guangzhou Military Regions; such informational asymmetry may be less intense since the presidency of Ma Ying-jeou. Coverage may also evolve, such as in the aftermath of the Fukushima Nuclear Power Plant disaster. Third, the demander may change. Defense agencies and governments are pressed on all sides by diverse interest groups—the media, the public, domestic business groups, and political elites. The media and defense contractors may search for information about defense contracts and appropriations, but one approaches from a public right-to-know viewpoint and the other from a for-profit angle. These changes in intensity, coverage, and demander type must be reflected in the defense transparency index, and the index must be flexible in order to accurately track progress made by states.

In covering these content-based sources of defense transparency, we look not only on information on capabilities—such as personnel by quantity, role, missions, and organization, arms and weaponry by quantity, type and purpose, and procurement plans—but also on qualitative pro-

¹Bernard Finel and Kristin Lord (1999), “The Surprising Logic of Transparency,” *International Studies Quarterly* 43: 315–39.

²Ronald Mitchell (1998), “Sources of Transparency: Information Systems in International Regimes,” *International Studies Quarterly* 42 (1).

nouncements such as strategy, views on war, views on opponents/neighbors states, and doctrinal statements. In addition, we examine budgets to further elucidate both the capabilities and qualitative pronouncements examined in our study.

It is important to note that these content/issue areas change over time. Cyber and naval activities and the lack of information surrounding state intent, investment, and actions have increasingly troubled states in the last few years. 2011 was marked by large-scale attacks successfully launched against numerous high-profile global corporations. In 2010, the U.S. Computer Emergency Readiness Team reported 41,776 cyber incidents of malicious intent in the Federal network—a 39 percent increase from 2009. An effective cooperative mode of policymaking must take place to allow for the resolution of these pressing national security threats. In light of this, our index encompassed and coded the availability and access of information of state cyber defense activities in 2011 for the first time.

Transmission

Mediums of transmission are of great importance in defense transparency. Where and how do others gain the content from a state? We looked at all ostensible sources of defense information from defense white papers, websites, reporting to the United Nations, budgets, legislative records, and organizational structures. We also were concerned about the “credibility” of information being released by states—a key part of defense transparency. We therefore utilize legislative oversight and press reporting as constructs for this credibility-lending, legitimization process for information. Drawing from rich evidence that connects domestic politics and international security and from comparative politics, the academic literature generally finds that due to the substantial amount of defense information an executive branch actor (president, defense minister) possesses and the challenge of sharing it with other political actors and other countries, states with the following characteristics are better able to legitimize the information *they* release in regard to their defense activities and credible communications to other countries: i) more independent legislative branches; ii) active opposition groups; iii) some form of multi-party deliberation; iv) transparent institutions and political structures with oversight mechanisms; v) some degree of divided government; vi)

degree of transparency (in terms of telling us of their shared interests and goals) of alliances with foreign countries; and vii) open and competitive media coverage.³

Strategy and Doctrine

Unlike prior attempts to define defense transparency, we believe a state’s doctrine and strategy matter, especially in reading these documents side by side with data on military balance/capabilities, budget, and other official and media sources of information. Our most trusted data sources focus on actual data and triangulating sources of information to produce probabilistic best-guess estimates of defense capabilities and spending information, especially for the most opaque states. Our effort complements and extends these extant efforts by providing the necessary qualification of such capabilities and information. The unity of doctrine and capabilities forms a crucial part of understanding the true intentions and preferences of states and our approach bridges this gap in current research projects.

The Defense Transparency Index

The Northeast Asia Defense Transparency Index, which measures transparency among six states in and around Northeast Asia, breaks down our quantitative data in eight areas: 1) disclosures in defense white papers; 2) information available on official defense websites; 3) reporting to the United Nations; 4) openness of defense budgets; 5) legislative oversight; 6) robustness of press independence; 7) reporting of international military activity; and 8) disclosure on cyber activities.

We use a variety of measures from trusted sources, triangulating information from state, non-state, and international organizations in hopes of presenting a balanced and fair picture of a state’s attempts at defense transparency. By no means do we argue that our white paper is intended to provide quantitative and authoritative measures of defense spending or the available manpower in civilian defense. Instead, we provide an explanation that is absent in the current coverage of international defense activities—an exploration and exhibition of how states present themselves in defense matters and how those actions revealing information are perceived by other states, especially opponents or non-alliance partners.

³ Drawn from Branislav Slantchev.

We focus and define our categories of analysis in terms of the quality (precision of data), reliability (perception of independence and verifiability), timeliness (date and periodicity of information release), and ease of access to information (freedom by non-state and foreign actors to access and request information). The credibility of information is also measured through the use of credibility-inducing actors. For example, a free media can provide a third party fact-check mechanism for a state's defense information, and transparent legislative branches with active opposition parties can also serve as independent, credible actors that lend legitimacy to a state's information.

In addition, we look at transparency relatively, based on international military-to-military ex-

changes and how a state attempts to allay the fears and concerns of other states that are most worried about its defense matters. Finally, we take a comparative approach, gauging progress of individual states over time and using regional countries and top defense spenders as a benchmark to build towards a common, international rubric coalescing around defense transparency and what it means.

In conclusion, our measurement takes into account the procedural, informational, and signal/perceptions-based definitions and understandings of transparency. The methodology for each of our eight categories is described below in conjunction with our analysis of the current index results.

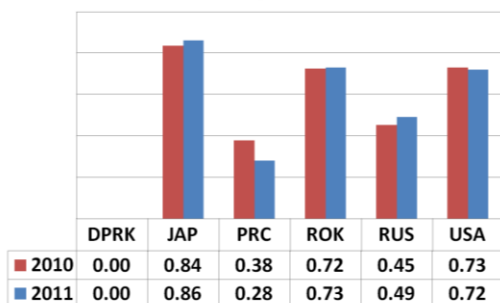
Index Final Results

Category	2011						2010					
	DPRK	JAP	PRC	ROK	RUS	USA	DPRK	JAP	PRC	ROK	RUS	USA
White Paper Transparency	0.00	0.87	0.57	0.97	0.44	0.74	0.00	0.78	0.59	0.92	0.44	0.74
Website Transparency	0.00	0.93	0.41	0.79	0.60	0.85	0.00	0.87	0.70	0.96	0.53	0.94
UN Reporting Transparency	0.00	0.87	0.00	0.55	0.31	0.49	0.00	0.87	0.23	0.55	0.31	0.49
Budget Transparency	0.00	0.88	0.27	0.69	0.69	0.80	0.00	0.82	0.30	0.65	0.61	0.81
Legislative Oversight	0.00	0.59	0.15	0.82	0.56	0.95	0.00	0.59	0.15	0.79	0.56	0.95
Press Transparency	0.00	0.93	0.32	0.66	0.50	0.97	0.01	0.93	0.30	0.65	0.37	0.95
International Activity	0.00	0.90	0.67	0.97	0.33	0.46	0.00	0.97	0.72	0.92	0.33	0.46
Cyber Transparency	0.00	0.52	0.21	0.48	0.22	0.65						

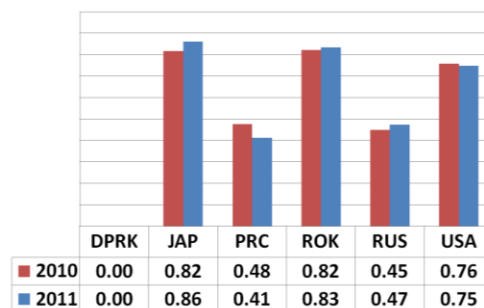
Rank in defense transparency by category and by country in 2010 and 2011

Category	2011						2010					
	DPRK	JAP	PRC	ROK	RUS	USA	DPRK	JAP	PRC	ROK	RUS	USA
White Paper	6th	2nd	4th	1st	5th	3rd	6th	2nd	4th	1st	5th	3rd
Website	6th	1st	5th	3rd	4th	2nd	6th	3rd	4th	1st	5th	2nd
UN Reporting	5th	1st	5th	2nd	4th	3rd	6th	1st	5th	2nd	4th	3rd
Budget	6th	1st	5th	3rd	3rd	2nd	6th	1st	5th	3rd	4th	2nd
Legislative	6th	3rd	5th	2nd	4th	1st	6th	3rd	5th	2nd	4th	1st
Press	6th	1st	5th	3rd	4th	2nd	6th	1st	5th	3rd	4th	2nd
International Activity	6th	1st	3rd	2nd	5th	4th	6th	1st	3rd	2nd	5th	4th
Cyber	6th	2nd	4th	3rd	4th	1st						

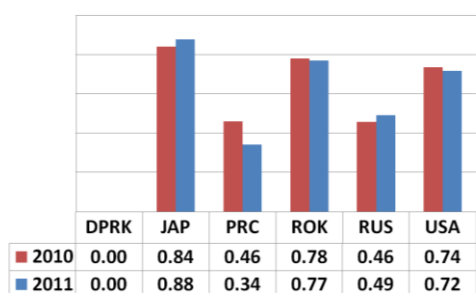
Total Score: Weighting Method #1
Standardized reports (Budget and UN reporting)
most important



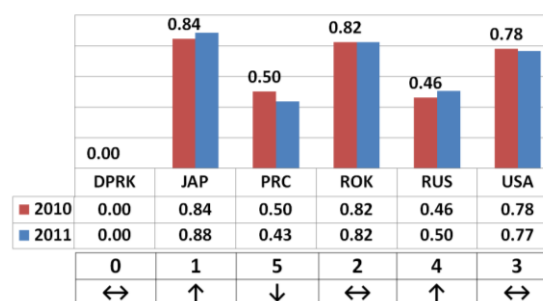
Total Score: Weighting Method #3
White Paper Most Important



Total Score: Weighting Method #2
Official Output (White Paper, Website, Budget) Most
Important



Total Score: Weighting Method #4
No categorical division, all criteria equal



Rank in defense transparency using standardized reports (budget and UN reporting) as most important indicators; in 2010 and 2011

	2011						2010					
	DPRK	JAP	PRC	ROK	RUS	USA	DPRK	JAP	PRC	ROK	RUS	USA
TOTAL SCORE	0.00	0.86	0.28	0.73	0.49	0.72	0.00	0.84	0.38	0.72	0.45	0.73
Rank; (Arrows indicate change from 2010)	6 ↔	1 ↔	5 ↓	2 ↔	4 ↑	3 ↔	6	1	5	3	4	2

Rank in defense transparency using standardized reports (budget and UN reporting) as most important indicators; in 2010 and 2011

	2011						2010					
	DPRK	JAP	PRC	ROK	RUS	USA	DPRK	JAP	PRC	ROK	RUS	USA
TOTAL SCORE Gov- ernment-produced tools most important	0.00	0.88	0.34	0.77	0.49	0.72	0.00	0.84	0.46	0.78	0.46	0.74
Rank; (Arrows indicate change from 2010)	6 ↔	1 ↔	5 ↓	2 ↔	4 ↑	3 ↔	6	1	4	2	5	3

Rank in defense transparency with each of the eight categories being equal in importance (1/8 of final score for each category); in 2010 and 2011

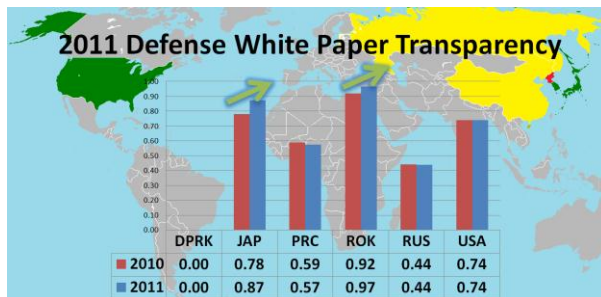
	2011						2010					
	DPRK	JAP	PRC	ROK	RUS	USA	DPRK	JAP	PRC	ROK	RUS	USA
TOTAL SCORE All equal weighting	0	0.85	0.34	0.78	0.49	0.74	0.00	0.83	0.43	0.78	0.45	0.76
Rank; (Arrows indicate change from 2010)	6 ↔	1 ↔	5 ↓	2 ↔	4 ↑	3 ↔	6	1	5	3	4	2

Rank in defense transparency using White Paper as most important indicator; in 2010 and 2011

	2011						2010					
	DPRK	JAP	PRC	ROK	RUS	USA	DPRK	JAP	PRC	ROK	RUS	USA
TOTAL SCORE <i>White Paper most important</i>	0.00	0.86	0.41	0.83	0.47	0.75	0.00	0.82	0.48	0.82	0.45	0.76
Rank; (Arrows indicate change from 2010)	6 ↔	1 ↔	4 ↓	2 ↔	5 ↑	3 ↔	6 ↔	1 ↔	4 ↔	2 ↔	5 ↔	3 ↔

Rank in defense transparency with each individual data point being equal; in 2010 and 2011

	2011						2010					
	DPRK	JAP	PRC	ROK	RUS	USA	DPRK	JAP	PRC	ROK	RUS	USA
TOTAL SCORE <i>No categorical division, all criteria equal</i>	0.00	0.88	0.43	0.82	0.50	0.77	0.00	0.84	0.50	0.82	0.46	0.78
Rank; (Arrows indicate change from 2010)	6 ↔	1 ↔	5 ↓	2 ↔	4 ↔	3 ↔	6 ↔	1 ↔	4 ↔	2 ↔	5 ↔	3 ↔



White Paper Transparency

In 2011, Japan and ROK greatly improved their coverage and choice of language, using more precise wording and sharing more nuanced policy views when compared to 2010. Coverage of cyber threats and views of global trends in Internet-based operations were also addressed at length in full sections for the first time in the 2011 white papers, scoring Japan a second-place rank in transparency on cyber defense. For many countries such as the PRC, Russia, and even Japan, domestic oversight and parliamentary oversight activities continue to plague their ability to share defense information openly. General trends in defense among the top scorers—the United States, Korea, and Japan—can be easily pieced together in a cohesive and coherent manner from a variety of information found in their white papers.

Overall, ROK has the most transparent white paper. Japan has also improved. White papers and the equivalents of China, Russia, and the United States remain unchanged and the defense white paper remains central in discussions of defense transparency as it covers the security environment,

defense policy and strategy, force structure, weapons, and a state's international activities.

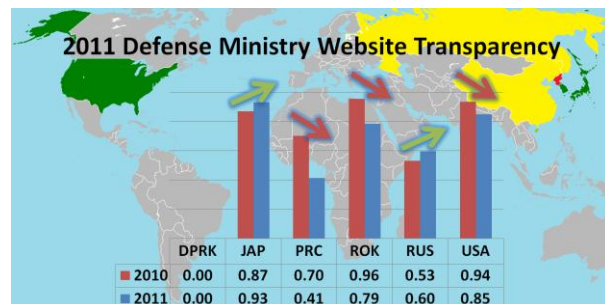
Previous approaches to scoring white paper transparency include Kiselycznyk and Saunders (2010), who propose 19 categories that serve as constructs for transparency.⁴ Adopting a similar format to Kang Choi (1996), they add additional categories on defense budget trends and planned acquisitions/procurement as constructs for transparency.⁵ However, the 19 categories may or may not be exhaustive. Based on the requirements of validity and reliability in a good indicator, measurements such as Choi and Kiselycznyk and Saunders may not render the consistency, precision, and repeatability possible in a robust, scientific inquiry.

In assessing white paper transparency, we examined the white papers of the Northeast Asian countries covered in the index along with half a dozen other major Western and non-Western states to determine best practices. These other countries were Brazil, India, Italy, France, Germany, and the United Kingdom. We identified 87 categories of information to use as benchmarks of white paper transparency. The categories range from descriptions of military command, latest views on the security environment, to the organization of military personnel.

⁴ Michael Kiselycznyk and Phillip C. Saunders (2010), *Assessing Chinese Military Transparency*. Washington, DC: National Defense University Press.

⁵ Kang Choi (1996), "An Approach to a Common Form of Defense White Paper," *The Korean Journal of Defense Analysis* 8 (1).

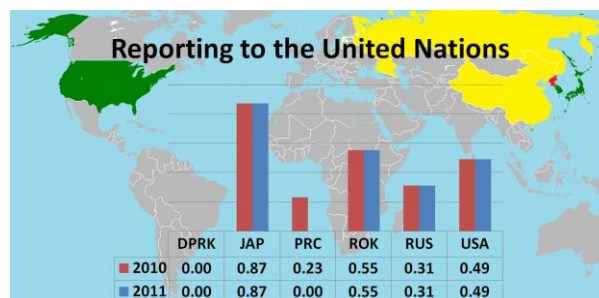
Our measurements adopt dummy variable ratings: 0 for lack of information and 1 for inclusion of information. States for which an individual question was not applicable were not scored for that question. To produce the final score, all scores of 0 or 1 for an individual state were added. This total score was divided by the total number of questions scored for that individual state to produce the final ranking, which was a number between 0 and 1.



Website Transparency

Official defense websites are an emergent and important source of defense information for the public and foreign states. Given international practice and the expectations of the public, we define transparent sites as timely, accessible, and comprehensive, with access to policy documents, laws and regulations, and basic information. In 2011, our general findings show that Japan continues to score very highly while there were noticeable declines for the United States, ROK, and PRC. In the meantime, Russia has revamped its website with a new design and additional information.

We judged the comprehensiveness of a state's website content by looking at its coverage of policy documents, laws and regulations, and information on current operations, including leaders' views of the threat environment. Accessibility and availability in English was also assessed. To determine the categories used to measure website transparency, we not only looked at the websites of the countries in the index but also half a dozen other Western and non-Western states to determine international best practices. These other countries were Brazil, India, Italy, France, Germany, and the United Kingdom. Using these websites, 47 categories of information were identified and used as benchmarks of website transparency.

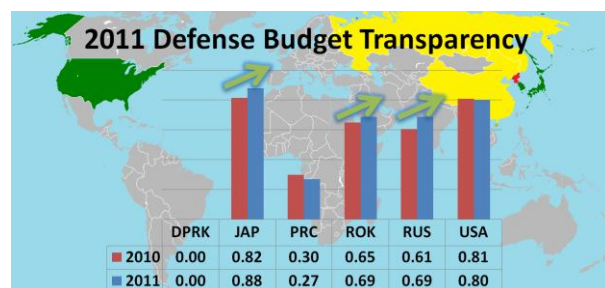


Reporting to the United Nations

The UN's goals of peace demand a series of confidence-building measures. General Assembly Resolution 61/79 states, "The exchange of information on confidence-building measures in the field of conventional arms contributes to mutual understanding and confidence among Member states." In 2004, the General Assembly adopted resolution 59/92, "Information on confidence-building measures in the field of conventional arms" which "recognized the contribution that confidence-building measures (CBMs) in the field of conventional arms, based on the initiative and with the agreement of the States concerned, could make towards improving the overall international peace and security situation."

In general we find that only Japan scores well with timely, comprehensive reporting. The ROK and United States lag in terms of comprehensiveness and timely disclosure. China failed to submit in 2011.

To determine the categories used to measure UN reporting transparency, we reviewed UN-produced guides on individual reporting instruments. Deadlines and reporting guidelines as proposed by the Standardized Instrument for Reporting Military Expenditures (UN Resolution A/65/118), Register of Conventional Arms (UN Resolutions 46/36 L (paragraphs 10 and 18), 47/52 L (paragraph 5), and 49/75 C (paragraph 4)), and the Database on National Legislation on Transfer of Arms, Military Equipment and Dual-Use Goods and Technology (UN Resolution A/RES/57/66), were used to measure individual state compliance. Finally, according to United Nations General Assembly resolutions 46/36 L and 58/54, the United Nations collects, from individual states, a report of international conventional arms transfers. Compliance is used as the proxy for transparency in UN reporting. Deadlines were also used as a proxy for transparency in this category.



Budget Transparency

The OECD describes fiscal transparency as “openness about policy intentions, formulation and implementation.” In achieving this fiscal transparency, budget transparency “is the single most important policy document of governments. In the budget, policy objectives are reconciled and implemented in concrete terms.”⁶ OECD *Best Practices for Budget Transparency* describes a transparent budget as a document “where policy objectives are reconciled and implemented in concrete terms. Budget transparency is defined as the full disclosure of all relevant fiscal information in a timely and systematic manner.”⁷ OECD member countries addressed the issue of budget transparency, producing the *Best Practices* “based on Member countries’ experiences.” Even though the guidelines are to serve as reference tools and not standards, they provide specific, key criteria for designing state budgets.

To further illustrate the growing consensus in the international community of the importance of transparency, in 2007 the International Monetary Fund issued a *Code of Good Practices on Fiscal Transparency* designed to encourage governments to be “open to the public about the government’s past, present, and future fiscal activities, and about the structure and functions of government that determine fiscal policies and outcomes.”⁸

Within individual states, domestic auditing organizations and their international association, the International Organization of Supreme Audit Institutions (INTOSAI), has advanced the agenda of common, global standards for auditing budgets.⁹

China, Japan, South Korea, Russia, and the United States are members of this framework.

Given these international guidelines that transcend state budgeting, accounting, and auditing standards, rankings from the Open Budget Index (OBI), which is used in the NEADTI, reflect all the OECD, IMF and INTOSAI guidelines. Produced by the International Budget Partnership (IBP), the OBI is a project of the Center on Budget and Policy. It is obvious that the IBP has an agenda and certain normative standards driven by think tanks and various academics.¹⁰ However, from reviewing all individual questions in the OBI, no bias can be found in the phrasing of the questions used to evaluate individual state’s budget documents and budget processes. Respondents in reviewed cases in the OBI relied on international, academic researchers to answer 123 questions.

The Open Budget Index is an rubric to use as the underlying measure for budget transparency, one of the categories used to calculate the defense transparency index.¹¹ We collected the 123 questions and scores for the PRC, Russia, the ROK, and the United States from OBI. In each of these questions, states were ranked among given responses. For questions with four defined levels of transparency, states were ranked with scores of 0, 33, 66, and 100. For questions with five levels of transparency, states were ranked with scores of 0, 25, 50, 75, and 100. States for which an individual question was not applicable were not scored for that question. For the PRC, ROK, Russia, and United States, the OBI scores were used from the 2008 questionnaire. Japan and DPRK were not scored by the OBI, but were scored by IGCC using the same OBI questions.

To produce the final score, all scores for an individual state were added. This total was divided by the total number of questions scored for that individual state to produce the final ranking, which was a number between 0 and 100.

Our assessment for transparency of defense budgets therefore includes information disclosures for budget content, preparation, actual spending, legislative oversight, and auditing. Scores from the

⁶ “Open Budget Initiative: Methodology,” Open Budget Initiative website, Sept. 8, 2010, <http://www.openbudgetindex.org/index.cfm?fa=methodology>.

⁷ “OECD Best Practices for Budget Transparency,” *OECD Journal on Budgeting*, 1.3 (2002): 1–9, <http://www.oecd.org/dataoecd/33/13/1905258.pdf>.

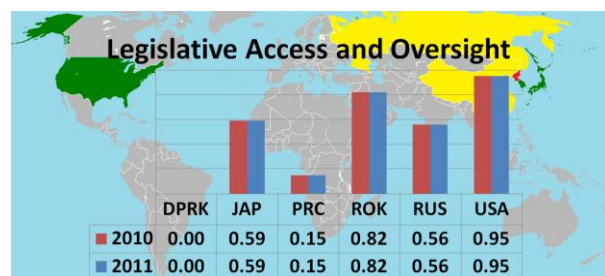
⁸ “Fiscal Transparency,” IMF home page, Sept. 8, 2010, <http://www.imf.org/external/np/fad/trans/index.htm>.

⁹ “INTOSAI: Chair/General Secretariat,” INTOSAI home page, Sept. 8, 2010, http://www.intosai.org/en/portal/regional_working_groups/asosai/chair_general_secretariat/.

¹⁰ “Who We Are,” International Budget Partnership website, Sept. 8, 2010, <http://internationalbudget.org/who-we-are/>.

¹¹ “Open Budget Initiative: Country Data,” Open Budget Initiative website, Sept. 8, 2010, <http://www.openbudgetindex.org/countryData/>.

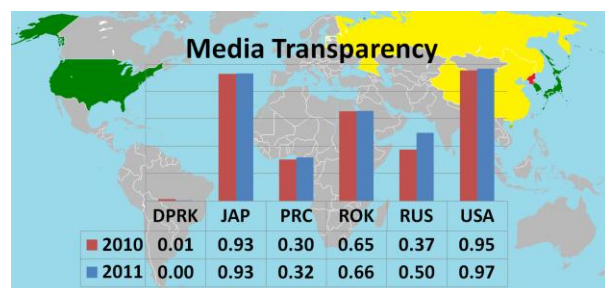
Open Budget Index 2011 were used to rank the PRC, ROK, RUS, and the United States. Japan and DPRK were ranked by IGCC.



Legislative Oversight

The ability for legislatures to investigate and monitor defense affairs is central to ensuring defense transparency. For this measure, we scored legislatures on their ability to independently investigate defense budgets and personnel, request reports on military affairs, and to make laws governing the military establishment. We find in general that the United States has strongest legislative oversight in both defense and appropriation issues. The ROK also scores well, but legislatures in Japan and Russia have fewer oversight powers. In general, China has very weak legislative oversight.

Categories for legislative transparency were determined using extant findings from academic literature that explain the level of transparency in legislative assemblies vis-à-vis welfare provision, policy choice, and other factors. In addition, scores derived from the legislative section of the Open Budget Index 2011 were used to rank the PRC, ROK, Russia, and the United States. Japan and the DPRK were ranked by IGCC.

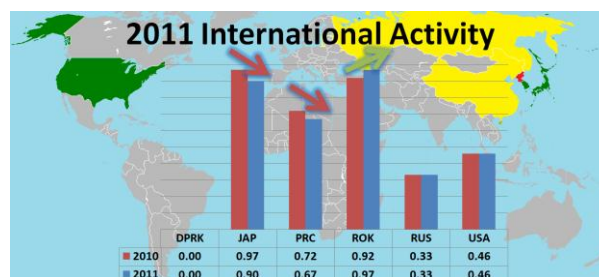


Independent Reporting of Defense Matters

The scoring for this category is done in two sections. In the first section, categories for press transparency were determined and ranked accord-

ing to the level of state control and coverage of press issues on defense matters and the level of press freedom in each state. In the second section, 43 categories for press transparency were constructed using the Reporters Without Borders 2010 Press Freedom Index with a baseline score of 105 for the index's lowest-ranked country. Each country's score was determined using 43 criteria. The index scores were normalized to count as 50 percent of the 52 categories used to calculate the final media transparency score.

In general our findings show that the United States and Japan rate very high while Russia showed good improvement. China is improving very slowly.

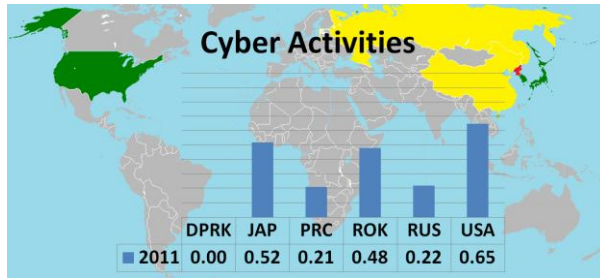


International Activities

International activities such as joint exercises and bilateral visitations are an effective measure of openness and transparency. We define International Activity as being inclusive of the disclosure of military exercises, foreign exchanges, arms transfers, participation in international military missions, and foreign deployments. Information is derived from reporting in defense white papers.

To determine the categories used to measure international activity transparency, we not only looked at the websites of the countries in the index but also half a dozen other Western and non-Western states to determine international best practices. These other countries were Brazil, India, Italy, France, Germany, and the United Kingdom. Using the white papers from these states, we developed 39 categories to measure international activity transparency.

We find in general that China performs strongly. In fact, it scored better than the United States. The low U.S. ranking is because the QDR and NSS provide limited information. We also note that the ROK surpassed Japan in 2011.



Cyber Activities

Reflecting changes in the threat environment, in 2011 IGCC introduced a new index category covering state transparency-building activities such as information exchange on cyber-related responsibilities and efforts, command and control relationships, doctrine, cyber organization of the military, and related defensive measures. We were also interested in state's efforts in defining terms—what cyber force, cyber attack, and cyber response mean to defense agencies.

Information was derived from defense white papers, web pages, and policy papers from defense

ministries. To determine the categories used to measure cyber activity transparency, we looked at current journalistic accounts of cyber activities and related statements made by ministries of foreign affairs, executive and legislative branch actors, and computer science experts on the asymmetries in information found in cyber activities conducted by national governments. Mentions of cyber activities in the white papers of the top 12 military spenders (excluding Six-Party members and non-white paper producers), Brazil, India, Italy, France, Germany, and the United Kingdom, were also reviewed.

We found in general that no one receives high marks, with the highest score being 65 percent for the United States. Japan and the ROK have produced documents modeled after U.S. military strategy and national strategy on cyber defense while there is limited information from China and Russia.