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NORTHEAST ASIA IN AN AGE OF UPHEAVAL

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FOREWORD

Protecting long-term U.S. interests in Northeast Asia will require policies that capitalize on the dramatic, structural changes of recent years without losing sight of established relationships that have long been foundations for peace. The end of the Cold War has altered the complexion of the region, injecting new tensions into the United States relations with its long-time allies as well as with China and North Korea. Rapidly changing domestic political and economic conditions throughout East Asia have only served to exacerbate these trends, further magnifying the challenges faced by U.S. leaders to find the wisest path of engagement—one that will protect national interests, maintain alliances, and fortify regional security.

In this issue of NBR Analysis, two authors address the monumental restructuring occurring in Northeast Asia and assess its implications for U.S. policy. Harry Gelman of the RAND Corporation focuses on new challenges to America's alliances with South Korea and Japan, which have arisen as a result of the disappearance of the Soviet threat and the vastly expanded economic strength of these countries relative to the United States. He dissects the recent increase in regional frictions, including North Korea's nuclear ambitions, stressing the risks these developments hold for long-term U.S. interests. After demonstrating that America's relationships with South Korea and Japan should continue to be central components of U.S. strategy in Northeast Asia, Dr. Gelman cautions policymakers against allowing disagreements over trade and relatively minor issues to undermine the essential strategic cooperation.

Robert Scalapino, who is professor emeritus and former director of the Institute of East Asian Studies at the University of California-Berkeley, interprets the changed domestic and regional realities of today's Northeast Asia by placing them within the global context of post-Cold War political realignment. Drawing on his vast understanding of the history of the region, Professor Scalapino examines the effects of economic dynamism in the present age of political uncertainty on the international relations of the region. He is hopeful that despite the rise in tensions accompanying the decline of ideological, patron-client-type alliances, economic interdependence and issue-specific multilateralism will keep outright aggression to a minimum. The message to policymakers is that in the present period of rapid change, solid alliances of the sort found during the Cold War will most likely be superseded by alignments characterized by ad hoc problem-solving based on national and regional interests. In Professor Scalapino's view, economic interdependence is essentially a positive development, but one that will greatly complicate the diplomatic processes necessary to keep the peace in Asia and the world.

Dr. Gelman's and Professor Scalapino's papers were originally presented at the "Major Powers and Future Security in Northeast Asia" conference held in Seoul, South Korea, May 25-26, 1995. Hosted by Kyungnam University, this was the fifth in a series of international conferences of the "New Russia/CIS in Asia" project, which is organized by NBR and cosponsored by the Institute for International Policy Studies (Tokyo), Institute for Far Eastern Studies of Kyungnam University (Seoul), Institute of East European, Russian, and Central Asian Studies of the Chinese Academy of Social Sciences (Beijing), Russian Science Foundation (Moscow), and Institute of Management, Economics, and Strategic Research of the Kazakh Academy of Sciences (Almaty). Lead support for the project is generously provided by the Rockefeller Brothers Fund.

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THE FUTURE OF NORTHEAST ASIA: AN AMERICAN PERSPECTIVE

Harry Gelman

Northeast Asia has been undergoing a fundamental restructuring since the beginning of this decade. Long-delayed changes have now been set in motion and are still in progress. As a result, the region has been moving away from a long-established pattern of geopolitical stability and predictability toward one of multiplying uncertainties. The old Cold War dangers have vanished but are being gradually replaced with dangers of a new kind.

For nearly forty years after the Korean War, American policymakers generally saw Northeast Asia as an island of relative calm in a worldwide sea of tumult and complexities. Throughout the years of the Cold War, the U.S. view of its primary interests in this region, and its primary tasks there, seemed fairly uncomplicated. On the one hand, there was the defense of the Republic of Korea against a menacing predator regime to the north installed by Stalin. On the other hand, there was the alliance with Japan, which was both the irreplaceable underpinning for the defense of South Korea and the cornerstone for all American efforts to limit Soviet geopolitical influence in Asia.

Throughout the Cold War, this sense of shared external threat (although two somewhat different kinds of threat, to be sure) tended to outweigh emerging problems in the U.S. relationships with both the Republic of Korea and Japan. The U.S. alliance with Seoul was sustained over the years by the memory of the Korean War, by Pyongyang's various terrorist initiatives which furnished periodic reminders of its implacably hostile attitude, and by Washington's sense that the defense of South Korea against the North was a vital part of the larger American struggle against the central antagonist in Moscow. So long as the Soviet Union—and Kim Il Sung—endured, these considerations remained predominant for both Americans and Koreans. This was despite a variety of bilateral difficulties, including the emergence of a new generation of young Koreans naturally impatient for reunification, without memories of the Korean War, and who in some cases had illusions about North Korea.

Meanwhile, the U.S.-Japan alliance was fortified throughout the postwar era by the extraordinary arrogance the Soviet leaders displayed toward Japan and Moscow's remarkable inflexibility in the territorial dispute with Japan. For four decades Soviet intransigence regarding Tokyo's claim to the Northern Territories north of Hokkaido served to reinforce Japanese-American cooperation against the Soviet Union despite emerging bilateral economic frictions. Thus the U.S.-Japan relationship remained the key link in the U.S. presence in the western Pacific.

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As we know, most of this once-clear picture has now been radically altered. Moreover, the transformation is ongoing, with the end not yet in sight. Without exception, all of the important actors in the region (not least the United States) have begun major internal changes, some dramatic and immediate, others more gradual but no less profound. These shifts have already had some effect on the U.S. relationship with the region. How much more of an effect there will be remains to be seen.

In the discussion to follow, I will mainly consider the factors likely to affect the future of the American relationship with its two regional allies, the Republic of Korea and Japan.

An Inventory of Radical Changes

Halfway through the 1990s, we have already witnessed:

- The collapse and disintegration of the Soviet Union. Its principal heir, a greatly weakened Russia, is a country attempting to build new political and economic institutions in an atmosphere of profound instability.
- The death of Kim Il Sung, bringing to a head the long-festering succession issue in North Korea. This event has inevitably also brought to a head the issue of the fundamental purpose and ultimate viability of a state whose underlying rationale had always been the ambition to absorb South Korea—an ambition that long before Kim's death had become steadily more unrealistic as the South grew ever stronger and the North's economy ever weaker.
- The simultaneous emergence—not coincidentally—of the crisis over the North Korean nuclear weapons program, to which I will return shortly.
- The transition of the Republic of Korea from its authoritarian past to democracy, and its emergence as a rapidly industrializing, globally respected modern state whose growing middle class is filled with a new self-confidence. Inevitably, there has been a latent tension between these trends and the continued dependence of the Republic of Korea on the American alliance in the face of North Korean hostility. Against this background, when in 1993–94 the two allies were confronted with hard new choices over policy toward Pyongyang, there was a significant growth of open South Korean friction with the United States. At the same time, the pluralist pressures and internal divisions encouraged by the new democratic atmosphere also fostered internal differences in South Korea over tactics toward the North, along with a weakening of the South Korean foreign policy decision-making process.
- In Japan, the collapse of the overwhelming political dominance of the Liberal Democratic Party, which for nearly half a century had been the bulwark of the alliance with the United States. The end of unquestioned LDP supremacy has begun a process of internal Japanese realignment and restructuring whose end point and final implications for Japan's place in the world are not yet visible.
- In China, the unfolding of a leadership succession struggle even before the death of Deng Xiaoping. This has opened what is likely to be (despite all Chinese assurances to the contrary) a period of prolonged uncertainty about the country's future internal and external policies. There are, in particular, unanswered questions about the central leadership's ability to withstand the powerful centrifugal pressures that have grown with the headlong expansion of the Chinese economy.

- In the United States, a rapid decay of both popular and elite consensus in almost all areas of foreign policy following the disappearance of the sense of common purpose imposed by the Cold War. Both isolationist pressures and a yearning for unilateral nationalist alternatives are continuing to grow, along with a fixation on budgetary problems at the expense of many of America's foreign interests and past commitments. Particularly striking has been the rise of a new tendency in Washington—as another result of the fall of the U.S.S.R.—to give the combative economic dimension of the relationship with Japan priority over the cooperative strategic dimension.

Against this rather disquieting background, we will first look at the short-term issues that now preoccupy those American policymakers concerned with Northeast Asia, and then turn to the longer-term trends and possibilities that may confront American leaders down the road.

America and the North Korean Nuclear Issue

American policymakers have never had much leisure (nor, indeed, inclination) to think much about the long term, and have forever been preoccupied with “fighting fires.” For the last two years, the overwhelmingly important fire to be fought in East Asia has been the issue of North Korean nuclear weapons development. For Washington, this issue has been crucial not only on its own merit, but also because it has tested America's relations with its regional allies, South Korea and Japan, as well as with the other major regional interlocutors, China and Russia.

To most Americans, the thought of Pyongyang acquiring nuclear weapons is extremely alarming. Decades of experience have led Americans to regard North Korea as the world's leading example of an irresponsible, rabidly pugnacious, ideologically driven regime long habituated to the use of terror. In addition, U.S. policymakers have been greatly concerned about the effect on the global nuclear nonproliferation regime if Pyongyang succeeds in flouting the international nonproliferation accords.

While leaders of the four other states in the region have all probably felt some degree of sympathy with these concerns, particularly regarding nuclear proliferation, none has been nearly as alarmed as Washington. Each of the four has had special concerns of its own that it considered more important. This became quite evident during the period in 1993 and 1994 before the initial (October 1994) U.S.-North Korean nuclear agreement was reached, when the Clinton Administration was trying against great odds to muster support for sanctions sufficient to coerce Pyongyang into abandoning its nuclear program.

Throughout that period, the South Korean government had alternately pressed for more caution vis-à-vis North Korea whenever Washington seemed (for the moment) to wish to be tough, and for more backbone whenever the Americans wished to be conciliatory. Seoul had also consistently appeared (and still appears) much less worried about the implications of Pyongyang's acquiring nuclear weapons than about the possibility that through American maladroitness or perfidy Pyongyang would succeed in using the negotiation process to improve its international position at the expense of South Korea. In addition, many in the West have repeatedly alleged that there are some in Seoul who are complacent about the possibility of North Korean nuclear weapons development because they hope at the end of the day to inherit any such capability from a collapsing North Korea.

Meanwhile, the strange Japanese coalition government uniting the rump of the LDP with the traditionally anti-American Socialists was in the end somewhat responsive, at least in principle, to the long American campaign in 1993 and 1994 for sanctions against North Korea. But that response was visibly slowed, and to some degree limited, by the new internal Japanese

political realities, including the problem of overcoming the Socialists' lingering reluctance to give new practical meaning to the alliance with America, not to mention their traditional fondness for the North Korean dictatorship. Japan's reaction was also slowed by the political difficulties posed by the prospect of taking meaningful action against North Korea's large Korean support organization in Japan. The question of how far Japan would go in backing the American position became a matter of Japanese internal debate, with government opponents such as the former LDP leader Ichiro Ozawa claiming that the government was dragging its feet and endangering the alliance. The question had not, in fact, been fully answered when the October 1994 North Korean agreement with Washington temporarily rendered the issue moot.

At the same time, China—whose response, because of its economic importance to North Korea, promised to be the key to any sanctions effort—made it clear that it would not participate in any avowed effort to coerce Pyongyang. The Chinese attitude was motivated on the one hand by a determination not to jeopardize its strategic interests in North Korea, and on the other hand by its resolve to show the United States that harping on the human rights issue was counterproductive to American strategic interests. Beijing also claimed to be indifferent to suggestions that North Korean acquisition of nuclear weapons and their delivery systems could have a destabilizing effect on the region by eventually stimulating other local states—possibly even Japan—to move in the same direction. Nevertheless, China in the end proved sufficiently impressed by the dangers inherent in the crisis to play a useful role behind the scenes in persuading Pyongyang to come to an agreement with the United States.

Finally, Russia, with its long southern border stretching the width of Asia, had more reason than most to fear the end of the global nonproliferation regime and the spread of nuclear weapons into irresponsible hands. Nevertheless, Russian reaction to American urgings regarding sanctions on North Korea was unenthusiastic. This attitude seemed driven not at all by the substance of the issue—that is, by Russia's professed doubts about the state of the North Korean nuclear program—but rather by Moscow's desire to enhance its own status as an important independent actor in the region at all costs. Moscow therefore responded to the United States by pressing incessantly for a multilateral conference desired by none of the other parties, merely because this would have given Russia a more visible role in dealing with the problem.¹ This proposal was evidently modeled on Russian initiatives regarding the Bosnian issue, but was less successful in elevating Russia's role as a factor in the Northeast Asian equation. While Russian leaders indeed value the nonproliferation regime and readily acknowledge an important national interest in preventing the spread of nuclear weapons technology, in practice other important, conflicting Russian interests—both political and economic—are sometimes allowed to predominate in Russian policy.

The headaches encountered by the Clinton Administration in attempting to come to grips with these divergent interests illustrate the difficulties that the new trends have already created for the United States in the region. These difficulties were again dramatized when a threat to the 1994 agreement with North Korea emerged not long after it was signed. Throughout the spring of 1995, Washington was confronted with a grave dilemma as North Korea threatened to abandon the agreement if South Korea supplied the light-water nuclear reactors that were supposed to compensate Pyongyang for “freezing” its own nuclear program.

¹ This is not to suggest that the multilateral approach sought by the Russians would necessarily have been undesirable. On the contrary, had it been feasible, a “Four plus Two” venue for consideration of the North Korean nuclear issue might have been useful. Such an approach, involving the United States, Japan, China, and Russia, as well as both Koreas, would have had the advantage of lending broad international weight to commitments made on the issue and imposing joint responsibility for their fulfillment. Even more important, North Korean agreement to participate in any such venue would have meant its acceptance of South Korea as a full negotiating partner on the nuclear issue, and an end to Pyongyang's efforts to split South Korea from the United States while denying the legitimacy of Seoul's role in negotiations. For that very reason, however, North Korean agreement to such an approach was always very unlikely—as Russia well knew.

On the one hand, the eventual consequences for the whole region if North Korea did resume its nuclear weapons program—supplementing its intense missile development program—were grim indeed, and probably much more serious than many Northeast Asian politicians have been prepared to acknowledge publicly.² On the other hand, if the agreement had collapsed, the prospects for any renewed American effort to obtain sanctions sufficient to effectively coerce North Korea were hardly encouraging, particularly in the wake of America's eroding leverage on all the relevant actors during the previous two years.

In particular, full-scale cooperation from China, whose role would be critical, would indefinitely remain very dubious. Even though geopolitical realities had compelled the Clinton Administration to reduce its pressure on Beijing regarding human rights issues, it was highly unlikely that a Chinese regime certain to be preoccupied by its succession struggle over the next few years would ever reach consensus to accommodate the United States by agreeing to adequate economic sanctions against North Korea. That prospect was eventually made even more improbable by the deterioration of bilateral relations between Beijing and Washington after President Clinton decided to allow Taiwan's president to visit the United States.

At the same time, Russia had economic reasons to be even less cooperative than before in any renewed effort to enact rigorous UN sanctions. Moscow had ardently hoped for a prominent role in supplying the new light-water reactors promised to Pyongyang under the agreement, and protested the minor supporting role that has been assigned to it as compensation by the sponsoring consortium. In the controversy over this issue, Russia was encouraged by North Korea's reluctance to accept South Korean reactors. Moscow knew that Pyongyang would have greatly preferred Russian reactors, particularly in view of the past history of Soviet assistance to the North Korean nuclear power industry. Russian economic interests on this particular matter were thus in effect temporarily allied with North Korean political interests, and were at odds with those of Seoul, despite the paradoxical fact that on the whole South Korea remained far more important to Russia than was North Korea. Consequently, during the period when the U.S. talks with North Korea remained stalemated over this issue, the Russian government's official foreign broadcasts in Korean criticized what they termed Washington's "hard-line position" regarding the light-water nuclear reactors, scoffing at the notion of "so-called international sanctions," denouncing the idea of bringing "outside pressure on the D.P.R.K.," and calling for the United States to "fully consider Pyongyang's positions on replacing its nuclear facilities"—that is, on not accepting South Korean plants.³

Why did North Korea so stubbornly resist accepting South Korean nuclear plants and technicians? Pyongyang well knew that this must be an inevitable part of the deal—in fact if not in name—if only because of the prominent role that Seoul would play in paying for the plants. Many observers interpreted this behavior as an understandable, last-minute defensive North Korean effort intended not only to save face and avoid any South Korean gains in their ongoing rivalry, but also to ward off the threat of a spread of South Korean influence in the North in the wake of the nuclear deal. There is no doubt that anxiety over this prospect exists in Pyongyang. A less charitable view, however, is that Pyongyang's recalcitrance also stemmed from ideological fanaticism, that is, from diehard resistance to the prospect of abandoning

² With the second Pyongyang-Washington agreement of June 1995, this prospect has now been rendered less likely but may not, in fact, have been eliminated. A serious challenge has been made to the assumption that light-water reactors could not readily be used by North Korea to continue preparation for eventual acquisition of nuclear weapons. According to two knowledgeable writers, "The two big, costly light-water reactors we have asked South Korea and Japan to pay for produce less plutonium per thermal watt but, because of their much larger total megawattage, would produce plutonium at a greater rate than the three reactors North Korea has suspended operating or building." Albert Wohlstetter and Gregory S. Jones, "A Nuclear Treaty That Breeds Weapons," *Wall Street Journal*, April 4, 1995.

³ Moscow Voice of Russia World Service (in Korean), April 12, 1995, in Foreign Broadcast Information Service, *Daily Report: Central Eurasia*, SOV-95-071, April 13, 1995, p. 2.

the eternal attack on South Korea's legitimacy, which has been the regime's main justification for its own existence since it was founded. Disagreement over these two alternative ways of interpreting North Korea's behavior persists in the West, and is even apparently found in the U.S. intelligence community.⁴ In fact, the two are not incompatible, and it seems likely that both are correct.

Meanwhile, the very process of trying to resolve this dilemma over the nuclear agreement had unfortunate implications for the long-term future of Seoul-Washington relations. South Koreans were quite correct in believing that Pyongyang all along sought to use its negotiations with Washington over the nuclear issue as a way of "bilateralizing" its dealings with Washington, and thus weakening the international position of the Republic of Korea. While freezing all North-South official dealings—and seeking to close down the Military Armistice Commission—Pyongyang attempted to use the negotiations with Washington to lever the United States into establishing and gradually broadening an economic and diplomatic relationship with North Korea from which South Korea would be excluded. As the bilateral negotiations went on, Seoul had some justification for resentment over the degree to which the Clinton Administration tacitly acquiesced to this North Korean effort by failing to give a high priority to insisting on North Korean talks with the South. In justice to Mr. Clinton, it should be acknowledged that the dilemma presented by North Korea's behavior—and the limitations, already described, in American leverage on all the relevant actors—presented no easy choices to Washington. Yet there is little doubt that in its anxiety to head off North Korean acquisition of a nuclear capability, the present U.S. leadership initially leaned too far toward accommodating Pyongyang's wish to push South Korea aside, and foolishly allowed North Korea to begin to drive a wedge between the United States and the Republic of Korea, with consequences that may well be felt over the long term. These unbalanced American policies, particularly as practiced in 1993 and 1994, were all the more regrettable because they furnished a pretext for some conduct also detrimental to South Korean interests by certain Japanese politicians.⁵

This second diplomatic confrontation over the nuclear issue was resolved—for the time being—in June 1995 when North Korea acceded to a formula that studiously avoided mention of South Korea as the source of the light-water nuclear plants while tacitly accepting the reality that Seoul would in fact supply them. The South Korean government was disappointed at the snub involved in this verbal concession to Pyongyang, and considerable American persuasion was required to obtain Seoul's consent. But since the consortium, set up to arrange and fund the project and led by the United States, South Korea, and Japan,⁶ would proceed exactly as previously planned, designating the Republic of Korea to do most of the work, North Korea had in fact retreated on the essential point—the prospect of major South Korean technical assistance to North Korea over the next decade.

This retreat was preceded until the very last minute by renewed, blustering threats to resume the old nuclear program. But it seems clear that Pyongyang's hand was this time forced

⁴ See the purported account of a recent draft national intelligence estimate in *Washington Times*, April 25, 1995.

⁵ In late March 1995 a Japanese government-sponsored delegation to Pyongyang reached an agreement with North Korea to resume talks that may eventually restore diplomatic relations with Pyongyang. These talks had been broken off in 1992 partly because of concerns over North Korea's nuclear weapons program. The strangely timed Japanese agreement to resume the talks came at precisely the moment when the American nuclear understanding with North Korea was entering a crisis because of Pyongyang's recalcitrance over accepting South Korean nuclear plants. Subsequently—no doubt in response to protests from Washington and Seoul—the Japanese government again postponed resumption of the talks until the new Korean nuclear impasse was over. There is little doubt that North Korea was attempting to take advantage of recent internal Japanese political trends in order to diffuse Japanese willingness to support pressure on Pyongyang.

⁶ Namely the Korean Peninsula Energy Development Organization. Immediately after the signing of the new agreement with North Korea, the executive board of this consortium met in Seoul and decided to supply two 1,000-megawatt reactors of the type now being constructed in Ulchin, South Korea. The Korea Electric Power Corporation was considered likely to be chosen as the prime contractor. (*The New York Times*, June 14, 1995.)

by its sense of grave economic crisis. While the nuclear negotiations were going on, an acute food shortage led North Korea to seek rice donations from Japan; when the Republic of Korea made it clear to Japan that Pyongyang would have to deal with South Korea first on this matter, Tokyo yielded to Seoul's wishes. Soon after the new Pyongyang-Washington nuclear agreement was reached, supposedly unofficial North-South negotiations in Beijing produced an agreement in which North Korea agreed to accept rice from the Republic of Korea.

Korean Prospects for the Longer Term

Even after the conclusion of the second, June 1995, Pyongyang-Washington agreement on the nuclear issue, other rapids await U.S.-Korean relations further down river. Despite North Korea's reluctant (and unacknowledged) acceptance of South Korean rice, vituperative North Korean attacks on the South have continued. It seems unlikely that the Pyongyang leadership is yet prepared either to formalize its dealings with the South Korean government—thus legitimizing that government to the North Korean population—or to abandon the effort to split Seoul from the United States. Meanwhile, the recent struggle over the source of light-water plants will probably not be the last crisis with Pyongyang over interpretation of these nuclear understandings. North Korea is likely to continue at every convenient stage over the next few years to present new challenges to American assumptions about the agreements, at each point seeking to use the negotiating process to drive a wedge between the United States and South Korea.⁷ This is particularly likely because the June 1995 agreement, like its October 1994 predecessor, retains unresolved ambiguities.⁸

Beyond this, there remains the question of the ultimate effect of these agreements upon the stability of North Korea, and therefore upon the level of tension on the Korean peninsula. For many years Kim Il Sung was confronted by alternative threats to his regime. One was the threat he faced if he did not do what might be required to open up to the outside world to secure sufficient foreign inputs to halt the grave secular decline in the North Korean economy. Many in the West have in fact anticipated an eventual North Korean collapse if present economic trends continue. Some South Koreans, influenced by what happened after the reunification of Germany, have worried (in my view, prematurely) about the economic burden this would be for them.

The other threat to Pyongyang, however, was the result Kim could anticipate if he did allow North Korea to open up as China has done. This could have exposed his regime to outside influences, challenging his internal propaganda monopoly and possibly, in the end, his mechanisms for controlling the North Korean population. The North Koreans, unlike the South Koreans, were no doubt particularly impressed by what happened in East Germany in the period before 1989, when—long before the communist state collapsed—Erich Honecker's propaganda controls over the East German population were incrementally eroded by the propinquity of West Germany and the atmosphere of loosening discipline promoted by Mikhail Gorbachev's "new thinking."

Until the final years before his death, Kim evidently believed that the second threat was greater than the first; and despite various periodic small gestures toward reform and outside contacts, North Korean policy remained essentially paralyzed by the problem. In the last two

⁷ See the alleged American intelligence community judgments on this score reported in *The Washington Times*, April 25, 1995.

⁸ The new agreement postponed discussions about North Korean demands for electrical power lines, a training simulator, and other items that could add as much as \$1 billion to the project cost. It also left unresolved such issues as the safe storage of spent fuel rods from North Korea's existing reactor, the timing of the establishment of liaison officers in Washington and Pyongyang, and—most important of all to South Korea—the resumption of North-South official dialogue.

years of his life, however, Kim discovered in the nuclear issue what he apparently hoped would be a solution to the dilemma. He skillfully used the threat posed by his nuclear program as blackmail to escape from his international isolation and secure massive foreign assistance under circumstances which, he thought, might permit him to minimize and thus enable the regime to withstand foreign contamination.

Kim's political heirs, however, are by no means so sure of this, as evidenced by their recalcitrance over the projected South Korean role in supplying light-water nuclear plants. In fact, it is possible that Kim Il Sung will in the end be proved correct in his original misgivings. The fate of East Germany is not the only warning example. As Kim obviously noticed, the Chinese government over the years has been repeatedly tested, sometimes severely, by the internal effects of "opening wide."⁹ It remains to be seen whether the North Korean regime can withstand prolonged popular exposure to a prosperous South Korea—or, indeed, to the world at large. This issue will surely be a point of great controversy within the North Korean leadership for a long time to come. It is possible that these leaders will be able to manage the process of opening up to the outside world without disaster to themselves. But it is also conceivable that the "external remedy" for North Korea's ailments may eventually prove more devastating to the North Korean government than was the disease; if so, the destabilizing explosion South Korea has feared in the North could indeed some day arrive, not because of economic hardship, but rather because of the measures taken to alleviate the hardship.

It is clear that if this should ever happen, and chaos and turmoil emerge in the heavily armed North, the threat to the stability of the peninsula would cause great concern not only to South Korea and the United States, but also to all three of the other actors in the region. To be sure, even if this scenario eventually proves to be correct, it would likely take a number of years to play itself out, in view of the present strength of Pyongyang's control mechanisms. Yet no chastened observer of the Moscow scene from 1985 on can be confident even on that score, once the lid is removed from the North Korean kettle.

Long-term Prospects for the Japanese-American Alliance

The other great unanswered question facing the United States in Northeast Asia today is the long-term future of the American alliance with Japan. The central fact about this alliance today, in my view, is that virtually all players—not only Washington and Tokyo, but also all the other actors in the region—now have an important stake in its preservation. Yet the prospects for the U.S.-Japan relationship are now more vulnerable and uncertain than they have been for many years.

Japan for its part has several strong incentives for wanting to maintain the alliance. First, it remains the bulwark of the overall Japanese-American relationship, helping to offset the economic tensions that exist between Japan and its most important customer. Not only most of the Japanese political elite, but the business community as well, still seem convinced of this.

Second, the alliance with the United States serves as what might be termed the protective cover for Japan's economic and political relationships with all of its Asian neighbors. Japan's tie to the United States is generally seen as an insurance policy for Asia, helping to lessen the suspicions and concerns about Japan's strength that exist in most of East Asia to one degree or another. These concerns would emerge openly if not for the reassuring perception that a rebirth of Japanese militarism is prevented by Japan's military alliance with America. The Japanese

⁹ Soviet history is, of course, also a negative example for Pyongyang. In the 1970s, Leonid Brezhnev had sought (by tightening internal controls) to inoculate the Soviet population against the anticipated subversive effects of détente, and succeeded for a time; but as we know, this effort failed in the end.

leadership is well aware of this consideration, although it is not normally mentioned in polite discourse by American or Japanese officials. Nor do other Asians often acknowledge the reality of their need for this alliance, although many would soon become quite alarmed at the implications for themselves if it were to disappear.

Third, the alliance protects Japan against the emergence or resurrection of security threats that have fortunately been absent—or at most only hypothetical—since the end of the Cold War. It is possible that Japanese awareness that the future may hold unanticipated external dangers has now been heightened by the recent emergence of a totally unexpected internal danger, domestic terrorism (the subway nerve gas attacks) of an unprecedented kind. The world is not safe, and Japan needs its friends.

The United States has similar objective reasons for maintaining the alliance with Japan. First, the United States, like Japan and other East Asian nations, needs the alliance as insurance against an unknown future. Americans, no less than Japanese, have a stake in preserving the alliance as protection against unpleasant contingencies that are not yet visible on the horizon. Like the North Atlantic Treaty Organization, America's Asian alliances are, or should be, investments in defense of American interests that will be affected by unknowable future developments in any case, whether or not the United States remains a major player in the Asia-Pacific region.

Second, the United States, no less than the Asian states, has a national interest in preserving the alliance as a means of assuring that the Japanese political consensus underlying Japan's restrained and cooperative military posture will endure. If indeed some day dangerous changes do occur in the strategic environment of the Far East, the American relationship with Japan, by reassuring the Japanese public, will increase the likelihood of moderation in the Japanese national reaction. There are many hypothetical possibilities of this kind, although most do not at the moment seem probable. An obvious example would be the collapse of the nuclear agreement with North Korea, followed by North Korean acquisition of nuclear weapons. In the absence of a U.S. security umbrella, this might strengthen the hand of the presently small Japanese minority that wants Japan to establish its own nuclear capability.

Finally, in purely practical military terms, despite the existence of some alternative support facilities elsewhere, the loss of America's bases in the Philippines has made the Japanese strategic connection more important than ever. The demise of the Japanese alliance would probably mean a general pullback of the United States from the western Pacific. Moreover, much of this retrenchment might not stop short of the West Coast of the United States, since Japanese subsidies often make base facilities in Japan more cost-effective than those in Hawaii.

Yet despite the objective stake that these two countries—and most others in East Asia—have in the preservation of this alliance, the long-term trends are not propitious. Although there is no immediate threat to the existence of the alliance, a gradual erosion of its foundations seems to have begun. If not checked, this process may eventually produce results that benefit no one. There are several causes of the erosion.

The most dramatic cause has been the series of momentous world events of the last ten years—Gorbachev's geopolitical retreats, the collapse of the Soviet Union, and the weakening of Russian military power—that have incrementally undermined the long-established, common anti-Soviet rationale for the U.S.-Japan alliance. Today, very much like NATO (although fortunately not yet to the same degree), the Japanese-American strategic alliance suffers because it still lacks an explicit new rationale—if not in the Pentagon, then at least in the eyes of the U.S. public and Congress.

The task of articulating such a new rationale has been complicated by the ongoing Japanese quarrel with Russia over a Japanese national interest—the Northern Territories—which is not shared by America. During the years of the American struggle with the Soviet Union, the United States vigorously supported the Japanese position in the territorial argument, and indeed still supports it out of loyalty to the alliance (and properly so). Yet the animus toward Moscow which the two countries shared during the Cold War, and which Japan still feels (in large part because of the territorial issue), is no longer felt by the United States. Because of this difference in perspective, many in Japan have not seen the domestic threat to democracy and moderation in Russia in the same terms as has Western Europe and the United States. Many in Tokyo have therefore resented Western insistence that Japan consent to large-scale International Monetary Fund (IMF) and World Bank assistance to Russia, believing that it undermines Japanese negotiating leverage on Russia.

Since the spring of 1992, when the United States shifted course to help override Japanese objections in the Group of Seven discussions over international aid to Russia, America has felt compelled to split with the political interests of its Japanese ally because of its own perceived stake in Russian stability.¹⁰ This has by no means been the first time the United States has opposed an important Japanese interest, but it has certainly been the first time since World War II that Washington has taken such a step in order to help Moscow. The American shift on this question in 1992 was thus a watershed event that dramatized to the Japanese elite the fact that the old rationale for the Japanese-American alliance had already greatly eroded.

In the three years since then, major new frictions have emerged to cool relations between Russia and the West, and this change has somewhat reduced American differences with Japan over policy toward Russia. But it has not eliminated them.¹¹ As time goes on, it seems likely that political conflicts with Russia will continue to emerge, particularly in the post-Yeltsin era. Russian-American relations will probably settle into a pattern of some cooperation and a good deal of rivalry for a long time to come. Yet Japan cannot expect the growth of problems—even important problems—between Moscow and Washington to rescue the Japanese-American alliance. The United States has no national interest in the resurrection of enmity with Russia. Unless really drastic (and fortunately improbable) further changes take place in that country (for example, the ascent to power of someone as irresponsible as Vladimir Zhirinovskiy), the Tokyo-Washington alliance is unlikely to be revitalized on an anti-Russian basis. The search for a convincing new public rationale will therefore continue.

The second major factor eating away at the foundation of the U.S.-Japan alliance is, of course, the growing economic confrontation. As noted earlier, it is not merely the scope of economic differences but the priority they have been given in Washington—that is, priority over the military/strategic dimension—that has been harmful to the overall relationship. This shift in priority is associated in most people's minds with Bill Clinton, but it actually antedates the Clinton Administration; this tendency to elevate economic grievances above all else is fundamentally another deep-seated, subconscious response to the end of the Cold War.¹² And since this trend seems so fundamental, it is not clear that it can easily be reversed, de-

¹⁰ Japanese Foreign Ministry officials lamented at the time that there had been "a U.S. policy change" that would have "a very negative effect on the negotiations between Japan and Russia." See Harry Gelman, "Russo-Japanese Relations and the Future of the U.S.-Japanese Alliance," MR-168-AF, Santa Monica, CA: RAND, 1993.

¹¹ Despite all the new Western differences with Russia, including revulsion over the war in Chechnya, the IMF in the spring of 1995 approved the largest grant to the Russian government to date. Although Tokyo no longer strenuously resists such decisions, it can hardly be happy about them.

¹² President George Bush's ill-fated trip to Tokyo with American auto executives late in his presidency, when the delegation clumsily attempted to pressure Japan to buy American cars, was clearly not an event that would have occurred while Leonid Brezhnev was alive.

spite recent statements from Washington purporting to reaffirm the strategic importance of the alliance.¹³

The third factor complicating the future of the alliance is, as noted earlier, the collapse of the hegemony over Japanese political life enjoyed by the Liberal Democratic Party, the reliable Japanese defender of the relationship with the United States for four decades. That alliance has since been preserved by the new coalition between the LDP and the Socialists, former avowed opponents of the American connection. Although on the surface, continuity and endless professions of unswerving dedication to the alliance remain, an element of long-term fragility and uncertainty has now been introduced.

Symptomatic of the situation was the new willingness of Japan's contending political forces in the summer of 1994 to question publicly the issue of Japanese financial support for U.S. bases in Japan. The matter was resolved for the moment without damage to U.S. interests, but it created a dangerous precedent. In addition to this symptom of an underlying malaise in the alliance there have also been added some uncoordinated initiatives harmful to the alliance—such as the strangely timed Japanese March 1995 mission to Pyongyang—that would probably not have been undertaken in the days of the Soviet Union. The drift away from bilateral solidarity is also reflected in a Japanese counterpart of American Japan-bashing: the emergence of somewhat more frequent nationalist, anti-American outbursts from figures at both ends of the Japanese political spectrum. Particularly striking—and ominous—have been the demands by some Japanese politicians for an American apology for having used the atomic bomb against Japan in World War II, a demand that infuriates many Americans in view of Japan's obdurate refusal to come to terms with the grim reality of its international behavior before and during the war.

Fourth, the Japanese-American relationship is also under some pressure from trends to the south. Although this factor is not yet a dominant one, it adds to the accumulating burdens on the alliance.

In Southeast Asia, although most states still prefer to have some continued American presence as a counterweight to the major Asian powers, most seem to feel this somewhat less strongly as time goes on. This change in perspective has occurred partly because of delayed effects of the end of the Cold War and the disappearance of the Soviet Union as a potential threat. Partly, too, the economic boom in Southeast Asia is making the states of the region increasingly self-confident and assertive. In addition, enormous, accelerating Japanese investment is making Japan rather than the United States the most important external economic player.

As a result, there is now a visible and gradually growing tendency for Southeast Asian states to become less willing to accommodate U.S. economic, political, or military interests. This trend has been reflected in such concrete phenomena as the rejection of U.S. arms stockpiling requests, a decision that extends the trend toward reduced military cooperation with Washington that began with America's expulsion from its Philippine bases.¹⁴ Parallel to this

¹³ One such statement was the document entitled "United States Security Strategy in the East Asia-Pacific Region," issued by the Office of International Security Affairs of the Department of Defense in February 1995. Many Japanese welcomed the statement's assurances that "there is no more important bilateral relationship than the one with Japan" and that "we must not allow trade friction to undermine our security alliance." There was a naive tendency in many quarters in Japan to assume that this was not merely the view of the Defense Department, but the unified position of the U.S. government. It was all the more regrettable that three months later, not only did the Clinton Administration choose to threaten trade sanctions, but that this step served to stimulate some in the American press to argue—for the first time—that America should hold the security relationship with Japan hostage to the trade relationship.

¹⁴ Some forms of military cooperation between Southeast Asian states and the United States continue to exist, but the tendency to limit and gradually to contract such cooperation is notable, and is particularly remarkable in view of the increasing anxiety in parts of the region over the growth of Chinese military strength and China's assertive behavior regarding its claim to

is the growing tendency (especially by Singapore and Malaysia, the two local states least worried about China) to assert that “Asian values” are different from those of the West, and that these values are threatened by America. Singapore’s Lee Kuan Yew has been particularly conspicuous in this regard. The rise in his ostentatious attacks on American popular culture and mores and in his various pugnacious challenges to the prestige of the United States seems, again, closely associated with the end of the Cold War. Lee never behaved this way in Brezhnev’s day, although neither Lee’s views nor the American democratic vices to which Lee so strongly objects have greatly changed since the heyday of the U.S.S.R.

Equally symptomatic of the general trend has been the overt challenge to the status of the United States as a participant in regional economic decisions raised by Malaysian Prime Minister Mahathir Mohamad. Mahathir has proposed the creation of an East Asian Economic Caucus excluding the United States, Australia, and New Zealand. What is significant about the Mahathir demand is not that it is likely to succeed outright in the near future (which will not happen largely because of Japanese unwillingness to oppose U.S. wishes frontally on the matter), but rather the fact that regional sympathy for Mahathir’s point of view seems to be growing, along with pressure on Japan to make concessions of some kind to such an “Asia first” sentiment.

The net result—and the consequence of all this for Northeast Asia—is that in a period when Japan is steadily shifting the focus of its new investments from the United States to Asia, it is coming under increasing pressure to choose between its Asian and U.S. interests. The Japanese tendency so far has, of course, been to evade the issue, but these rising pressures add to other strains that are already growing in the U.S.-Japan relationship.

The Ultimate Test: Korean Unification

Finally, the U.S.-Japan strategic relationship could some day be subjected to an ultimate test which would more insistently pose the question of the purpose of the alliance to the American and Japanese publics. Should the Korean peninsula eventually be reunified by the South as a result of the collapse of the North, it seems unlikely that either the Korean or the American public would long support the continued presence of U.S. forces in Korea, even if the Korean-American alliance itself remained in existence. Under these circumstances, once the United States had withdrawn from its Korean military presence, the rationale in American public opinion for continued U.S. presence in Japan as the essential support base for Korean operations might in turn be undermined.

To be sure, because of the new strategic uncertainties in East Asia, a majority of the Japanese elite, and indeed probably of the U.S. elite, might well see added reasons for maintaining Japanese-U.S. military cooperation. However, the reaction of the U.S. public and Congress would be more problematical, given existing isolationist trends in public opinion. There is therefore a considerable possibility that the result would be a major weakening of the alliance, and hence the American ability to maintain large forces in the western Pacific. This could happen surprisingly soon after Korean reunification. More drastic geopolitical changes have already occurred in the last decade.

Conclusions

This last scenario is not inevitable, and indeed the issue may not arise for many years, simply because the hypothetical vulnerability of the North Korean state structure remains a matter of great uncertainty. In the meantime, however, America and its two Northeast Asian allies would be well advised to use the time available to head off the trends that have begun to weaken the foundations of the two alliances.

In the case of Korea, American policymakers should be guided more consistently by the assumption that the American national interest in future good relations with the Republic of Korea is at least as important as preventing North Korea from acquiring nuclear weapons. At times in the recent past, the present administration has been negligent on this score. On the other hand, it is also essential to the future of the relationship that the Seoul leadership, for its part, show more seriousness about the reality of the North Korean nuclear danger, more awareness of the acuteness of the dilemmas faced by the United States, and above all, more consistency in its policy stands on these issues than it did in 1993 and 1994.

In the case of Japan, if the U.S. leadership believes—as I do—that the preservation of this alliance is an important national interest, it should begin to act on that assumption and abandon a complacency that in the long run may prove disastrous. This means, in the first place, demonstrating in a practical fashion that the protection of the security relationship with Japan really is deemed at least as important to the United States as the resolution of economic grievances, however justified those grievances may be. While the American government does have good reason for exasperation with Japanese import policies, it should also be aware that the endless polemical struggle with Japan over those policies is having a long-term corrosive effect on the entire relationship, evoking a reciprocal reaction in Japan which is already having some indirect negative impact on American security interests. Washington should understand that there is more to this alliance than base rights and joint naval cooperation. At least as important is the new propensity of the Japanese leadership to make sporadic political or foreign policy decisions with adverse security implications, exemplified by some recent Japanese behavior toward North Korea.

By the same token, if (as I believe) Japan's need for the alliance is at least as great as the American need, the Japanese public should bring its political leaders to condition their foreign policy behavior and even their internal political maneuverings with this fact in mind.

ECONOMIC DYNAMISM AND POLITICAL FRAGILITY IN NORTHEAST ASIA: PROSPECTS FOR THE 21ST CENTURY

Robert A. Scalapino

The central question facing all people and societies as we approach the 21st century is at once simple and profound. How do we achieve domestic tranquillity and constructive relations among nations in a time of global revolution? While in this article I focus on Northeast Asia, certain general trends affecting the world at large must be set forth at the outset to provide the necessary context.

Today we are experiencing the first revolution in human history that reaches every corner of the globe. At root, this revolution is the product of the accelerating advances in science and technology. While their impact has been uneven among individuals and societies, these advances have affected all aspects of human life: livelihood, lifestyle, sense of community, mobility, and basic values. Isolation is no longer possible. The pace of change has become incredibly swift. Materialism is increasingly the dominant feature of the modern and post-modern society, with leaders and governments judged largely by their capacity to deliver material benefits.

From these facts certain critical consequences flow. First, to an unprecedented extent, economics dominates both domestic and international affairs. Other elements are present, but in day-to-day relationships at all levels, material considerations are generally paramount. In this setting, the titanic struggle between socialism and a market-dominant economic system is over, and the market has won. To be sure, this does not mean that the state has been rendered unimportant. But the old faith in the state's capacity to dominate the economic life of the society as planner and producer in monopolistic fashion has withered.

One vital question in this new era is whether market economies—coming from different cultural traditions, at different stages of development, and pursuing different economic strategies—can coexist harmoniously. This challenge has been rendered more complex because of the rapid rise of diverse forms of economic interdependence—a trend rendering political boundaries increasingly porous. To this point, I shall later return.

A second basic consequence follows from economic developments. The appeal of ideology has declined. Political differences—some of them highly significant—remain among states, but leaders everywhere are increasingly drawn to pragmatic, results-oriented policies irrespective of their proclaimed values. The great ideological battles of the early and mid-20th century are becoming distant memories. In one sense this is a positive development: the old ideological barriers to rational intercourse among and between peoples are gone, or have at least become

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less imposing. Yet the weakening capacity of the secular state to provide political values has left a vacuum that is being filled in some degree by others.

In our age, an increasing number of individuals ask the questions, "Who am I? What do I believe? With whom do I belong?" The crisis of faith, and particularly faith in politics, is everywhere to be seen. Hence we are witnessing the resurgence of commitment to primary groups. Ethnicity has stronger salience. Regionalism or localism have heightened appeal. And the rising force of religion, especially in fundamentalist or cult form, is now a political fact of life. To be sure, the collapse of state authority (whether authoritarian or democratic), releasing hitherto suppressed communalism, is an important cause of these trends. But the revolution of our times has challenged old values and beliefs, rendering individuals profoundly insecure. In this light, the search for community is natural.

This situation leads to a larger paradox of our times. A growing struggle exists between the unifying features of this age (economic interdependence, global communications, and heightened mobility) and the divisive features in the form of a spreading alienation of individuals and groups both from the state and from all efforts to build an international order. Many find greater psychological satisfaction in identifying themselves with a smaller community, one that can give them a sense of identity and hence a basis for greater personal security. In some cases, this leads to rejection of, even conflict with, the state of which they are at least nominally a part.

The present crisis affecting the nation-state is thus highly complex. The state is under simultaneous assault from above and below, forced to share sovereignty with those global and regional entities that are indispensable in an age of interdependence and, at the same time, under pressure from diverse sub-national forces. In turn the state seeks to defend itself. We are witnessing a resurgence of nationalism in many quarters, a renewed appeal to the citizenry to identify with a national culture and set of values. This is taking place not merely in Asia, but in the West and elsewhere. Indeed, virtually all political elites are using nationalism to varying degrees as a substitute for past ideologies now in decline.

The contest between nationalism and its competitors is certain to be protracted. While the nation-state will probably retain the greatest allegiance of its citizenry and remain the repository of primary authority, it will also be a part of a political continuum that starts with the locality and ends with the globe. Furthermore, the allocation of authority within this continuum will constitute the supreme challenge of the coming century—an issue constantly revisited.

Implicit in these facts are two requirements for individuals and governments alike: to live with complexity and to engage in experimentation. There can be no permanent policies or final institutions in this age. And while that has always been true to some degree, the heightened tempo of change and the porousness of all societies (rendering "pure cultures" a myth) are new features, making ours a truly unique era.

All these facts and trends signal the supreme importance of the domestic scene. Each national government faces a plethora of problems that affect cohesion and, hence, stability. No governments, even those of the most advanced or powerful states, can afford to neglect their domestic priorities. And trends within the nation-state deeply influence attitudes and policies with respect to the region and universe of which it is a part.

Contrary to some views, this situation will not lead to isolation. Even those states that found some protection in isolation in the past, such as North Korea and Myanmar, must now seek external involvement if they are to prevent further decay. And it is unthinkable that a nation like the United States, with its economy so intertwined with the world, could return to earlier policies of aloofness.

Current conditions have produced a profound change in the nature of relations among states. Alliances in their old form are largely gone. They were characterized by comprehensiveness, exclusiveness, and a patron-client relationship. The major party promised to deliver security and, frequently, economic assistance; the minor party or parties promised political allegiance. Today those alliances that still exist allow for a higher degree of flexibility and independence. The movement is toward partnership, with a greater sharing of decision-making and responsibilities. In sum, alliances have become alignments. Furthermore, as this shift is taking place, nonalignment—once an alternative to the old alliances—has become increasingly passé. All states have had to form alignments—economic, political, and strategic.

In bilateral relationships, whether between closely aligned or more separate states, a combination of cooperation, competition, and differences exists, with some potential for tension. Hence the pressing need is for more regularized dialogue and negotiation, even between nations closely aligned.

If the above survey captures some of the dominant trends of our age, how do these trends relate to Northeast Asia, including Taiwan and Mongolia? Given the influence of domestic factors in a nation's foreign policies, how should trends on the domestic front in this region be viewed? A balance sheet, examining economic, political, and security developments, can serve to highlight both positive trends and problem areas.

Economic Trends in Northeast Asia

On the economic front, the Northeast Asian countries demonstrate wide variations, but most of their leaders have set an economic pace to which others now aspire. As is well known, Japan's growth—and its broad economic strategies—have been emulated by other late-developing societies, especially in East Asia. South Korea's developmental success in recent decades has increased its reach throughout Asia and made it a medium-sized power. China's phenomenal growth record in the past 15 years has caused some to predict that China will become the foremost power in Asia early in the 21st century. Taiwan is another society whose record of development has become the envy of many—it has one of the largest currency reserves in the world and is a leading trader and investor regionally.

Japan

There is another side to the economic picture, however, even with respect to these successful nations. For Japan a central question is whether the policies and structures of the past can suffice for the future. The cartelization of major portions of the Japanese economy, involving interlocking corporate assets, semi-permanent ties between major firms and subcontractors (the keiretsu system), lifetime employment, and a pricing and distribution system generally disadvantageous to the consumer, have played a major role in Japan's economic success. Now, however, problems have accumulated, aggravated by ill-advised investments on a massive scale, primarily in land. Major portions of the nation's banking system are in deep trouble because of bad loans. Bankruptcies have greatly increased. The appreciation of the yen has led to further complications, jeopardizing the already weak recovery from recession. Japanese exports have become less competitive, and while exporters have thus far been prepared to live with thin profit margins, this portends further problems for the Japanese economy down the road.

Meanwhile, multiple pressures are building up at home and abroad. The long quiescent Japanese consumer is showing signs of becoming more price-conscious. Politicians and elements of the bureaucracy—even the Ministry of Trade and Industry (MITI)—have called for deregulation, although movement in this direction remains modest (and in some instances, such as

banking, regulation or at least surveillance may actually increase). Nonetheless, as major portions of Japanese industry are forced into internationalization, they must develop policies attuned to different environments. Today MITI may advise; only rarely can it command. Heavy pressures continue from external sources, with the United States taking the lead. The massive U.S.-Japan trade imbalance has resulted in progressively more insistent demands from Washington, recently centering upon automobiles and auto parts.

For the present, the latter controversy has been quieted by a compromise that allows both parties to claim victory but leaves some matters vague, subject to potential future disputation. However one may interpret the result, the wisdom of announcing sanctions prior to taking the issue to the World Trade Organization can be questioned. Sanctions may play well at home, but abroad unilateralism is perceived to be ill-fitted to the new efforts to construct regularized means of dispute settlement.

Despite its current problems, most analysts believe that the Japanese economy is fundamentally sound and that Japan will continue to be a global economic power. That power is manifesting itself not only in the capacity to turn research into market-oriented products, but increasingly in the ability to scale the heights of basic research in key fields, thereby inducing technological and scientific partnerships with other advanced societies, especially the United States.

Economic strength will continue to undergird the foundations of Japanese foreign policy, with aid, loans, and training the principal means of regional and global influence and interaction. It is very likely that Japan's economic assistance programs abroad will be closely tied to Japanese products and enterprises to offset current disabilities, reversing a recent trend. Other factors will continue to influence Japanese foreign economic relations. The Japanese private sector has been too reluctant to transfer technology to suit many neighbors, and after some bad experiences, has been relatively cautious in making foreign investments in countries judged unstable. Nevertheless, economic interaction is—and will remain—the key to Japan's relations with others.

There is good reason to expect Japan's massive trade surplus to decline in the future. Japan is the first Asian nation that will age rapidly: one-fourth of its population will be over 60 in the early 21st century. This will lead to a declining savings rate and increased expenditures on social services. Increasingly, Japan will be a service society, and also one requiring foreign workers despite extensive internationalization of production.

These developments will raise new problems even as they reduce old ones, but they will ensure that Japan's future will be intimately connected with the peace and prosperity of the Asia-Pacific region. Indeed the central challenge confronting Japan concerns its inward-looking disposition in contrast to its need to be internationally engaged. On the one hand, Japan is composed of a people strongly homogeneous, still possessed of a considerable cultural separateness, and thus, in many senses, introverted and inward-looking; on the other hand, Japan's requirements and strengths dictate the need for a more broadly gauged international policy, including the willingness to play a leadership role in political as well as economic terms. How is this contradiction to be resolved? How quickly can Japanese culture change to enable this society to meet its responsibilities toward the broader community of which it is a part? In sum, how can Japan become truly internationalist?

China

China presents an economic picture at least equally complex. The tremendous gains in productivity continue, with hundreds of millions of Chinese citizens benefitting and a new

materialist tide sweeping over the nation. Moreover, a high growth rate must continue if the huge unemployed rural population, now estimated at between 120 and 150 million, is to have relief and the neglected parts of China are to be given hope. Yet a growth rate of ten percent or more leads to unacceptable rates of inflation, and inflation is still running over 20 percent.

The rural-urban gap continues to widen despite partially successful efforts to improve the peasants' life. And with it, the west-east differential within the nation continues to increase. No society with the proportions of China can expect or even desire uniform development. Such was not the history of development in the United States nor other nations of comparable size. Yet as long as the gap remains vast, political and social problems can be expected.

A key question is whether the center can regain and maintain control over critical macroeconomic policies—credit, taxation, and banking, for example. This has been the mission of economic czar Zhu Rongji, but the verdict on his efforts is still out. As expected, provincial and local resistance has been strong. Decentralization has been an essential element in China's economic reform efforts, and it has paid rich dividends. But there is a vital economic role for the center to play if China is to have a coherent economy.

This issue, and its political counterpart, highlight the need for an institutionalized federal system that would allocate functions and authority among central, provincial, and local leadership. China cannot afford to allow this issue to be dependent upon personalities and power struggles. Like all continental societies, it needs to have a clearly defined distribution of powers, with the matter periodically revisited as developmental changes and needs warrant.

Additional problems demand attention. Despite various efforts, a large percentage of state-owned industries—China's socialist remnant—remains in deficit. A substantial part of the difficulty lies in management. Old-fashioned managers are attuned to meeting quotas and taking advantage of fixed prices; they are not attuned to the market and the need to produce high quality, desired items. It is also necessary to advance quickly a national social security system, removing that burden from enterprises and thereby making possible an efficient labor policy, including the removal of surplus workers.

Finally, the problem of corruption, as the Chinese government well recognizes, is massive. Punishment alone will not solve the problem, even if it is extended more broadly and to the highest levels. More adequate compensation for cadres, the extension of law to entrepreneurial relations in place of *guanxi* (favors) and transactions based upon personal commitments, and a system involving cross-checks are among the reforms needed. These involve more than policy shifts; they involve a cultural change. That change will not occur overnight, but it can be induced in greater measure by appropriate policies.

It is most unlikely that the broad structural changes in the Chinese economy will be halted or reversed. But the modernization of 1.2 billion people can never be smooth or easy. Thus, in the 21st century it is likely that China will be a major power with major problems. How these problems are handled, as well as the priorities assigned to the domestic and external fronts, will determine Chinese foreign policy. To this issue, we shall soon return.

Taiwan

Taiwan's economic course has been one characteristic of many late-developing societies of East Asia. Assisted in certain respects by a Japanese colonial regime that promoted mass literacy at the elementary level and encouraged selective industrialization, Taiwan was in a position to move rapidly after its emergence from imperialist control. The fact that it had a relatively small population was another signal asset. Societies with populations less than 50

million can normally witness positive results from correct policies rapidly, thereby encouraging continued reforms.

Like a number of other societies in a similar position, Taiwan maintained an authoritarian political system while promoting a hybrid economy, one in which the role of the state as planner and protector was substantial, but with encouragement given to the private sector at all levels. Today the results are obvious. Per capita income is among the highest in Asia, and Taiwan has the largest foreign account balance in Asia. Its economic reach has steadily expanded, and increasingly it has sought to make use of that reach to advance its political-strategic position.

Rapid internationalization of its economy is not without its risks, especially the growing dependence upon China. Taiwan's political leaders worry that this dependence could create leverage for Beijing. Hence they have urged a "Look South" program for their entrepreneurs, encouraging investment and trade in Southeast and South Asia. Yet the cultural affinity and the economic lure of the Chinese mainland keeps Taiwanese trade and investment with China increasing yearly. Will this be conducive to reunification at some point, or, at a minimum, to the avoidance of conflict?

The Korean Peninsula

The Republic of Korea (R.O.K.) represents another major economic success story. Per capita income now reaches toward \$10,000 per annum, eight to ten times that of North Korea. Despite occasional downturns, growth rates have averaged above seven percent in recent years, and inflation has been kept at relatively moderate rates even though at times it threatens to rise to undesirable levels.

Thus for most South Koreans grinding poverty is a memory of the past, becoming ever more distant. With urbanization and affluence, new problems have emerged: congestion, pollution, and social problems, including a generational gap that demonstrates conclusively the surge of cultural change in rapidly modernizing societies.

Notwithstanding its generally successful course, South Korea must now seriously consider some restructuring of its industrial system in a manner not wholly dissimilar to Japan, from whose system it borrowed extensively. Are the big chaebol (industrial combines) too diffuse to remain competitive in a world where rapid adjustment to scientific-technological change is imperative? At a time when labor costs have risen rapidly, can the R.O.K. move away from past dependence upon labor-intensive products and into more technology-intensive industries? And will a risk-taking entrepreneurial class make the correct choices as the process of internationalization continues?

South Korea's very successes necessitate a rapid transition to a new economic status. Mercantilism must be curbed if harmony with its Western trading partners, especially the United States, is to be achieved. For the South, the era of the hermit kingdom is conclusively over.

As noted, the contrast between North and South Korea could not be more stark. Moreover, this fact can no longer be ignored by leaders of the Democratic People's Republic of Korea (D.P.R.K.) if they wish to remain in power. That realization in Pyongyang constitutes one of the most important new developments relating not merely to the Korean peninsula, but to the entire region. There are multiple signs that a new generation of North Korean leaders is emerging that is cautiously making a commitment to economic reform. New leaders have established special economic zones. They have encouraged foreign investors to visit the country and discuss possibilities. They have made manifest their desire for greater contact with the major market economies and involvement in certain regional activities such as the Tumen River project.

One should not exaggerate the present course. Given the country's past history and its current economic problems, North Korean leaders are naturally worried about the effect upon their people of external exposure, especially in any unregulated fashion. No nation in Asia—or in the world—has been so protected from external “pollution,” at least as far as the ordinary citizen is concerned. But change is in the air. Reforms modeled after those earlier initiated by China now seem very likely. Will they be in time, or is this society destined for a more chaotic future? No definitive answer can be given to this question at this point.

Russia and Mongolia

Unfortunately Russia constitutes another state that has been faltering economically, with serious political repercussions at home and abroad. Opinions may vary on the wisdom of the economic policies undertaken earlier in the course of the new Russian revolution, but one fact seems clear: the dismantling of the Russian socialist structure was certain to be difficult and painful, no matter what policies were pursued.

Some experts feel that the Russian economy has reached the bottom and is now embarking upon an upturn. They point to increased production in the private sector, heightened savings rates, and a slowing of inflation. It has been estimated that up to 40 percent of the economy lies outside the reach of the state—a giant second economy avoiding taxation or regulation—and dynamism may lie chiefly here. Yet other observers are more pessimistic, dwelling upon such problems as chaotic center-regional economic relations, the huge gap between the wealthy and the poor, massive corruption, and the poor work ethic that still prevails.

One fact is clear: the Russian Far East is increasingly interacting with its Asian neighbors, its serious economic difficulties notwithstanding. Border trade with China, despite a downturn in 1994, has shown significant gains in recent years. Moreover, an estimated 200,000 to 300,000 Chinese—both legal and illegal—reside in Russia east of the Urals, and many more in other parts of the country. Indeed this is already an issue of substantial concern. Sino-Russian trade and the use of Chinese labor in Siberia are of potential benefit to both sides, and seem likely to grow.

Logic would dictate that, despite current problems, Russia will reemerge as a major force at some point in the 21st century. It has abundant resources and a good land-population ratio; a talented, educated people; and a strong geopolitical position astride the Eurasian continent. The critical questions relate to what type of economic and political structure will characterize a reborn Russia. The answers can be influenced by the current policies and attitudes of others, especially major states—a fact that should be taken seriously in Washington, Tokyo, and Beijing.

Mongolia, long a protectorate of the U.S.S.R. and faithful to its system, has also had difficulties in adjusting to a new order. But with a population of only two million and with external assistance available, a more hopeful picture is gradually emerging. Mongolia's long-range problems are likely to lie in the nexus between politics and economics: how does a small nation, sandwiched between giants, maintain its identity, given the diverse external pressures which are certain to mount?

Natural Economic Territories (NETs)

When one surveys the economic scene in Northeast Asia, the picture is generally hopeful, notwithstanding the disparities and problems. The dominant economic strategy is marketization, albeit with state planning and macroeconomic control, combined with rising regional interdependence. In connection with the latter trend, one of the most important recent developments

is the emergence throughout East Asia of Natural Economic Territories (NETs). A NET can be defined as an economic entity formed across political boundaries combining manpower, resources, capital, and technology. NETs may be encouraged or even sponsored initially by governments, but their survival and growth depend upon their attractiveness to the private sector.

Changes in their shape and form can and do take place, but without formal institutionalization. In this sense, they constitute a soft regionalism, different from such formal bodies as the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC) forum, and the World Trade Organization (WTO). Yet NETs have been and will continue to be of great significance to Northeast Asia and to the larger Asian region. Indeed, they must be considered a vital part of the emerging international order.

A pioneer NET was that of Taiwan, Hong Kong, and Guangdong province. At present, one can note NETs developing around South Korea-Shandong province, the Tumen River delta, the Sea of Japan or East China Sea rim, as well as the Yellow Sea.

Will NETs, together with other forms of economic cooperation in the Asia-Pacific region, add to friction among states, or will they make international conflict less likely? The answer appears to be both: these two potentials are not as incompatible as might appear at first glance. Economic developments, as noted earlier, challenge state sovereignty and raise issues of jurisdiction and control. At a time when the economic policies of one nation can dramatically affect the economic well-being of another, how can one say that such policies are a purely domestic matter? Thus friction between and among states pursuing different economic strategies or at different stages of development is central to global relations today. Indeed, that is precisely why strenuous efforts have been made to create institutions or regularized negotiations to resolve such problems.

Yet when a nation's economy is intimately connected with that of others, the costs and risks of military conflict—especially full-fledged conflict—are extraordinarily high. Moreover, for many countries—especially those in the process of rapid development—the greater security risks are most likely to be domestic. Development, particularly rapid development, is destabilizing. Hence, for most states today the principal preoccupation must be with the resolution of domestic problems.

Northeast Asian Political Trends

From this perspective, how should we view domestic political developments in Northeast Asia? For most of the states of the region, economic dynamism and political fragility coexist. However, in the political, as in the economic realm, a carefully drawn balance sheet is required if objectivity is to be served.

On the positive side, most societies of this area are relatively homogeneous. Severe ethnic divisions are minimal, although there is a strong racial consciousness and deep prejudices across certain national boundaries, as in the case of Korea—both Koreas—and Japan. Nor is religion an intrusive political factor, as in South Asia. And while rapid economic development has been destabilizing in certain respects, it has also led to the emergence of a civil society apart from the state even in certain authoritarian polities, enabling political differences to be expressed in less violent form.

In addition, while the political systems within Northeast Asia continue to exhibit important differences, the political barriers to regional intercourse are far less formidable than in earlier times. Three basic political systems still exist: Marxist-Leninist, authoritarian-pluralist, and parliamentary-democratic. The states proclaiming themselves socialist, however, are clearly in a

transition that commenced with economic reform, but already shows evidence of significant political change. States like China and North Korea are evolving, or will evolve, in the direction of authoritarian-pluralism. Politics will continue to be controlled and, to some degree, constrained. But over time a civil society apart from the state will emerge with greater autonomy. And the economy is, or will be, mixed, with the market playing an ever more crucial role.

As noted, South Korea and Taiwan advanced economically under authoritarian-pluralism before they moved to experimentation with democracy. The current political divisions within these two states are fluid and, more importantly, permit the construction of a network of economic and cultural ties with other societies certain to influence attitudes and policies.

What is the negative side of the picture? First, political institutions are generally weak; even where the rule of law is proclaimed, such essentials as judicial independence are often lacking. Dependence upon personalities remains strong. Irrespective of system, governments in Northeast Asia are presently fragile and leadership almost everywhere is under challenge. In this the nations of the region do not differ significantly from states elsewhere. Where are there strong governments or leaders in the world today?

Japan

The current political upheaval in Japan was predicted by few, if any, observers. While falling far short of a revolution, it harbors uncertainties amidst deep public disillusionment. The recent Tokyo and Osaka elections, in which non-party media entertainers were elected to head these vital cities, are truly symbolic of the mixed cynicism and indifference held by the Japanese public toward the old politics. None of the current political parties garner respect from the electorate, and the present conservative-socialist coalition government is the weakest as well as the least coherent of all governments of the last fifty years.

Japan's old one and one-half party system, with one party always in power and all others always in the opposition, was conducive to the irresponsibility of everyone. The Liberal Democrats, being largely unchallenged, grew complacent, corrupt, and indifferent to social needs. The Socialists lost touch with reality, advocating policies that bore scant relationship to either public opinion or the evolving world. It is possible that through a series of elections under a new electoral system a more responsible political leadership will emerge out of the current upheaval. However, the present situation is not conducive to Japan's reassertion of constructive regional or global leadership. Indeed the debate about Japan's role in the world has been largely set aside. Weak governments cannot espouse bold policies. An assertive nationalism has emerged in certain quarters, as in other Asian societies, but such issues as permanent membership in the UN Security Council have receded for the present.

This situation will not continue indefinitely. At some point issues with regional and international significance will reemerge. Should Japan's constitution be revised to permit full participation in peacemaking and peacekeeping operations under such bodies as the United Nations? Should Japan prepare for a less-involved America in the region? How should Japan handle its conflict with Russia over the Northern Territories (the southern Kuriles)? Japan's stake in the peace and prosperity of Northeast Asia is too great to permit these issues to be neglected. Whatever its present travails, Japan's fundamental strengths guarantee that it will be a major actor on the regional and international stage in the decades ahead. Some fear a remilitarized Japan playing an independent, high-posture role. This seems unlikely, however, unless a strategic U.S. withdrawal from Asia is accompanied by a new perceived threat in Tokyo. The Japanese public is in no mood today to take great risks in the international arena.

China

Predictions concerning the era following the death of Deng Xiaoping vary widely, but few observers believe that the coming period will be tranquil or without periodic crises. In the political realm, three issues assume major importance. First, as third and fourth generations replace the old revolutionaries, can leadership be more broadly shared, or will the need for a paramount figure at the top lead to a protracted power struggle? Unlike the first and second revolutionary generations, none of the current leaders has a firm grasp on the diverse sources of power in this society—party, government, and military. Thus collective leadership is necessary if stability is to be preserved.

A second crucial issue is the need for an institutionalized federalism. China cannot be governed solely from the center, but decentralization must be kept within bounds. There are good reasons to believe that China will remain a coherent political entity, avoiding the type of chaos that marked the early 20th century, but a firmer institutional base is needed. Indeed, on many fronts the rule of law, not men, must be advanced if China's modernization is to proceed smoothly.

A third issue relates to advances in political openness. The availability of choice in village elections is encouraging. Political pluralism is emerging in China, albeit unevenly, at the grass-roots level. At the national level, there are signs of somewhat greater independence within the National People's Congress. In the intellectual community, moreover, there is substantial freedom to talk, if little freedom to write. Even in this community, however, there is a recognition that instant democracy might bring *luan* (chaos), hence caution in advocating political openness. How China's political elite handle the inevitable pressures on the political system that derive from continuous economic modernization will be critical to China's future.

In China, the declining appeal of ideology has led to assertive nationalism. Understandably, China's neighbors watch developments closely. Will it be a benign nationalism, compatible with the oft-proclaimed five principles of peaceful coexistence, or a more militant nationalism? China's foreign policies will be deeply affected by the answer to that question.

Russia

Meanwhile, politics in post-communist Russia remains troubled. Currently relations between the center and the regions are in flux, with no stable policies in effect. The old centralization has been disrupted, but an effective federal system is not yet in place. Disillusion with the present leaders runs deeply within the citizenry. There are no living heroes. Increasingly one hears the call for a strong leader, and for political stability. A Slavophilic nationalism is on the rise, with anti-foreignism in evidence. In sum, there are various disquieting signs on the political horizon. The trend, however, is back to czarism, not Leninism. Can democracy strike deeper roots in Russian soil?

One of the crucial questions relating to the future of Northeast Asia is the attitude that will be taken by the major nations of this region in the decades ahead toward their "lost empires." How will Russia deal with its "near beyond," those regions that became independent after the collapse of the Soviet Union, both in Central Asia and to the west? How will China face the issues of Taiwan and the South China Sea atolls? Beyond this, will Mongolia and Siberia be permanently removed from any future Chinese claims, especially if migration expands? It should be remembered that Mongolia was as recently as 1920 a part—fragilely—of China, and Siberia, according to the Chinese, was wrested from them by Russian imperialists in past centuries. A Chinese name for Vladivostok still appears on maps. What form will Japan's new Greater East Asia Co-Prosperity Sphere—updated and achieved solely through economic means—take in the

future? Will political and security dimensions be added? And how will the United States adjust to the changing nature of alliances and the decline of patron-client relationships? These are matters that will determine the degree of harmony or conflict among the states of the region and beyond.

The Korean Peninsula

Among the smaller Northeast Asian states, as among the major nations, political uncertainties remain rife. Thus far the Republic of Korea appears to be engaged in a successful experiment with democracy, but questions have been raised as to whether a parliamentary system might be preferable to the current presidential structure. Left and right extremists within the political scene are presently at a low point in their power and popularity, but the dependence on personalities remains high, and regionalism continues to be a prominent feature of South Korean politics despite the greater mobility accompanying modernization. Under the slogan "globalization," the government of Kim Young Sam is seeking to stake out a larger role for the R.O.K. on the regional and global stage. While ties with the United States remain crucial, a nationalist wave has affected this and other international relationships. In brief, Korea's voice is louder and more insistent.

Politics in the D.P.R.K. remain obscured by a combination of isolation and state-directed propaganda. Yet the post-Kim Il Song era is certain to raise profound new challenges, as noted earlier. A generational change is now under way in the country's leadership. Whatever the precise power of Kim Jong Il, the leadership structure beneath him must be rebuilt with new military and civilian figures. In most cases the younger leaders are better educated, more technologically inclined, and more cosmopolitan than their predecessors. Thus while they will seek to keep the political order intact, they are likely to be more inclined to accept and promote economic change, as has been noted. Whether they can lead a successful move to an authoritarian-pluralist system remains uncertain, but clearly this is the challenge—one that will profoundly affect North Korea's foreign as well as domestic policies.

Mongolia and Taiwan

Mongolia continues to wrestle with the political problems bequeathed by a troubled economy. Old communists have been elected to manage new institutions, as in a number of other former socialist states, with varying degrees of political conversion having taken place. In Taiwan, parliamentarism seems more firmly implanted, but the Mainlander-Taiwanese cleavage persists along with the central question facing Taiwan: should the status-quo be maintained, or should Taiwan seek independence or unification?

In sum, political fragility dominates the Northeast Asian scene. While this may constitute an asset in terms of inhibiting adventurous foreign policies, it can also serve as a barrier to innovation and the construction of new regional institutions. Similarly, the renewed nationalism that now prevails in virtually all of Asia may help to prevent the disintegration or collapse of a state, but it can also take aggressive forms or prevent the resolution of key territorial issues.

Multilateralism in Northeast Asia

As is well known, territorial issues inhibit the further development of multilateralism in Northeast Asia, and in certain instances also block the full normalization of bilateral relations. The Northern Territories issue between Japan and Russia remains frozen as a result of domestic weakness on both sides. The high level of hostility between North and South Korea continues despite the renewal of hopeful signs due to the North's economic plight and new overtures

by the R.O.K. China and Taiwan have greatly expanded economic and cultural relations, but the political gap is wider than ever. Will this lead to serious problems at a time when the Taiwanese government is pursuing more sophisticated foreign policies that emphasize separateness and the P.R.C. government is pursuing a strongly nationalist line?

In view of these problems, it is not surprising that no sub-regional security forum has been institutionalized in Northeast Asia. There is no counterpart, for example, to the ASEAN Regional Forum, although it is intended to cover the entire Asia-Pacific region. Even unofficial or quasi-official experiments in multilateralism have been hampered by the reluctance of certain parties to participate. China, for example, generally declines to participate in forums where Taiwan is present as an independent entity. North Korea eschews involvement in many instances, wanting to focus solely upon a bilateral dialogue with the United States, at least for the present.

Despite the current obstacles, efforts at multilateralism in various forms will continue in Northeast Asia and will eventually make greater progress. Meanwhile there is a political-strategic counterpart to the soft regionalism in the economic sphere represented by NETs. Around a specific problem, such as the tension on the Korean peninsula, a series of what I have termed concentric arcs are formed. In this instance the inner arc is composed of North and South Korea. Unless and until these two governments come into meaningful discourse and begin the resolution of outstanding problems, progress in resolving the Korea issue will be difficult. Above this inner arc a second one has existed for some time, consisting of the four major states interested and involved in the Korean peninsula: the United States, China, Japan, and Russia. The actions and inactions of these states in recent years, and the informal consultations among them, have been of vital importance in shaping the course of events, with the United States playing a pivotal role. A third arc is represented by international organizations such as the United Nations and its auxiliaries, various financial institutions, and trade organizations. Their involvement is as yet only partial, but at a later stage could become much more critical.

The term "arcs" rather than "circles" is used because each must be open-ended so that there can be interaction among and between them. Further, it should be noted that the consortia or coalitions fashioned for a particular issue will not be the same in every instance. A nation will determine its degree and type of involvement based upon its perception of national interest. The arcs formed around the Cambodian problem, for example, were different from those operative in the case of Korea. Some situations, moreover, are not conducive to an approach through concentric arcs. Up to this point, the principal actors have kept such issues as the Northern Territories and the future of Taiwan primarily at the bilateral level, rejecting efforts at multilateralism. In other instances, an issue such as the internal turmoil in Myanmar is largely ignored and allowed to fester since no external party regards its national interest sufficiently at stake to become involved.

Nonetheless, an increasing number of subregional issues in Northeast Asia and elsewhere will be handled in this ad hoc manner, with informal consortia formed and a variety of incentives and deterrents set before the principal parties. Perhaps the time is coming when an additional step can be taken, the creation of an official Northeast Asian Security Dialogue that would promote a variety of confidence-building measures ranging from transparency of military expenditures and activities to limits on the transfer of weapons of mass destruction. It is even possible that the time is approaching when the idea of a limited nuclear-free zone in Northeast Asia can be taken seriously. In the meantime "track two" efforts, characterized by mixed private-official representation, must suffice. The most prominent example currently is the Northeast Asia Cooperation Dialogue, involving both official and nonofficial representatives of the four major states of the region plus the two Koreas (although North Korea has not participated in recent meetings).

Whatever progress can be made with respect to multilateral activities, bilateral relations will remain critically important. Moreover, all bilateral relations, including those between traditional allies, will be some combination of cooperation and friction, with regularized channels of dialogue and negotiation absolutely essential. This should include negotiations between private sectors as well as at official levels. Further, in our age, every nation—especially the major states—must operate simultaneously at the bilateral, subregional, regional, and global levels, seeking to minimize the contradictions implicit in this situation.

It is fashionable today to speak of the importance of triangular or quadrilateral relations, for example, those among the United States, Japan, China, and Russia. Yet while the interaction among these states can be very important, it will not follow a consistent course, but will depend extensively upon the issue involved and the external relations of each large state with the medium and small states with which it has attachments.

Meanwhile, one current trend must be recognized. In recent times there has been a growing disillusionment with those existing regional and international institutions dedicated to greater economic integration, enhanced political unity, the resolution of disputes, or the promotion of security. The European Union is being questioned in some quarters. The future course of NATO is uncertain. In the Asia-Pacific region opinions differ about the tempo of commitments to be undertaken by APEC. And the capacities of the United Nations itself have been subject to growing doubts.

Such concerns are understandable, given the complexity of the challenges and the limited time during which most of these bodies have functioned. Under current circumstances, the less formal, more ad hoc approaches remain indispensable. Even these, however, depend upon the willingness of some party or parties to lead. That assignment frequently—although not always—falls to the United States.

Conclusion

As we look to the future, there is reason for cautious optimism despite the problems. Violence in multiple forms will continue to be with us, and some forms—such as terrorism—may increase. However, the danger of another global war of the type that devastated much of the world twice during the 20th century seems very slight in the foreseeable future. The major states, preoccupied with a plethora of domestic problems and drawn into conditions of ever greater global interdependence, have multiple incentives to avoid a massive conflict.

Meanwhile, further advances in science and technology, while not without their negative consequences, will enable swift progress on such issues as population control, environmental improvement, and livelihood betterment if the will to pursue appropriate policies exists.

It is doubtful that we shall have a “global order” in the broadest sense. There are no global and few regional hegemony to enforce such an order. Nor is a fixed global balance of power realistic at present. Order must come in a more incremental fashion, at the national, subregional, and regional levels, and through a variety of arrangements, formal and informal.

Confronted with this prospect, some analysts have forwarded the thesis of “the great global disorder,” with the implication of near-total chaos. Viewing nightly television, one is tempted to subscribe to this view. In this age of hype, a variety of extreme views enjoy vogue and capture attention, at least for the moment. Yet if we have the will to live with complexity and the determination to approach problems in a pragmatic, results-oriented manner, we can adjust to these revolutionary times, and for most of the earth’s inhabitants, life will be more fruitful (as well as longer) than in any era of the past.

Northeast Asia will be a critical testing ground for our capacity to improve old instruments of dialogue and dispute resolution and to fashion new ones. Here, the world's most important powers come into close interaction with each other. Here, the chief remaining legacies of World War II call for resolution. And here, economic strength coexists with political uncertainty, a situation demanding constant experimentation at many levels.

In sum, a new global order is neither possible nor necessary under current conditions. We can only work toward such a goal as we establish a viable order at critical domestic, bilateral, subregional, and regional levels. This is the task to which we should presently devote our primary energies.