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Introduction*The Challenge of the Northeast Asia Region*

The 1990s were supposed to be the decade when the countries of Northeast Asia (NEA) coalesced into a region that is greater than the sum of its parts. Still a major center of development through the eighteenth century with the world's two largest cities (Tokyo and Beijing), it fell on hard times: first with an intensified inward-orientation in each country, then with the arrival of imperialism, and finally with impassable dividing lines lasting throughout the cold war. Suddenly, hope arose that a spirit of cooperation would turn NEA from the depths of division to the heights of integrated development. The result could be a rival for the European Union (EU) and North Atlantic Free Trade Agreement (NAFTA) and a framework for reconfiguring great power relations. Instead, the residue of the cold war suffocated the sprouts of regionalism. The potential remains; a breakthrough could be reached although further delay is likely due to reluctance to embrace regionalism by balancing globalization and nationalism.

At first glance, NEA would seem to have what it takes to establish a recognized community with its own formal organizations and regional consciousness. Parts of the area enjoy a high level of prosperity accompanied by determination to achieve economic integration with surrounding countries. The three core states of China, Japan, and South Korea have joined the World Trade Organization (WTO), committing to reduce barriers to economic ties. Intraregional trade and investment skyrocketed in the 1990s and show no letup even in the aftermath of the Asian financial crisis and the global slowdown of 2001–2. Frequent summits promised improved political ties and trust, while the theme of regionalism resurfaced as an appealing goal. Yet, it is no longer possible to take seriously the excuses of boosters that the momentum keeps building along a timetable that is not unduly long. Instead, we must ask why after fifteen years of pursuing regionalism there has been no breakthrough.

Regionalism failed when each of the six countries active in NEA succumbed to nationalism that blocked the way to trust and cooperation, but the

responsibility for failure is not equally shared. At the beginning of the 1990s it was assumed that all actors in NEA were prepared to make at least the minimum sacrifice necessary in return for substantial benefits from economic integration and other regional ties. Japan was thought to have shed much of its nationalism in response to a devastating defeat and to be eager to rally its neighbors to regionalism based on respect rather than control. China and Russia would act because they were dislodging communist-inspired nationalism and awakening to the advantages of an interdependent world. South Korea would recognize that the long-sought key to reunification comes from closer ties across the region. North Korea might be the last to act, but it would be so isolated it would have no alternative. Finally, the United States was now so secure in its power and well being that it would have no problem with others, in Asia as well as Europe, joining in regional ties as long as they raised few security or economic protectionist questions. Looking back, we find these assumptions to have been incorrect. Nationalism was, indeed, the culprit along with unresolved tensions between globalization and regionalism and insufficient local vitality for decentralization to become a positive force for regionalism. The dream of a single, economically integrated region dissolved in a caldron of great-power rivalries and divided countries torn by narrow notions of national interest and distrust.

The answers suggested in the following text cast doubt on the usual targets of criticism, while acknowledging some negative impact of each on the environment for regionalism. Although U.S. opposition to NEA regionalism has been visible at times, it serves more as a myth useful to those who want to transfer the blame than as a barrier to practical region building consistent with globalization. If Japan's inability to put the history issue behind it stirs lingering resentment that plays into the hands of nationalists across NEA, the idea that this blocks regionalism conveniently diverts attention away from more compelling causes. Likewise, continued problems generated by the Communist Party's rule in China serve more as a smokescreen to deflect accusations than as the impediment to a regional community. In addition, South Korea's preoccupation to finding a path to reunification with North Korea may leave it with an instrumental approach to regionalism and Russia's anxiety over the vulnerability of its Far East may narrow its acceptance of regionalism, but neither of these factors should top our list of impediments. Finally, even though North Korea's unnerving resort to threat-based diplomacy obviously soils the atmosphere, it does not prevent the creation of a region on all sides of North Korea leaving it aside.

This book explores how regionalism was pursued, what went wrong, and who was to blame. It presents an interpretive history of relations among the countries of NEA over fifteen years and draws lessons on what is needed to restart regionalism, finding hope as well as caution in recent developments. In contrast to most studies of relations in NEA that emphasize either economics or security, this is a sociologist's story of how nations struggling with their

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own identities in a new era could not develop shared perceptions of the challenges before them, trustworthy networks for working together, and a common vision of what constitutes a secure and mutually advantageous environment. All sides at the national and local level were to blame as some tilted to geopolitical realism that left little room for assuring neighbors and others to a kind of economic idealism that omitted safeguards against abuse. As the decade passed, countries kept groping for a path toward regionalism through a changing mix of strategies, on a bilateral and multilateral level.

In 2003 we still do not know what kind of a region will take shape in NEA. It is difficult to say what will be its geographical range, its pattern of economic integration, its great-power balance, and even its degree of intercivilizational harmony or conflict. No other region in the world may be as confused or as significant for the coming decades of global security and integration. Yet, behind us stretches a “decade” of evidence from efforts to create a new regionalism, offering a record that can divulge a great deal about why cooperation is difficult and what seems to work best. To assess this evidence we need to avoid a United States–centered political economy that inevitably stresses globalization or a realist’s deductive notion of balance-of-power politics that is bound to simplify fear of domination. Instead, we benefit by immersing ourselves in the actual views expressed within the region.¹ This means studying ties among many powers from multiple angles successively over a “decade” that reveals great variations. This book covers all of NEA for the full sweep of the 1990s (from the end of the cold war to the U.S. responses in the war against terrorism and weapons of mass destruction [WMD]), paying heed to clashing perceptions on economic, geostrategic, and civilizational aspects of regional formation.

The book argues that the prime culprit in aborted efforts to achieve regionalism is modernization with insufficient globalization. Unbalanced development dating back many decades has left domestic interests in each country unusually resistant to important manifestations of openness and trust to the outside. This fostered a prevailing worldview in each case that fixates on symbols of supposed unfairness or humiliation. The result is bilateral stumbling blocks that epitomize narrow-minded attitudes at a time when rapid change demands bold strategies. Even when many herald the benefits of regionalism in a context of globalization, preoccupation with short-term economic or political objectives, rooted in how each country rushed ahead in modernization, stands in the way.

Northeast Asia is not easy to define because it is a region still in the process of formation. At its core are China, Japan, South Korea, and, some day, emerging from its almost total isolation, North Korea. Present geographically

¹ Due to the breadth of regionalism, I have no choice but to cover some themes by concentrating on conclusions, leaving much evidence in my earlier publications. On topics less covered, I give a taste of the rich empirical evidence through listed citations.

and discussed as a factor in regionalism is the Russian Far East plus Eastern Siberia, while in the background looms Moscow. Distant geographically, but deeply engaged, is the United States, which stations more than 80,000 troops in the region, offers security guarantees to Japan and South Korea, and counts three countries of the region among its six largest trading partners outside North America. On the periphery and of little consequence yet is Mongolia. Excluded from our analysis are Taiwan and Hong Kong with their close linkages to Southeast China and beyond to Southeast Asia (SEA). This leaves North and Northeast China in the forefront, narrowing the coverage from comprehensive treatment of Chinese ties with Japan and the United States to a targeted analysis of relations most significant for the emergence of a new region including the Korean peninsula and much of Asiatic Russia. This study weighs China and Japan equally as the prime actors in regionalism, but it also takes South Korea seriously as a critical force and recognizes the significance of Russia and the United States in the meeting ground for four powers insistent on their entitlement in shaping the region's evolution.

To understand this region we must break through habitual limits on scholarship. Change accelerated to the extent that in place of patterns that typically lasted for a decade in the cold war era we observe periods of just two to three years before a strikingly new context appeared. The boundaries chosen are 1) 1989, when China chose repression over political reform, Sino-Russian relations were normalized, Russo-Japanese talks over normalization accelerated with Tokyo's decision to balance its territorial demands with support for improved economic and other ties, and U.S.-Russian ties gained a big boost from the fall of the Berlin Wall and the end of the cold war; and 2) 2003, after terrorism propelled the United States onto a new agenda that led to war in Iraq and a showdown with North Korea, Japan's foreign relations emerged from a lull to reaffirm the need for regionalism even as its economy remained stalled, China joined the WTO, Russia made a bold decision to side with the United States in the war against terrorism but drew back some after the United States occupied Iraq, and South Korea's new president took office caught between U.S. suspicions and North Korean bellicosity. At the end of 2003 the United States had consolidated its assertive global leadership with the arrest of Saddam Hussein and Libya's agreement to abandon WMD, Sino-U.S. relations had stabilized with tacit arrangements on North Korea and Taiwan, and elections in Japan and Russia had strengthened nationalist leaders who also accepted the need for cautious regionalism. Altogether this long "decade" of the 1990s is divided here into six periods, each a separate context for regionalism. The first chapter sets the context; the last chapter turns to the opening of a new era, considering lessons from the past fifteen years and clues on how regionalism is poised to change.

We can improve our understanding of NEA by concentrating on diverse sources of information, much of it little noticed in the West and published in the languages of the region. Most of the citations in this book come

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from publications in Japanese, Chinese, Russian, and Korean because they happen to cover the relevant themes in greatest detail.² Arguably, even in the age of the Internet, the knowledge gap using sources from Western countries to cover developments in NEA is not growing any smaller. Without a rich base of empirical evidence, faulty reasoning about regionalism is difficult to avoid.³

It behooves us to shift away from the established paradigms to an interdisciplinary examination of various dimensions of regionalism. The struggle over the future of NEA involves bilateral economic, political, and cultural relations as well as each country's domestic strategies and identities coupled with the direct effects of regionalism, all occurring in a context of globalization. The gap between what is needed to comprehend regionalism in NEA and what is offered by the standard academic disciplines has grown beyond earlier proportions. To focus on how countries struggle to work together means to emphasize international relations, but not at the expense of keeping an eye on national identities and development strategies filtered through political divisions and economic choices. Multistate relations emerge through insights found in combinations of sources from each country in the region organized with the tools of interdisciplinary studies.⁴

The following chapters treat as the four building blocks of NEA regionalism: 1) *globalization and the United States*, the world environment and U.S. relations with the major countries in the region; 2) *domestic development tied to regionalism*, including national identities, development strategies, and the balance of centralization and decentralization for the main actors within the region; 3) *bilateral relations in the region*, most importantly Sino-Japanese, Sino-Russian, and Russo-Japanese relations; and 4) *a general overview of strategies for regionalism* and how they fit together. Of these, the first is covered briefly as the starting point for each chronological chapter, and the second is reviewed quickly for each of four countries as each chapter progresses. Most coverage is given to the third building block: bilateral relations and mutual perceptions. This assumed the largest role in a decade of missed opportunities. The book focuses on the three great-power linkages

² I have tried for each country except North Korea to follow foreign language sources, drawing on their abundance and diversity. On Chinese studies of NEA, see Lin Chang, "Zhongguo Dongbeiyi yanjiu de xianzhuang," *Dangdai Yatai*, 4 (2002), pp. 56–60.

³ The cornerstones for research on NEA in foreign languages, ordered by the utility of sources in each language, are approximately fifteen national newspapers (Japanese, Korean, Russian, and Chinese), twenty local newspapers (Russian, Japanese, Chinese, and Korean), sixty journals (Chinese, Japanese, Russian, and Korean), and seventy-five popular and academic books annually (Japanese, Chinese, Russian, and Korean).

⁴ Gilbert Rozman, "A Regional Approach to Northeast Asia," *Orbis*, 39(1) Winter 1995, pp. 65–80; Gilbert Rozman, "Spontaneity and Direction Along the Russo-Chinese Border," in Stephen Kotkin and David Wolff, eds., *Rediscovering Russia in Asia: Siberia and the Russian Far East* (Armonk, NY: M. E. Sharpe, 1995), pp. 275–89.

not involving the United States and, to a lesser degree, on South Korea's relations with its three neighboring powers in a regional context. In each case, bilateral ties are studied from the perspective of both sides, as seen in internal debates. At the beginning and end of each chapter, overviews of emergent regionalism integrate coverage of all of the countries.

Challenging Recent Idealist and Realist Thinking

Using the example of the EU as a standard sets the bar for regionalism too high. Nowhere else are countries so prepared to discard many staples of sovereignty. Using NAFTA is misleading too, since the United States dominates the region and cultural differences with Canada are slight while Mexico has been drawn closer, if still not so close, through migration quite independent of national policies and consciousness. Talk of Association of Southeast Asian Nations (ASEAN) regionalism also is deceptive, because it takes an organization long on summits and short on substance as if it signifies a process of integration.⁵ Instead, we should hold regionalism in NEA to an intermediate standard measured by 1) *rapidly increasing economic ties* backed by a joint strategy of economic integration; 2) *growing political ties* nurtured by summits and organizations that set goals for collective action, regionally and globally, that have a good chance of implementation; 3) *advancing social integration* through labor migration, business networks, and a common agenda on outstanding problems; 4) *shared consciousness of regional identity* enhanced by awareness of shared culture in the face of globalization; and 5) *a widening security agenda* to resolve tensions and ensure stability. These themes have arisen often in discussions of NEA regionalism, and there is agreement on their indispensability if a threshold is to be crossed. Regionalism is a goal; its pursuit offers a lens through which to view recent developments in NEA.

Boosters of regionalism may agree on what are, in principle, some essential steps, but they differ on the order of these steps and on the degree to which they should be pursued. Most prominent are economic regionalists, who give priority to accelerating trade and investment plus the trappings of political friendship.⁶ Many have a minimalist notion. Some as liberal optimists are overly hopeful about the spillover that will follow to other types of regionalism; others as nationalists, who are inherently pessimistic about cultural and strategic integration, intend to use a small dose of regionalism as a fortress against a large dose of globalization; and still others as cautious

⁵ David M. Jones and Michael L. R. Smith, "ASEAN's Imitation Community," *Orbis*, 46(1) Winter 2002, pp. 93–109.

⁶ Dozens of conferences have sought the least common denominator between countries and scholars. See, for example, Won Bae Kim, Burnham O. Campbell, Mark Valencia, and Lee Jay Cho, eds., *Regional Economic Cooperation in Northeast Asia: Proceedings of the Vladivostok Conference* (Vladivostok: Northeast Asian Economic Forum, 1992).

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pragmatists are willing to start with topics that unite without giving much thought to the barriers ahead. Extremely rare are all-around regionalists who are willing to press for simultaneous advances in all five areas listed. Given the obstacles, many minimalists consider it prudent to seek formal approval by top leaders of some trappings of regionalism accompanied by reliance on informal mechanisms rather than the formation of strong regional institutions.⁷

Usually missing from discussions of regionalism in NEA is any strategy for tying regionalism to the other powerful forces driving the countries involved. Globalization no doubt belongs on this list.⁸ Given the problems apparent in both the socialist model of development found in China, North Korea, and the Soviet Union, and the East Asian corporatist model found in Japan and South Korea, decentralization also deserves to be on the list. Another force is security stabilization and moderation of nationalism as seen in the search for a balance of great powers and confidence building where hot spots could erupt. Boosters of regionalism often misjudge the mix needed, belittling globalization, overrating localism, and underestimating the costs of nationalism and insecurity.⁹

It is essential to keep in mind that regionalism is emerging against a backdrop of rapid globalization in three most prominent respects. In 1989–93 the main impulse of globalization was the cultural claims to victory for a way of life: communism's defeat, the triumph of democracy and human rights, the information age bringing down barriers to knowledge just as the Berlin Wall had fallen, and insistence on a new world order steeped in universal ideals. By 1996–2000 financial globalization took center stage, showcasing the power of lowering barriers to the flow of capital: overwhelming the developmental state as in the Asian financial crisis and triumphantly heralding the unlimited vistas for Wall Street's way of business. Finally, in 2001–3 globalization had taken the form of the battle against terror and WMD, leading to the nuclear crisis over North Korea. This battle need not exclude either unilateralism to the tune of the U.S. administration or multilateralism in which other actors play a large role. Regionalism is rising in the shadow of both tendencies; in NEA it is the United States that is inextricably identified with globalization while images of multilateral powers endure.

At least five options for the balance of regionalism and globalization drew some attention in the 1990s. First, there is *globalization with little overt*

⁷ Peter J. Katzenstein and Takashi Shiraishi, eds. *Network Power: Japan and Asia* (Ithaca: Cornell University Press, 1997); Dajin Peng, "The Changing Nature of East Asia as an Economic Region," *Pacific Affairs*, 73(2) Summer 2000, pp. 171–91; Dajin Peng, "Invisible Linkages: A Regional Perspective of East Asian Political Economy," *International Studies Quarterly*, 46 (2002), pp. 423–47.

⁸ Samuel S. Kim, ed. *East Asia and Globalization* (Lanham, MD: Rowman and Littlefield, 2000).

⁹ Tsuneo Akaha, ed. *Politics and Economics in Northeast Asia: Nationalism and Regionalism in Contention* (New York: St. Martin's Press, 1999).

regionalism, as Russia accepts universal human values along the lines of the rhetoric of Mikhail Gorbachev after 1987 and Boris Yeltsin in his early days, Japan remains closely identified with the West as in the cold war, South Korea embraces global economic forces as Kim Dae-jung signaled following the Asian financial crisis in 1997, China is pressed to come aboard as some anticipated would happen after its June 4, 1989 crackdown led to global sanctions, and North Korea is left with no alternative. While most of these outcomes were doubtful, globalizers in the United States kept anticipating that the overwhelming impact of world economic forces would eventually overwhelm the weak sprouts of regionalism in NEA. Second, there is *globalization with open regionalism*, as multinational corporations from Japan and the West stand in the vanguard in the development of a “new frontier,” keeping the United States fully engaged. Most dreams within the NEA region accept a vision of advancing regionalism without regarding it as a major rival of globalization. Third, there is *regionalism balanced against globalization*. In the wake of rising fears that regionalism through the EU and NAFTA would have a protectionist impact, this was the reasoning of many. It also appealed to those seeking a counterweight to limit Western values and U.S. hegemony. Fourth, there is *regionalism at the expense of globalization*. Some Chinese stalwarts of communism and both left- and right-wing nationalists in Japan contemplated an element of closed regionalism as a means for resisting globalization. Finally, we can observe *forced globalization to block regionalism and great-power balancing*. This is a kind of containment approach espoused by some U.S. conservatives who saw in challenges from China, North Korea, and Russia a replay of the cold war that requires strengthened military alliances in order to suppress any threats to their approach to globalization.

Although the actors engaged in the struggle over regionalism include advocates of all five approaches, only the second and third options were seriously pursued as means to regionalism. If the dominant tendency acknowledged was the pursuit of open regionalism consistent with globalization,¹⁰ we would be remiss in overlooking a strong undercurrent of interest in a different type of regionalism capable of balancing globalization.

It would be a mistake to dwell only on the global and regional levels. After all, the actors deciding how much weight to give to each represented at least three other levels: the national, the local, and the domestic private sector divided between national and local, market-oriented and protectionist, legal and criminal. Central governments, sometimes swayed by nationalism, had a critical say on initiatives related to regionalism. Internal debates veered between protectionist fears of regionalism as well as globalization

¹⁰ Peter J. Katzenstein, “Regionalism and Asia,” in Shaun Breslin, Christopher W. Hughes, Nicola Phillips, and Ben Rosamond, eds., *New Regionalisms in the Global Political Economy: Theories and Cases* (London: Routledge, 2002), pp. 104–18.

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and reformist support for both goals. Also claiming a voice were authorities at the local level on the frontlines of regionalism.¹¹ They too jostled between protectionism clothed in nationalist language and encouragement for foreign investments. Finally, business groups made decisions that shaped the course of cooperation. In favor of some regionalism, they could also scuttle broader cooperation for fear of competition. Some supporters of decentralization espoused “glocalization,” forging regionalism through joint efforts of global and local forces. If the main force blocking both regionalism and globalization has been nationalism under the political leadership in the capital, both local governments and private-sector monopolists have caused obstruction too, intent on quick returns without a commitment to building a lasting foundation. Regionalism’s failure has multiple causes.

Commentators on regionalism come mainly in two varieties, reflecting the narrow blinders of social science today. Neither type has done a convincing job of explaining the course of regionalism in NEA in the 1990s. In one corner sit the “liberal” political economists, who largely enumerate reasons why we should expect regionalism soon. Most of the literature on this region’s efforts speaks approvingly of what is being done and optimistically about the payoff. A majority of publications are conference volumes where contributors encourage each other to more positive predictions, warning that one country or another’s foot dragging is interfering with a natural process. If we may detect differences between those who look at the big picture and those with a narrower range, this should not deter us from critically scrutinizing the political economy approach in general for failing to pay adequate attention to formidable barriers in this region.

The overall economic picture of NEA does provide grounds for optimism. There is an extraordinary complementarity among the countries of the region, suggesting that everything is present for regionalism confirming economic integration. Intraregional trade climbed astronomically in fifteen years, led by China’s commerce with Japan and South Korea. Indeed, the figures nearly quadrupled, approaching \$250 billion a year. Serious exploration of large-scale projects, above all in energy, confirms high expectations. In a short time span South Korea embraced globalization and China entered WTO as both anticipated more impetus for regionalism.¹² Meanwhile, Japan in the midst of prolonged stagnation has focused on the region as its best hope for resuscitation. Also at the level of cross-border ties, those

¹¹ Glenn D. Hook, “The Japanese Role in Emerging Microregionalism: The Pan-Yellow Sea Economic Zone,” and Christopher W. Hughes, “Tumen River Area Development Programme (TRADP): Frustrated Microregionalism as a Microcosm of Political Rivalries,” in Shaun Breslin and Glenn D. Hook, eds., *Microregionalism and World Order* (New York: Palgrave, 2002), pp. 95–114 and 115–43.

¹² Takahara Akio, “Japan and China: New Regionalism and the Emerging Asian Order,” in Hugo Dobson and Glenn D. Hook, eds., *Japan and Britain in the Contemporary World* (London: Routledge Curzon, 2003), pp. 96–112.

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who praise the potential for natural economic territories have seen some expectations fulfilled for decentralized linkups and formal barriers falling. If economic conditions suffice to produce regionalism, NEA would already be noted as the world's third great regionalism. Instead, it presents a record of flawed efforts to reach beyond economics that defy standard social science explanations.

On all sides we can observe limits to economic ties that had the potential to boost regionalism. Fearful of loss of power, North Korea's leadership stymied almost every proposed opening, while Russian regional and national authorities narrowly steered most initiatives into dead-end devices for the benefit of a few. South Koreans fear dominance by Japan's economic powerhouses, but Japanese also fear damage to vested interests by farming in China and South Korea and by Chinese industry. Such tensions played out in the context of bilateral relations linked to national strategies and mutual trust, which offer the best line of vision to comprehend the limits of economic forces in regionalism. Many arguments of political economists are rooted in assumptions about what drives political leaders to make economic reforms and how changes in economic ties affect political decisions. The record of bilateral relations in NEA reveals that either leaders have resisted the economic steps that boosters of regionalism expected them to take or the economic gains failed to produce the anticipated impact on political calculations that could have made regionalism a reality. Only by placing the economic interactions in a broad bilateral context are we likely to understand why optimists should be doubted.

Optimists often extrapolate from observations of economic integration through overseas Chinese networks. In the 1980s and 1990s an extraordinary symbiosis occurred between the entrepreneurs of Hong Kong, Taiwan, and parts of SEA and the labor force opportunities in coastal China emerging from a socialist command economy and reviving traditional attitudes in a long-repressed population. There were hyperbolic claims of the emerging ASEAN region riding a wave of foreign investment, expanding exports, and political cooperation to join with Greater China on the path to regionalism. Observers made serious miscalculations in their high expectations for this new notion of East Asian regionalism focused more to the south than the north. Forces for regionalism linked to SEA and Greater China were far weaker than recognized. Informal networks of Chinese create a short-term basis for cooperation, but they do not address security questions and the larger political calculus of great-power relations and nationalism. The nations of SEA could exude confidence of shared goals as long as incoming investment flowed freely, but their blasé attitudes, political rifts, and narrow protectionist thinking were starkly exposed once the harsh facts of the Asian financial crisis interfered. The three big economies east of the Himalayas remain Japan, China, and South Korea, forming the core of regional potential. As was true in the twentieth century, the United States and Russia loom as