

# Northeast Asia's Stunted Regionalism

*Bilateral Distrust in the Shadow  
of Globalization*

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PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE  
The Pitt Building, Trumpington Street, Cambridge, United Kingdom

CAMBRIDGE UNIVERSITY PRESS

The Edinburgh Building, Cambridge CB2 2RU, UK  
40 West 20th Street, New York, NY 10011-4211, USA  
477 Williamstown Road, Port Melbourne, VIC 3207, Australia  
Ruiz de Alarcón 13, 28014 Madrid, Spain  
Dock House, The Waterfront, Cape Town 8001, South Africa

<http://www.cambridge.org>

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First published 2004

Printed in the United States of America

Typeface Sabon 10/12 pt. System L<sup>A</sup>T<sub>E</sub>X 2<sub>ε</sub> [TB]

*A catalog record for this book is available from the British Library.*

*Library of Congress Cataloging in Publication Data*

Rozman, Gilbert.

Northeast Asia's stunted regionalism : bilateral distrust in the shadow of globalization /  
Gilbert Rozman.

p. cm.

Includes bibliographical references and index.

ISBN 0-521-83565-8 – ISBN 0-521-54360-6 (pb.)

1. East Asia. 2. East Asia – Relations – Russia (Federation) 3. Russia (Federation) –  
Relations – East Asia. 4. Regionalism (International organization) I. Title.

DS504.5.R69 2004

327.5'009'049-dc22 2003065354

ISBN 0 521 83565 8 hardback

ISBN 0 521 54360 6 paperback

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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

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.<sup>1</sup> 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

<sup>1</sup> 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

from publications in Japanese, Chinese, Russian, and Korean because they happen to cover the relevant themes in greatest detail.<sup>2</sup> 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.<sup>3</sup>

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.<sup>4</sup>

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

<sup>2</sup> 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 Dongbeiya yanjiu de xianzhuang," *Dangdai Yatai*, 4 (2002), pp. 56–60.

<sup>3</sup> 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).

<sup>4</sup> 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.<sup>5</sup> 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.<sup>6</sup> 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

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

<sup>6</sup> 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).

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.<sup>7</sup>

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.<sup>8</sup> 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.<sup>9</sup>

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*

<sup>7</sup> 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.

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

<sup>9</sup> 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,<sup>10</sup> 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

<sup>10</sup> 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.

and reformist support for both goals. Also claiming a voice were authorities at the local level on the frontlines of regionalism.<sup>11</sup> 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.<sup>12</sup> 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

<sup>11</sup> 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.

<sup>12</sup> 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.

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

major actors in resolving fundamental questions: security, political balance, energy, and so forth. Optimists have concentrated on a sideshow instead of reasoning broadly about the nature of regionalism, keeping in mind the presence of the two great powers of China and Japan.

Realists may claim more credit as doubters about regionalism on grounds of inadequate security in NEA. Yet, their reasoning for why security drives countries apart is not well rooted in the facts of this region. The most fundamental argument in realist theory is that a single dominant power will induce a countervailing effort by secondary powers to limit it. From 1989 to 2002 U.S. power became ever more dominant. China, the rival concerned with catching up, and Russia, the past opponent anxious about loss of status, should have joined forces. There were signs of such cooperation, but they proved quite meager. Japan, the world's second most powerful country if it chose to allocate its resources toward that end, declined to draw closer politically to either China or Russia. These facts are incompatible with the main tenets of realist theory. Some suggest that future orientation can skew reasoning about threats, and that China's rise, particularly as a regional power, trumps the U.S. rise in this era. New guidelines for U.S.-Japan defense cooperation since 1996 may be seen as a realist response to China. Yet Russia, South Korea, and North Korea are the three front-line states on China's border, and none of them have taken any clear action to find partners to limit China's power. Moreover, Japan failed to take the China threat seriously enough to curtail its own nationalist approaches to Russia and South Korea. We have no alternative but to conclude that neither U.S. nor Chinese power is producing the kinds of geopolitical reactions that realists expect.

Northeast Asia has a real threat to security from North Korea, which is developing WMD accompanied by bellicose language and no reassuring economic ties. Yet, while in 1994 the United States led a coalition to pay for an energy agreement that stopped plutonium processing, coordination to contain the North, even in 2003 as a nuclear crisis deepened, left China and Russia doubtful and South Korea hesitant. No country wants the North to develop nuclear weapons, but that does not mean there is a true joining of forces. No doubt, overall uncertainty about security limits the search for regionalism, but realist theory becomes confused if we attempt to mix together three different types of threats counteracting each other in a single region as well as the tendency for nationalist issues rooted in historical identities to trump current indicators of security threats.

Northeast Asia has conflicting territorial claims, but they have not resulted in a single military conflict or burst of casualties in the past fifteen years. China and North Korea have tested missiles in ways that were regarded as provocative, eliciting sharp rhetoric about security. Leaders have made statements that irritated public opinion in other nations. Yet, until 2003, apart from a brief U.S. buildup against North Korea in 1994, there was little fear of war. Across the Taiwan straits, where the potential for conflict

brought the most concern for a time, trade and investment have flowed in huge quantity. If disputes appear to many to stand in the way of regionalism, they do so less for reasons of imminent danger than because of mutual images that interfere with trust.

The pessimists concentrating on security have trouble explaining why regionalism keeps being promoted. Simplistic assertions about barriers do little to reveal recurrent drives to reach a breakthrough in regionalism. The Chinese interpretation seems to be right that the forces of cooperation exceed the forces of competition, with the addition that each nation's calculus about the balance of the two forces has been in flux. Only a close look at evolving bilateral relations may reveal this shifting balance of forces.

Analysts find it easier to address security questions when there is an obvious threat than when there is balancing for an uncertain future or territorial reunification at stake. Among those with a pessimistic view of security are some who twist their analysis to warn against a more serious threat than really exists. At the beginning of the 1990s the lingering Soviet threat in the region was exaggerated by some Japanese, and by the late 1990s some of the same observers were warning against a rising Chinese threat as were like-minded thinkers in the United States. The North Korean nuclear crisis from the end of 2002 led to new alarm. While genuine security problems arise, instead of stymieing the search for regionalism they often stimulate more active searching for multilateral leverage.

Liberal openings and realist suspicions represent the deductive propensities of social scientists disinclined to engage in detailed research on the countries of NEA. It is not often that their ideas are presented in the form of testable theories. If realists were really interested in theories of balance of power and threat calculations, they would be weighing the three types of threats in NEA and calculating the consequences of their interface. If economic liberals were keen to prove that in NEA countries trade and investment bring broader cooperation and trust, they would be pinpointing the troubles that limit these consequences. So-called theory serves as a crutch for not preparing to do systematic research in order to bring together the extensive facts essential for evaluating what is really happening in a region. An approach that starts with the year-by-year evidence based on many nations involved in the search for regionalism is bound to be largely inductive, especially given the dearth of social science theorizing to date on regionalism.

In recent years many social scientists have turned against area studies along with cultural explanations as "unscientific." This has encouraged some to brandish a broad brush in painting as fuzzy thinkers those who point to possible causes other than the popular pantheon of choices. An unfortunate effect is to cast doubt on the utility of wide reading into how nations debate their own circumstances. Deductive arguments reenforce the authority of established ways of thinking, even in disciplines that may not have advanced far theoretically and in seeking answers to problems that may fall beyond the

scope of previous mainstream scholarship. Regionalism in NEA is beyond the orbit of scholarship centered on the West, long-developed countries, and the great-power system that evolved in Europe and turned into the bipolar postwar world. Immersing ourselves in how the nations of NEA have reacted to the multisided and prolonged search for a path to regionalism has the potential to open our eyes to the deeper forces at work.

Throughout the debates of the 1990s the views of idealists clashed with those of realists, both missing a full picture of fast-changing developments. The former repeated the credo for why regionalism makes great sense, envisioning emergence of the world's third great regional entity after the EU and NAFTA through a complementary division of labor and the development of new frontiers. Their mantra combined within a single geographical area a cornucopia of natural resources and energy reserves, a vast pool of underemployed cheap labor, and great reserves of capital backed by a mix of advanced and intermediate technology. Often these upbeat views came from local administrations, which found them convenient for attracting world attention while pleading for greater support from their own national capitals.<sup>13</sup> In contrast, the realists were apt to reflect the reasoning of geopolitical elites, mostly in the capitals, who dismissed these dreams with warnings of unresolved hot spots and newly exacerbated great-power rivalries.<sup>14</sup> Some pointed to the lingering cold war on the Korean peninsula and the intensifying rivalry between China and Japan. Others blamed U.S. schemes for hegemony. All foresaw a struggle for power, scarcely limited by economic interests. The problem with viewing the decade through the lens of either the idealists or the realists is that neither side closely responded to the ups and downs of hope and disillusionment that made the 1990s a much more complicated and interesting period in this region than is usually thought. Diverse options remained open for the path regional ties might take.<sup>15</sup> The process is much harder than the idealists recognized, but the prospects are much closer than the realists feared.

Belatedly, idealist approaches have faced daunting questions. Mikhail Gorbachev spurred initial idealism in regionalism with his Vladivostok and Krasnoyarsk speeches in 1986 and 1988 and his 1987 program for the development of the Russian Far East and Trans-Baikal as part of the Asia-Pacific region, yet his excessive optimism about Soviet assets and neglect of many of the most pressing questions led to disillusionment evident by the beginning of the 1990s in Moscow's weak role. Japan's idealism at the beginning of

<sup>13</sup> *ERINA Report* (Niigata, 1994- ), *Dongbeiyu yanjiu* (Changchun, 1993- ), and *Rossia i ATR* (1992- ) are examples of the diverse local journals for research on this region.

<sup>14</sup> Journals useful for views of foreign policy with relevance for regionalism include *Sekai shuho* (Tokyo), *Shijie jingji yu zhengzhi* (Beijing), and *Problemy Dal'nego Vostoka* (Moscow).

<sup>15</sup> Gilbert Rozman, "Northeast Asia: Regionalism, Clash of Civilizations or Strategic Quadrangle?" *Asia-Pacific Review*, 5(1) Spring/Summer 1998, pp. 105-26.



the 1990s focusing on cross-border networks to Russia appeared hopelessly naïve when investors found their assets stripped without the rule of law. China's cross-border fever of 1992–3, buttressed by proposals to create a multinational city at the mouth of the Tumen River, introduced a new element of idealism. It misjudged China's own limitations for orderly, modern commercial ties along the Russian border and the spillover from the great-power tensions welcomed by China into economic ties and trust. The United States was late to get into the act, but in 1997–8 the Clinton administration too developed an idealistic version of partnerships with China and Russia without taking adequately into account nationalist forces in both countries. Finally, in the year 2000 the idealism of Kim Dae-jung focused on North Korea, embracing all parties to regionalism. The failure of the North to do much to reciprocate did not put a stop to high hopes among South Koreans and many others in the region. These waves of rising expectations fueled the positive arguments of academic analysts, but even more persuasive were the expected effects of feverish growth in trade and investment among China, Japan, and South Korea.

Those in the realist tradition who emphasized nationalistic barriers to cooperation also kept finding their pessimism belied by events in the region. Japanese critics of South Korean nationalism, who doubted that regionalism could start with close bilateral ties between the two economically developed regional democracies, were contradicted by Kim Dae-jung's promise to put history aside in October 1998. Later the strident voices against the possibility of overriding Chinese nationalism had trouble explaining China's "smile diplomacy" toward Japan from October 1999. Finally, critics of immutable nationalism in Russia were stunned first by Vladimir Putin's shift in September 2000 toward returning two islands to Japan and then his support for the U.S. war against terrorism in September 2001. Chinese pessimists, in turn, overrated Japanese nationalism and were so negative about U.S. intentions that they failed to encourage security talks to stabilize the region. South Korean pessimists overreacted to Japanese textbook changes in 2001 as evidence of nationalism. United States pessimism in 2001, as the Bush administration took power pressing for division within the region in order to force globalization, centered on security rather than engagement through regionalism. After North Korea, Russians proved the loudest doomsayers; they had so little confidence in their own prospects in the region that they feared all parties would take advantage of them. Eventually, however, the tone of debate calmed in each country. Pessimists could not explain the sustained, rising momentum for regionalism, including increased interest in a free trade area to include part or all of NEA.

The evolving discourse on regionalism reflects repeated reassessments of how ties among the countries were unfolding. It reveals changing understanding of each country's national strengths and weaknesses, including the impact of assumptions about national identity. Even at times of hope, we

detect, over and over again, clashing perceptions of what was expected from each other. The failure of regionalism testifies to the difficulty of agreeing on how to proceed, rooted in diverging preferences for what regionalism should be.<sup>16</sup> Its promise lies in shared views that there is no other long-term path forward.

Previous efforts to assess regionalism in NEA have been inclined to concentrate on one factor at the expense of others. The favorite choice is, of course, economics. It is customary to summarize the state of trade and other economic ties between the countries of the region, sometimes with the goal of stressing the potential in plans that have been proposed and at other times to criticize the problems that keep ties from advancing. Repeating proposals can lead us down the path of idealism. Economic linkages, however much they have grown, have yet to overcome problems that are, at their root, noneconomic in nature. We seek balance by keeping the economics coverage well below that found in most studies of regionalism. Likewise, evaluations of regionalism may concentrate on geopolitical issues. Of course, security is a major preoccupation in this region, but we would be remiss to allow that worry, rooted in realism, to eclipse other themes. It too does not occupy as large a portion of this book as one might expect in what is mostly a critical review of what went wrong. In contrast, this book covers a combination of domestic themes that fit under three broad labels: 1) each country's domestic development model – strategies of modernization, management style for business organizations, social networking pattern, and decentralization; 2) each country's national identity – confidence in one's own tradition, images of potential threats, political struggle related to openness to the outside, and acceptance of foreigners; and 3) each country's trust in critical bilateral relations – notions of victimizer and victimization, ideas about linkages in boosting ties, and acceptance of a regional or global framework for relations. Raising these themes while balancing economics and geopolitics steers the discussion that follows on a path that treads between the hazards of idealism for a region ready to soar and pessimism over a region in danger of protracted threats.

This book concentrates on the politics and perceptions of bilateral relations. Steps toward regionalism reveal a process of strategizing about how to engage other nations; negotiating to resolve barriers to improved relations; forging networks of trust and common interests; and persuading the experts and the public of the changes needed. More energy was invested in the development of bilateral relations than in the direct promotion of regionalism. In the debates over bilateral ties we see how economics, geopolitics, and domestic models, identities, and trust affected change. The story of the 1990s

<sup>16</sup> Gilbert Rozman, "Restarting Regionalism in Northeast Asia," *North Pacific Policy Papers* 1 (Vancouver: Program on Canada-Asia Policy Studies, Institute of Asian Research, 2000), pp. 2–21.

is told through contrasting perceptions of bilateral relations and divergent planning for regionalism, but also through signs of gradual convergence as hard choices were faced.

To achieve regionalism requires some combination of the following five conditions: 1) *national strategies for modernization* that give important weight to the contributions of neighboring countries, *recognizing* the growing need for *openness and decentralization* to diminish the role of borders and allow for a far-reaching division of labor; 2) *national identities that accept* neighboring countries as *partners* rather than threats and *orient one's own country to trusting relations* across civilizational boundaries; 3) *recognition that the dominant place of the United States does not preclude an evolving balance of powers on a regional level*, including the role of other powers in resolving hot spots, allowing for confidence in long-term relations without fear of deepening insecurity; 4) *incremental progress in bilateral relations* sufficient to put territorial disputes and other problems aside while expanding ties; and 5) *a vision of regionalism*, persuasive to elites and public opinion alike, that shows the way to substantial advantages without posing serious concerns. As countries appeared to make progress on some of the five conditions, they did not necessarily narrow the gaps among themselves. Not only did they focus on failure to overcome one or more of these hurdles, what one country perceived as its path forward on these issues contradicted what others envisioned. It proved impossible in the 1990s to develop a shared understanding of what was needed for regionalism in NEA. Moreover, repeatedly when some progress seemed to be occurring, the various parties to the negotiations had strikingly different ideas about what was happening. Such misperceptions led to new impasses and loss of trust.<sup>17</sup>

Because NEA ended the cold war and Sino-Soviet split without basic foundations for regionalism, the challenge ahead could take little for granted. States had to make fundamental changes in their national development strategies despite the great likelihood of intense opposition from domestic vested interests. Elites and the public as well had to rethink thoroughly their assumptions about national identity and the role of their country in the world amid repeated opportunities for a nationalist backlash. Juggling relations with the great powers active in the region might not only offer reassurances, but also rekindle fears of a threatening loss of balance in relations. Bilateral hurdles could arouse emotional reactions at both the national and local level. It would not be easy to overcome differences of opinion over visions for regionalism that joined peoples who until recently had had little contact with each other while inundated with negative stereotypes. One

<sup>17</sup> Gilbert Rozman, "Cross-National Integration in Northeast Asia: Geopolitical and Economic Goals in Conflict," *East Asia: An Interdisciplinary Journal*, 16(2) Spring/Summer 1997, pp. 6–43; Gilbert Rozman, "Flawed Regionalism: Reconceptualizing Northeast Asia in the 1990s," *Pacific Review*, 11(1) 1998, pp. 1–27.

often hears that the last vestiges of the cold war are found in NEA. In selecting strategies to pursue regionalism, local and national leaders often failed to confront these vestiges.

### **Great-Power Aspirations Face a Need for Regional Power**

It is impossible to tell the story of NEA in the 1990s without discussing the great-power aspirations of four major actors and the intense desire in South and North Korea to balance the great powers. This is a region where countries are competing to reshape the global geometry of power even as they strive to resolve bilateral and regional issues. Just in the span of the past twenty years each of the three other powers of this region has taken its turn in attracting the world's attention as the presumed leading rival of the United States. First, the Soviet Union through its military juggernaut, then Japan with its industrial giants, and finally China with its rapidly rising market and assertiveness has loomed as the world's choice as the country most likely to overtake the United States. Seen through the lens of the NEA region rather than individually, these powers pose a different challenge. Clearly, they are not superpowers (after all, Russia is now an impoverished heir to the fallen Soviet Union, Japan is gasping for new life after the bursting of the bubble economy, and China remains a developing country beset with internal problems unlikely to be solved until advanced modernization is reached after many decades). Instead, they may acquire new stature as a tandem of great powers. Regionalism is not only a means to a division of labor; it is also a mechanism mixing competition and cooperation to achieve great-power goals.

The countries of NEA have been obsessed with catching up to the Western powers since the nineteenth century. Nationalism has acquired a special meaning focused on the maintenance of dignity in an ongoing competition. Even when satisfaction might have been realized after decades of rapid economic development and success in projecting a strong influence in international business, it was always possible to fixate on persistent symbols of victimization. Among the most powerful, enduring symbols are territory that needs to be recovered or may be threatened by the claims of others; history as written by others that may prettify acts that victimized your country or as written at home that may fail to reflect one's own views because of foreign pressure; and dependency obliged by circumstances that prevent full pursuit of national interests. Every country in the region considers itself, in one or another of these respects, as a victim. Regardless of the U.S. role in helping each nation, it also appears as a victimizer. Each state also believes that it has cause for grievance against some of its neighbors warranting a mood of victimization.

Perhaps no other region on the globe sustained more continuous tensions over the past century than NEA before the 1990s in the midst of so much