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The Politics of Development and Regional Cooperation in Northeast Asia

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Three trends dominate international politics today. First, the primary goal of all states, irrespective of political system, is to achieve rapid economic growth or in the case of advanced industrial societies, to correct structural and policy deficiencies so as to ensure steady development. Thus, more than at any time in living memory, economics is the dominant force in international relations.

With few exceptions, moreover, it is now accepted that the classic Stalinist economic strategy is pass* and reliance must be placed upon the market, albeit, with active support from the state. Socialism, at least in its Marxist—Leninist mode, has lost the competition, although the precise relationship between the state and private sector remains a subject of debate, and the social responsibilities of the state are likewise controversial matters.

Further, economic trends have resulted in a downgrading of ideology, even in the remaining Leninist nations. Pragmatic approaches generally take precedence, with efforts to find policies that advance development effectively. At the same time, most controversies, both at home and in foreign relations, relate to economic matters at present. Naturally, therefore, mechanisms for dialogue and negotiation are evolving both at bilateral and multilateral levels. Some are institutional in character like the General Agreement on Tariffs and Trade (GATT), the European Community (EC), the North America Free Trade Area (NAFTA), and the Asia—Pacific Economic Cooperation Forum (APEC). Others are less formal, particularly at the bilateral level. The Structural Impediments Initiative (SII) discussions between the United States and Japan are a prominent example. At the regional level, the Pacific Economic Cooperation Council (PECC) exists.

We also witness the emergence of what I have termed Natural Economic Territories (NETs), entities that cross political boundaries, often encompassing only portions of states, but with their *raison d'être* resting upon the combination of natural resources, manpower, technology, and capital that can be pooled to maximum advantage. The private sector is the truly critical element in the creation of NETs. Among the most prominent examples are Guangdong—Hong Kong—Taiwan and Fujian—Taiwan, but Northeast Asia has abundant possibilities: Shandong—South Korea, the Tumen River basin; the Sea of Japan rim; and Sakhalin—the Kuriles—Japan. I shall return to this subject later.

A second broad trend closely related to the priority given economics is the general movement toward greater political openness. Economic development is conducive to three tendencies, each of which has strong political implications. First, economic advances produce rising social diversity derived from income distinctions, regional differences, and the proliferation of remunerative occupations, with industry and services overtaking agriculture. Hence, highly centralized, bureaucratic decision-making is rendered increasingly inefficient. Authority, including political authority, must be shared with regional and local bodies.

Second, as education reaches larger numbers of the population, urbanization advances, and a more complex socio-economic organizational network emerges, demands grow for more meaningful inclusion in the political process. Past techniques of political management whereby elites maintained control by involving the populace in ritualistic participation become difficult to sustain.

Finally, with the type of economic development geared to the international marketplace, the national becomes increasingly porous. The citizenry are brought into greater contact with regional and global events, and foreign elements penetrate the society in a variety of ways—economic, cultural, and political. Isolation is no longer possible.

Given these trends, the central political question becomes how to combine stability and development under conditions of greater openness. Irrespective of the political structure, this issue must be faced squarely. Speaking broadly, Asia now harbors three political systems: Leninism, authoritarian-pluralism and democracy.¹ The Leninist system, still upheld in China, North Korea, and Vietnam, is predicated on the dictatorship of a single party; strict controls over speech, press and assemblage; and a sharply hierarchical structure of authority, culminating in a small group or a single individual who in the name of the party can coordinate all other facets of power.

The authoritarian-pluralist system involves political constraint, with limits on political competition and the various freedoms granted citizens in more open societies. However, controls are looser than under Leninism, and a civil society is permitted to exist apart from the state. Thus, in fields like education, religion, and the family, a degree of autonomy is permitted, the amount depending upon the precise circumstances. Furthermore the economy is governed by market forces, although the state serves as planner and guide. Such a system was characteristic of South Korea and Taiwan until recently, and prevails at present in Indonesia as well as certain other Asian societies.

The democratic system is based upon a premise of genuine political competition, and the requisite freedoms to make that competition meaningful. It also places law in the supreme position in the polity, with the premise that, since there is a quotient of evil in all individuals, power must be limited, and this can only be done by making law the final authority. As is well known, societies as diverse as Russia, Mongolia, South Korea, and Taiwan are now experimenting with democracy as well as Japan where such a system has been implanted for nearly five decades.

On the surface, the political spread within Northeast Asia appears to have widened in the recent past. On the one hand, several previously authoritarian-pluralist states have shifted to parliamentary democracy; on the other hand, political retrench-

ment has been championed by Chinese leaders since the Tianamen Incident, and the DPRK is holding fast to Leninist politics. In reality, however, the signs are that irrespective of various shifts, Asian Leninism will undergo profound changes in the coming years as economic development advances—and for the reasons previously indicated. Already, it can be noted that PRC spokesmen proclaim the expansion of consultation with “democratic party” and non-party representatives, more debate in the National People’s Assembly, and stricter adherence to socialist legalism. At the same time, moreover, the signs of decentralization continue to appear, political as well as economic.

In the period ahead, China is likely to face two critically important political questions. First, after Deng Xiaoping and his generation pass from the scene, can China move to regularize collective leadership, or will there still be a need for a “supreme leader?” None of the third or fourth generation Communist leaders can have the same power by simultaneously having secure control over party, government, and military as their predecessors. In this sense, they are “specialists,” not “generalists,” in terms of their influence over China’s decision-making bodies. Hence, the need for collective leadership is apparent. Yet in its modern history, China has seemed to require a paramount leader—from Yuan Shikai to Deng Xiaoping. Is a new era dawning?

The second issue to be faced relates to the allocation of political authority. Can a balance be found between rigid centralization which, as noted, is out of step with economic requirements, and chaos which can result from excessive decentralization and loss of authority? How authority is distributed among center, region, province, and locality has always been a critical question for this massive society. It will not be less important in the coming decade.²

In North Korea also, a transitional period is at hand. Here too, a younger generation will soon take command. Generally speaking, they are better educated, more technologically inclined, and somewhat more cosmopolitan than the old guerrilla types. But can political evolution accompany economic modernization so that the economic and political forces are in tandem? The changes that will be necessary if the DPRK is to adjust to the new Northeast Asian environment are major ones, with many risks involved. But to stand still is impossible.³ To some degree, China may be a model despite important differences of scale, timing of reform, and psychology.

A strong case can be made for the view that the future of Leninism is not democracy, but authoritarian—pluralism, and indeed, a number of signs already point in that direction. But the latter system poses its own problems. Under it, governance is still essentially by man, not by law. And because individuals everywhere are loath to give up power, the timing of change is often delayed until the optimum period has passed and violence ensues. Moreover, the authoritarian—pluralist system is defended as one suited to the current condition of its society, not a final order. Hence, it has limited ideological underpinnings, and legitimacy depends exclusively on the performance or the charisma of individual leaders.

The movement toward greater political openness has been so swift and universal that some observers have been tempted to announce the final triumph of democracy

over its competitors. At a minimum, this is premature. Moreover, one cannot ignore the problems of democracy, even in the advanced, western societies that served as its birthplace. Where are the legitimate limits of permissiveness? How does one balance individual rights and responsibilities? What are the rights of the community at large? To these fundamental questions and others of a similar nature, there are no final answers.

In addition, if political pluralism becomes a means primarily of expressing ethnic or regional differences, stability and even the survival of the nation may be threatened. Thus, while the wave of the present is that of greater political openness, democracy places a heavy responsibility upon every citizen as well as upon political leaders. Even Japan is at present suffering from political malaise, with the need for political reform ever more apparent. And current American politics provides further evidence of the questions being asked regarding institutions as well as policies when a nation is involved in massive socio-economic change.

As has been implied, however, in the years ahead, the political continuum is very likely to narrow. Traditional Leninism will be significantly modified, with the probability of shifts to authoritarian-pluralism, at least in some cases. Democracy will remain an experiment, with a number of variations exhibited. It is even possible that in some instances, an authoritarian thrust will emerge at least temporarily, offered in the name of stability. But the rigid ideological barriers of the past that made communication among and between certain nations difficult, if not impossible, are most unlikely to be rebuilt. Consequently, politics should be less of an obstacle to regional economic and social intercourse.

The third broad trend on the international front relates to changing relationships between and among nation-state, and the complex configuration of international politics. It should be said at the outset that, although much rhetoric is expended upon the term "new global order," no such order exists, nor is it likely to come into being in the near term. What we have witnessed is the end of an earlier "order," one characterized by an alliance structure encompassing much of the Eurasian continent and its peripheries, based upon the global contention between the United States and the Soviet Union. This "order" was defined as "bipolar," although in fact, the power balance was decidedly in the U.S. favor when economic and political elements were added to military ones.

On both sides, alliances were relatively tight and all-encompassing. The major party pledged security guarantees and, frequently, economic assistance; the minor party or parties promised political allegiance. A certain number of states staked out a position that was defined in the early post-1945 years as "neutralism," or later as "non-alignment." In fact, however, most of those states practiced tilted non-alignment, pointing toward one of the major alliances. Even China followed such a course after it declared itself non-aligned in the early 1980s, with the tilt clearly toward the U.S. and Japan for both economic and security reasons.

With "bipolarism" having disappeared, the present era is defined by many analysts as one of "multipolarism." While such a word has some validity, it scarcely captures the complexity of the current international scene. There is now only one global power in the full dimensions of that term—the United States. Yet the U.S. is

not prepared to continue to pay the price for singular global leadership. It is asking that *collective burden-sharing* be instituted, offering to accept collective decision-making as well, and assuming that leadership will vary, depending upon the nature of the specific issue and its setting.

Meanwhile, the effectiveness of the global organizations in existence is being tested. As is well known, the GATT is experiencing difficulties, the most pressing immediate problem being the impasse over agricultural protectionism. The farm lobby is extraordinarily powerful throughout the world, and in nations where agriculture represents a declining share of national income, that lobby fights for protectionist policies with special vigor—from Korea and Japan to France and Germany. Nevertheless, the GATT must not be allowed to fail if we are to prevent a drift toward economic sectionalism regionally as well as economic nationalism by individual countries.

The United Nations has enjoyed a period of enhanced prestige and power recently. It is a mark of the times that the creation of a permanent UN military force for use in patrolling and peacekeeping is being discussed seriously. At some point, the UN charter should be revised, with nations like Japan and Germany admitted as permanent members of the Security Council—and possibly several others as well. The changes of status in the international community over the past half century warrant recognition.

It is at the regional level, however, that organization-building is most active. Developments in the economic realm are well known and have been noted: the EC, NAFTA and APEC, to mention the most prominent. Sub-regional associations with a strong economic orientation have also emerged, in Asia, ASEAN, the South Pacific Forum (SPF) and the South Asia Association for Regional Cooperation (SAARC).⁴

Clearly, no level of supra-national operations can be eliminated at this point. We must function bilaterally, regionally, and globally at the same time, seeking to reduce the contradictions that are implicit in this situation to a minimum. Moreover, each lower level should serve as a stepping stone, not a barrier, to the higher level. In the long run, all people will benefit from a more open trading system, concerted efforts to tackle environmental problems, greater cultural exchange, and collectively supported peacekeeping mechanisms.

The current situation provides a powerful illustration of the tenuous relationship between the sovereign rights of individual nations and the rights of others. In the SII dialogue, American negotiators have told their Japanese counterparts that Japan should expand its domestic market, reform the *keiretsu* system of interlocking corporate control, and open both its commercial and financial markets more fully. Japan has responded by urging the U.S. to deal with its budget deficit, increase its savings rate, and improve its international competitiveness. Does such pressure constitute interference in the internal affairs of another state—an infringement of sovereignty? The answer can only be in the affirmative. However, is such “interference” warranted when the domestic policies of a nation affect so deeply the welfare of another nation? Again, the only rational answer is “Yes.”

In the political sphere as well, given the current communications-information revolution, what a nation does to its own people becomes global knowledge, affecting

attitudes and policies throughout the world. Moreover, as the UN charter and the Helsinki Declaration make clear, the internationalization of human rights has been en route for many decades. The very fact that virtually every nation feels obliged to defend its human rights record today is evidence of the impact of recent events.

In reality, international relations at present reflect an unfolding high drama with the principal protagonists being nationalism and internationalism. On the one hand, nationalism in various forms has shown a recent resurgence. In the economic realm, so-called techno-nationalism and other forms of protectionism are defended as being necessary to fend off external predators. In reality, the central problems stem from the fact that nations having different cultural traditions, stages of development, and economic strategies have been suddenly thrust into the most intimate relationships with each other. A nationalist response is not surprising.

On the political front, meanwhile banners are unfurled calling for a struggle against interference in one's internal political affairs. It is charged that "imperialists," having abandoned military tactics, are now seeking to overthrow the nation through "peaceful evolution." But the struggle also goes on against internal separatists, generally ethnic minorities who want to break away from domination by others. With authoritarian restraints having been listed in many areas and a spirit of openness encouraged, the ethnic and regional issues of the early twentieth century have re-emerged in Europe and Central Asia, joining with those that have had a continuous life in other parts of Asia and Africa. When are such movements to be identified as "nationalist," and when are they to be labelled "separatist?" Is the dividing line between those who do and those who do not have the requisite qualities to establish and maintain a nation of their own?

No consensus is likely to be reached on this question, but to raise it is to indicate a part of the challenge confronting the nation—state as the twentieth century comes to a close. Simultaneously, it is under challenge from both above and below. As we have indicated, the efforts to create decision-making mechanisms at the supra-national level are born out of economic necessity. At the same time, development encourages—indeed, makes essential—the allocation of greater authority to lower political units, quite apart from the special issue of ethnic or sub-cultural differences. As problems become more diversified, they come closer to home. If civil wars are to be prevented, moreover, at a minimum, greater autonomy must be granted to elements of the society who, by virtue of culture and geography, have a claim to be different from others.

Thus, the "new global order," whatever its precise shape, will be structured in mosaic fashion with a series of levels wherein authority resides and decisions are made, with each level interrelated. For the foreseeable future, the nation—state will still be "the vital center" of the process. But it will be a part of a political continuum, not a wholly aloof and totally independent element. Further, in this period of enormous flux, no solutions can be permanent, nor any institutions fixed for eternity. Experimentation and an acceptance of flexibility will be the hallmarks of the survivors of our times.

Let me now move from the general to the specific. How do the broad trends and dynamic forces previously set forth affect the potentialities for regional cooperation

in Northeast Asia? I shall start with the issues of economic cooperation since these are the most visible—and the most urgent—at present. For some time, a soft regionalism centering upon the growth of economic intercourse among and between the peoples of Northeast Asia has been emerging. One must term it “soft” because it has had no institutional structure, largely for political reasons, nor has it necessarily encompassed entire states. More recently, however, most nations of this area have been interacting through official channels both at the bilateral and the all-region levels (APEC and Asian Development Bank).

Just as Asian intra-regional trade has steadily grown and now constitutes over 40 percent of all Asian trade, so trade among and between the nations of Northeast Asia has advanced at a remarkable rate.⁵ These advances are marked by the especially strong growth of trade among and between the more advanced states (South Korea, Japan, and Taiwan). If the United States is included (Pacific—Northeast Asia), the concentration of trade and investment in these four states is even more pronounced. Nonetheless, since almost all Asian countries are now committed to an export-oriented approach to development, we can expect future trade gains on the part of the developing states. According to an IMF report, Asian exports grew in volume almost 13 percent in 1991. China’s export increases totalled some 10 percent, as one example.

As yet, three Northeast Asian states, newly come to economic reform, are not participating in this dynamic growth. North Korea, saddled with past debts and an economy still largely autarkic, is lagging. Mongolia, despite the commitments of a new, young leadership, continues to suffer serious economic woes, as the product of seventy years spent in pursuing the Stalinist economic strategy. And the East Siberian region of Russia has not yet been able to realize its great potential.

For these latter countries, the path ahead may be painful, but the broad course necessary for rapid development has already been sketched by others: structural changes enabling the market to operate effectively and private initiatives to be rewarded; incentives for foreign investment and, with it, modern technology; and an emphasis upon exports so as to acquire the necessary capital as well as know-how for rapid expansion.

The Tumen River project now being explored under the aegis of the UNDP and others illustrates the future potentials—and problems—of an integrated economic program in Northeast Asia.⁶ It is now clear that the states potentially involved, while sleeping in the same bed, are having different dreams, to borrow an old Chinese aphorism. China, anxious to develop its Northeast, and more specifically, Jilin province, would like to see that region have access to the Sea of Japan. North Korea, on the other hand, wants to put its priorities on developing Rajin and Sonbong as special economic zones, thereby forwarding its own development. Russia, or more precisely, those officials principally concerned with the development of the East Siberia, would prefer to concentrate upon the development of Vladivostok and certain other ports and border areas suitable for economic interaction with the region. Mongolia, quite naturally, would like another outlet to the sea in addition to that of Tianjin, already promised by China. South Korea has a political interest in the project given its desire to build upon its highly successful *Nordpolitik* policies and looking

toward the eventual unification of Korea. The private sector in Japan has shown some interest in the project, but governmental attitudes remain cautious.

Given the estimated costs for the full-fledged project as currently envisaged—some US \$30 billion—it seems likely that such steps as are taken will be incremental and not necessarily closely coordinated—with several states seeking to pursue those aspects that suit their perceived interests. There can be no doubt, however, that as noted earlier, a number of NETs will emerge in Northeast Asia in the course of the coming years, and portions of the Tumen project will be involved. Few regions of the world have the combination of resources, manpower, technology, and capital that can be found in Northeast Asia. Only the precise means of exploiting this advantage so that it will produce discernible benefits to each of the parties involved remain to be worked out. To be sure, much will depend upon the dominant economies—that of Japan and of the United States as well—remaining healthy. The recession that has recently affected those two nations, combined with the pressures upon the German economy as a result of unification, has served to emphasize the fact that developmental capital is scarce in comparison with global needs. Hence, competition for that capital is certain to be intense, and funds are likely to flow only to those regions where policies as well as conditions offer optimal advantages, except in those instances where political considerations are paramount.

The challenge for China (and more particularly at this point, for Russia, North Korea and Mongolia) is to create those policies and conditions. As noted, however, taken as a region, Northeast Asia is a natural area for economic cooperation, and the political barriers are lower than they have been since World War II. It is well known, however, that there remain unresolved political-strategic issues of vital importance in this region, and to those issues, I now turn.

If ideological cleavages are of less importance at present than in the past, there remain specific controversies of a relatively intense nature, most of them relating to the legacies of the last global war. First, Northeast Asia harbors two divided states, namely, North—South Korea and China—Taiwan. There are also a number of territorial or jurisdictional disputes. Perhaps the most significant is the controversy between Japan and Russia over the four islands to the north of Hokkaido, but there is also the contention between Japan and China over the Senkaku (Jiaoyutai) islands, and issues between South Korea and Japan relating to the Sea of Japan, a term not accepted by Koreans.

Beyond these specific issues, there remain a number of lingering doubts and suspicions concerning the future course of policies on the part of individual Northeast Asian States, and their possible implications for others' national interests. It is no secret that the possibility of Japan converting its economic power into an expansionist program ultimately underwritten by military power worries a number of Koreans and Chinese. But there are also concerns about China's longer-term ambitions on the part of Japanese, Koreans, and Russians, as well as many Taiwanese. Has the "Middle Kingdom" complex been permanently abandoned? Does China intend to develop its military strength in such a way as to threaten others, its insistence that it will never become a hegemonist notwithstanding?

It is a somber fact that despite the very low probability of a major conflict at

present, virtually all of the countries of Northeast Asia (Russia and Mongolia excepted) are increasing, not decreasing, their military budgets. Generally, these increases relate not to a quantitative military expansion, but to the modernization of current forces. Highly sophisticated conventional weapons are being produced or obtained, and China continues to pursue its nuclear weapons program.⁷

Indeed, Northeast Asia is host to some of the most highly militarized regions in the world, the Korean peninsula and coastal China—Taiwan being among them. Moreover, despite the end of the Cold War, both Russia and the United States keep substantial forces in or near this region, at once a legacy of the past and a testimony to the unresolved issues of the present.

Fortunately, the trends with respect to the divided states are generally in the direction of reduced tension at present, although "solutions" are not in sight. A combination of domestic circumstances and international events have worked to produce significant changes in relations between the two Koreas and in their individual policies toward the rest of the world. Especially dramatic have been the developments of the last eighteen months. The twenty—five point accord of December 13, 1991, and the subsequent agreement relating to denuclearization have hopefully inaugurated a new era in North—South relations. Economic and cultural exchanges have expanded, and high level negotiations on a full range of issues have been more or less regularized. The situation remains delicate, and there are setbacks as well as stalemates. But the situation is vastly more hopeful than at any time since World War II.⁸

Meanwhile, North Korea is cautiously entering the world. With South Korea, it has joined the United Nations. Negotiations with Japan are ongoing, and relations with the United States have witnessed modest gains, including a substantial increase in non-official contacts. At the same time, the ROK has had a striking success with its *Nordpolitik* policies. Diplomatic relations have been established between the ROK and Russia, and China is pursuing a *de facto* two-Koreas policy that some observers believe will soon be transformed into a *de jure* policy.

Trends with respect to the Korean peninsula illustrate a promising new approach to regional tensions or problems. A series of concentric arcs need to be constructed, situation-specific in character. It is important to conceive of these as arcs, not circles, because interaction between and among them is essential; they must not be closed and self-contained. Let us take the Korean peninsula as an example. The first arc has been composed of North and South Korea, the parties most directly and intimately involved. Beyond them, however, a vitally important arc comprising Russia, China, the United States, and Japan has existed. The policies—and influence—of these four states have played a critical role in the actions of the two Koreas in the recent past. And beyond this second arc, a third exists, with its potentials only beginning to be realized, namely, international agencies—the United Nations and such auxiliary bodies as the UNDP, the Asian Development Bank, the International Monetary Fund, and others, including regional groups like APEC.

One can observe that a similar set of arcs was constructed around the still fragile Cambodian situation. Further, the concept will, or, can apply to many other specific problems. In the case of the other divided state, namely, China—Taiwan, it might be

argued that developments have been less influenced by external parties than in the case of the Korean peninsula. China and Taiwan have engaged in greatly expanded economic intercourse, and cultural relations of many types have been established, including massive numbers of Taiwan residents visiting the PRC. Further, quasi-official liaison bodies have now been set up to handle controversies and difficult problems. The indirect roles of the United States and Japan in this scene, however, should not be minimized. Various, in both economic and security terms, these two nations have helped to stabilize the PRC—Taiwan relationship, enabling peaceful approaches to prevail.

Meanwhile, both China and Taiwan are progressively joining international bodies, notably those of an economic nature, thereby becoming a part of a larger community. This constitutes a third arc, and one that further reduces the threat of a use of force to resolve the issue.

No one can predict the longer-term future of relations between the two Koreas and between China and Taiwan. In the case of the Koreas, sentiment in both North and South naturally runs strongly in favor of unification, but the unresolved issue is on what terms, and by whom? The proposal of one nation-two states seems unrealistic as long as the economic and political differences are so vast. Unity under such a formula would be at best artificial, at worst, productive of mutual subversive efforts leading to violence. A realistic approach would seem to be that now precariously underway: the growth of a network of economic and cultural ties hopefully creating a climate of greater trust; a verifiable nuclear-free peninsula, with military disengagement and reductions progressively ensuing; and structural changes making possible greater compatibility between systems.

In the case of China—Taiwan, a substantial number of Taiwanese do not desire reunification, although a majority also do not want to take the risks of confrontation that a formal declaration of independence would induce. They prefer the status-quo, with progressively greater power in the governance of Taiwan. This fact was clearly evidenced in the elections of December, 1991. Once again, the long-range future of PRC—Taiwan relations is likely to hinge on the internal evolution of these two states more than on a one nation-two states formula. This not to say that a projected institutional arrangement will be of no significance—it is merely to assert that it will not be the paramount consideration. No promise of autonomy is likely to suffice in giving the Taiwanese confidence that becoming a province of the PRC will serve their interests although they will watch developments relating to Hong Kong closely.

If, as seems likely, the issue of divided states cannot be resolved in the near term, it is important for the political entities immediately concerned and for those who form outer arcs as well to work together in creating an atmosphere that makes peaceful coexistence the only rational policy and approaches the issue of unification as one requiring a process, rather than being susceptible to some instant, dramatic solution. To be sure, one cannot rule out the collapse or chaos of one party, but that does not seem the most likely scenario. Barring such an event, peaceful coexistence while a network of mutually beneficial ties is constructed is vastly to be preferred to a use of force. Fortunately, the use of force would be so costly, politically as well as militarily, that it seems a remote possibility, at least for the present in either instance, and it is

in the interest of all states, not just those directly involved, to keep it that way.

The other territorial controversies in Northeast Asia would seem potentially more susceptible to resolution, but in each case, the obstacles are formidable. The Russo—Japanese conflict over the Northern Territories is the most serious because, as long as it continues, it will interfere with economic relations between these two nations, affecting substantial Japanese aid to the ailing Russian economy, and make more difficult the type of military agreements that might enable progress on the demilitarization of Northeast Asia.

It is not difficult to devise a compromise solution on this issue. Pursuing its 1956 offer, Russia would return the two smaller islands immediately, and in addition, would accept a condominium for the two larger islands, with demilitarization, equal access, and joint administration, leaving the issue of sovereignty for a future decision. The problem lies in the fact that both nations have raised the nationalist stakes over this issue to such a height that it is difficult to accept anything less than "total victory." In the case of Russia, moreover, the active campaign by the Governor of Sakhalin and a number of Kurile residents against any territorial concessions, combined with the risks already taken by the Yeltsin government in pursuing painful economic reforms, make a viable compromise difficult for Moscow. And even in the case of Japan, the current Miyazawa government lacks the strength—and the control over its own party—to ensure that a compromise would be acceptable. Nonetheless, if cooperation on a broader front is to be instituted in Northeast Asia, it is imperative that efforts be redoubled to find an answer to this problem.

The other territorial issues, while not without consequences, are less critical. China and Japan have agreed to set the Senkaku (Jiaoyutai) issue aside for the present, and the issues between Korea and Japan are not being actively pushed at present. More important, as indicated earlier, is the atmosphere of distrust that surrounds the key bilateral relations of the area.

China—Japan relations are at once critically important and certain to be attended by substantial ambivalence. On the one hand, Japan views its relations with China as important both from an economic and a political-strategic standpoint. A chaotic China would destabilize the entire region, as it did earlier in the twentieth century. On the other hand, the advent of a high-posture, militarily strong China willing to take risks to rectify what it regards as affronts to Chinese sovereignty cannot be ruled out. Thus, a number of Japanese alternate between the view that China will never be able to get its act together and the apprehension that, at some point in the twenty—first century, China will seek to be the strong man of Asia. The unspoken hope is that China will make progress slowly.

On the Chinese side, a similar ambivalence exists. It is widely recognized that Japan's economic power can be of great assistance to the modernization of their country. Consequently, there is a cultivation of Japanese economic support and, at the same time, resentment of what is regarded as Japan's reluctance to transfer technology or pursue a more aggressive investment policy. Yet the Japanese market continues to be of growing significance, and one that has thus far provided a surplus trade balance. But even younger Chinese generations have acquired a belief that Japan has not fully repented its policies of the early 20th century, and that a renewed

militarism may lie on the horizon. Despite the extensive cultural legacy that these two peoples share, there are profound differences in social structure, behavioral patterns, and approaches to "outsiders" that inhibit intimacy.⁹

The relations of the two Koreas to their big neighbors are also complex. It is no secret that, in both Koreas, resentment of Japan runs deep. That attitude, moreover, is reciprocated and manifested in a variety of ways by the three parties. In particular, the North's policies have tended to reinforce the xenophobia long a hallmark of the country once known as the Hermit Kingdom.

Even toward China, its big neighbor and frequent benefactor, the DPRK has maintained a remarkable degree of aloofness. Except for high-level official visits, contacts have been sparse, and at unofficial levels, there has been remarkably little interaction in such settings as universities, institutes and the broader cultural arena. Indeed, the South at present has more contacts of this nature, as well as of an economic character, than the North. Both Koreas, however, treat China with some degree of wariness, recognizing how important are good relations with that country, but recognizing also that China will determine its own interests with respect to the two Koreas. At present, the North is China's legal wife, but the South is its favorite concubine. Will a second marriage be consummated soon?

Siberia, and particularly eastern Siberia is physically a part of Northeast Asia and, as has been noted, can play an important economic role in the region. Indeed, it seems very likely that areas like Primorye and Khabarovsk will become an integral part of the NETs formed in the area. One cannot forget that for a brief time after the Bolshevik Revolution, a Far Eastern Republic was established—principally for political reasons. Could a political separation from Moscow again take place? It seems unlikely, but there is little doubt that the key regions of eastern Siberia will seek greater autonomy and gravitate economically toward Pacific—Asia.

Yet insofar as most Asians are concerned, Russians are very foreign. Moreover, despite the substantial overall military reductions, Russia remains a major military power in this region. And unless the territorial issues are resolved, that is likely to continue. The problem is not merely with Japan. Sino—Russian relations are currently relatively good, but there is one question that will not go away. Does China really accept Russian control over Siberia? At one point, several decades ago, when Sino—Soviet relations were at a low point, Chairman Mao is said to have remarked with respect to the Russian territories to the north, "We have not presented them with our final bill." Perhaps with regard to Siberia—and to the Republic of Mongolia—the final bill has been cancelled. But there are still Chinese names for cities like Vladivostok.

In sum, despite the very significant progress that has been made in Northeast Asia in the direction of economic cooperation, the reduction of political tension, and the movement toward greater intercourse of all types across national lines, there remain a number of problems—not merely of issues but of attitudes—to be reduced or resolved before an era of genuine cooperation can ensue. It is for this reason that most, if not all, of the countries of this region desire a continued U.S. strategic presence in Northeast Asia. The United States can serve as middle-man in some instances, deter military expansion on the part of certain states in other instances, and exert an

important political and economic influence on various fronts.

The time is approaching when a second approach to political-strategic issues of the area should be opened alongside that of concentric arcs, situation-specific. On such matters as nuclear proliferation and nuclear-free zones, naval arms reduction, and strategic weapons sales, we should not wait for a resolution of all bilateral disputes. Already, a series of unofficial, multilateral discussions on these and related subjects among representatives of the eight North Pacific nations has been initiated, with promising initial results. We also have the ASEAN Post-Ministerial Conference which marks a step toward a broader regional dialogue. Given recent developments, the time is appropriate for the opening of an official dialogue pertaining specifically to the North Pacific—the region where four of the world's major states are destined to live in close proximity.

I conclude on a note of cautious optimism. In comparison with earlier decades, the prospects for regional cooperation in Northeast Asia are reasonably good. Priorities on the part of individual governments have changed in the direction of economic advancement. This in turn has produced commitments on the part of the socialists and ex-socialists to turn outward, and on the part of the major market economies to internationalize their operations as they move up the technological ladder. NETs are being formed along with a range of sub-regional, regional and global institutions. As the economic stake in cooperation has grown on the part of all Northeast Asian countries, an interest in exacerbating political relations has waned.

There remain serious, divisive issues, as have been set forth, but new approaches to these problems are available and should be pursued. The time is also approaching when an official multilateral dialogue on major strategic issues concerning the North Pacific should be opened, taking advantage of the fact that no nation constitutes a major threat to its neighbors at this time. And since one cannot predict whether this will hold true in coming decades, it is imperative that the supra-national institutions and procedures to deter conflict and provide alternative means of resolving disputes be enhanced now.

NOTES

1. These systems have been discussed in detail in my Harvard Reischauer lectures, published as *The Politics of Development—Perspectives on Twentieth Century Asia*, Cambridge: Harvard University Press, 1989.
2. For recent American scholars' analyses of China, cf. Arthur L. Rosenbaum, ed., *State and Society in China: The Consequences of Reform*, Westview Press, 1992; William Joseph, ed., *China Briefing, 1991*, Westview Press, 1992; David Shambaugh, "China in 1991—Living Cautiously," *Asian Survey*, January 1992, pp. 19—31; and Richard Baum, "Political Stability in Post—Deng China: Problems and Prospects," *Asian Survey*, June 1992, pp. 491—505.
3. A recent analysis is Rhee Sang—Woo, "North Korea in 1991: Struggle to Save Chuch'e Amid Signs of Change," *Asian Survey*, January 1992, pp. 56—63. As background, cf. Ching—Sik Lee, *Korean Wores' Party: A Short History*, Hoover Institution Press, 1978; Robert A. Scalapino and Jun—Yop Kim, eds., *North Korea Today—Strategic and Domestic Issues*, University of California, Institute of East Asian Studies, 1983; Robert A. Scalapino and Hongkoo Lee, eds., *North Korea in a Regional and Global Context*, University of California, Institute of East Asian Studies, 1986; Byung Chul Koh, *The Foreign Policy Systems of North and South Korea*, University of California Press, 1984; and

Young Whan Kihl, *Politics and Policies in Divided Korea—Regimes in Contest*, Westview Press, 1984.

4. Many of the regional issues and organizations are discussed in Robert A. Scalapino, Seizaburo Sato, Jusuf Wanandi, and Sung—joo Han, eds., *Pacific—Asian Economic Policies and Regional Interdependence*, University of California, Institute of East Asian Studies, 1988.
5. General economic trends and country-specific statistics are given in *Pacific Economic Outlook—1992—1993*, Washington and San Francisco: Pacific Economic Cooperation Council, 1992.
6. A recent discussion of the Tumen project is Takashi Sugimoto, "The Dawning of Development of the Tumen River Area," International Institute for Global Peace Policy Paper 75E, Tokyo, March 1992.
7. Cf. John W. Lewis, Hua Di and Xue Litai, "Beijing's Defense Establishment: Solving the Arms-Export Enigma," *International Security*, Spring 1991, pp. 87—109, and R. Bates Gill, "Curbing Beijing's Arms Sales," *Orbis*, Summer 1992, pp. 379—396.
8. Cf. Kyung Ae Park and Sung—Chull Lee, "Changes and Prospects in Inter-Korea Relations," *Asian Survey*, May 1992, pp. 429—447, and this author's essay, "Developments in North—South Korean Negotiations," forthcoming in the Georgetown University Center for the Study of Diplomacy yearbook on diplomatic relations.
9. Cf. Allen S. Whiting, *China Faces Japan*, University of California Press, 1990.