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# THE CHANGING ORDER IN NORTHEAST ASIA AND THE PROSPECTS FOR U.S.-JAPAN-CHINA-KOREA RELATIONS<sup>1</sup>

*by Robert A. Scalapino*

## INTRODUCTION

**I**N THE DECADES ahead, Northeast Asia will be the critical region on the global stage. It is here that the major powers of the present and future come into closest contact with each other. It is here that the crucial issues of population, resources, and environmental conditions will be most challenging. And it is here that the interaction between internationalism, nationalism, and communalism will unfold with greatest intensity.

A geographic definition of this region, while necessary, is not sufficient. Japan, the Korean peninsula and Mongolia lie wholly in Northeast Asia, but only portions of China and the Russian Federation are involved, and the United States is physically outside the area except for small portions of U.S. Pacific territories and western-most Alaska. Yet China, Russia and the U.S. are and will remain deeply involved in the region, whether the measurement be economic, political or strategic.

At the outset, let me suggest certain general characteristics of Northeast Asia. Certainly the most conspicuous trait is diversity. This is a region with significantly differing cultures, political systems, economic strategies, and stages of development. In size and population, moreover, the range could scarcely be greater—from the 1.3 billion people of continental China to the 2.2 million inhabitants of Mongolia, or the nearly 70 million Koreans crowded onto a relatively small peninsula.

Another broad characteristic is the varying quantity of resources. Agricultural land is relatively scarce in relation to population. Oil and natural gas reserves, however, are extensive, especially if ocean sources are included. Yet these reserves are far from being evenly distributed among the nations in the area. Other resources such as minerals exist, and in the Russian Far East, significant timber tracts. Yet the greatest resource of the region is its large supply of educated people committed to advancement.

Northeast Asia is also a region that has witnessed extraordinary changes in the latter half of the 20th Century, with no end in sight. Economic development, with acceleration and crises intermingled, has had a profound effect upon politics and culture in every society in the region. This is to be seen most vividly in the generational differences that mark leadership and the average citizenry alike.

Yet notwithstanding the diversity within Northeast Asia, interaction among and between these societies is rapidly advancing, both at official and non-official levels. Among the latter, one of the most promising developments is the emergence of Natural Economic Territories (NETs), economic entities that cross political boundaries, taking advantage of the complementarity of neighboring regions, combining resources, manpower, capital, technology and managerial skills. With political barriers being progressively lowered,

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this trend is certain to be expanded in the years ahead.

Optimism, however, must be tempered by a recognition that historical legacies are deeply implanted throughout the region, many of them negative as they relate to state-to-state and people-to-people relations. These legacies, moreover, are being passed to new generations by various means. In major part, they involve attitudes derived from past conflicts or the continuing sense of foreignness resulting from cultural difference. And there remain territorial disputes or the fears of encroachment reflective of the rise and fall of each nation's past empire.

It is clear that no analysis of the inter-state relations within Northeast Asia can be sound without a careful examination of the domestic conditions—current and future—governing each nation. Thus, our effort will be to weave domestic and foreign policies together, indicating their reciprocal effect.

## THE PEOPLE'S REPUBLIC OF CHINA—A NATION RISING

HOW WILL HISTORY treat Mao Zedong? Deng Xiaoping and some other contemporaries have sought to implant the view that he should be regarded as having been 70 percent right, 30 percent wrong. Certain other Chinese would reverse those figures. Presumably, he and his colleagues will be given credit for forging an unified nation after nearly a century of chaos, utilizing highly authoritarian methods to create a stability enabling coherent national policies. Yet he will also be credited with having used his unchallengeable power to commit such massive errors as the Great Leap Forward and the Cultural Revolution. It can be argued, of course, that the very destructiveness of these actions provided the basis for the conversion of individuals like Deng to more realistic economic policies.

On the eve of the 21st Century, one fact is clear. China is in the midst of a far-reaching transition, the end of which is not in sight. While the slogan is “a socialist market economy,” the market is progressively advancing over the socialist sector in performance. The state may continue as principal owner in certain fields and its regulatory function will be important, but there can be no return to the Stalinist (Maoist) economic strategy.<sup>2</sup>

The agricultural reforms initiated by Deng came at an early stage and a return to the family operated farm has resulted in major gains in productivity. Now, the need is to advance more rapidly with respect to scientific agriculture, and curb the extravagant use of resources such as water. The development of township industries has helped to absorb surplus rural labor, but such industries must be made more efficient, and their propensity for massive pollution brought under greater control. The state owned enterprises (SOEs) have been a serious problem, with an excess labor force, antiquated machinery and production methods, and poor management combining to produce indisposible inventories and mounting losses in some forty percent of SOEs. Indeed, state owned enterprises reform has been a central target of Zhu Rongji for several years, a task proving to be extremely difficult. Perhaps the most critical problem, however, has been the fragile condition of the financial-banking system, with massive non credit-worthy loans outstanding. There also exists an extensive west-east gap, since most development has taken place in or near coastal China. In addition, corruption is serious and despite strenuous efforts, still omnipresent.

Despite the defects, however, China's economic record since 1979 has been extraordinary, with growth averaging 8–9 percent per annum, occasionally higher. Projections for the near future suggest a growth reduced to 6–7 percent despite the government pledge of 8 percent, but the figure will still be comparatively high. Hundreds of millions of Chinese have benefited from the rapid growth. Foreign investment, and with it, the transfer of high technology, have soared. And China's economic reach has extended throughout Asia-Pacific, with extensive increases in trade.

Accompanying economic growth has been a rising decentralization. Areas like Guangdong spurred ahead, benefiting from the near presence of Hong Kong as well as a deeply entrenched entrepreneurial past. Indeed, at a certain stage, the center had to make a concerted effort to regain control of macro-economic policy. The challenge of the future is to create an institutionalized federal system, with authority allocated appropriately to center, region, province and locality, subject to periodic revision.

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<sup>2</sup>A succinct appraisal of current developments and future prospects for China, relating domestic policies to foreign policy, is Michel C. Oksenberg, Michael D. Swaine, and Daniel C. Lynch, *The Chinese Future*, Pacific Council on International Policy and Rand Center for Asia-Pacific Policy, Los Angeles, 1997.

In the political realm, one basic trend has been the movement from ideological to technocratic leadership. Equally important, one man rule in the fashion of Mao is over, and leadership is increasingly collective, with job differentiation prevailing. Moreover, top authorities are caused to consult with a variety of individuals and groups reflective of different interests. Jiang Zeming is called “the core” in official sources, but few knowledgeable Chinese regard him as a strong man in a Maoist sense, or see him making policy single-handedly.

The old socialist institutions remain largely intact, and the Communist Party rules. However, the system is more flexible, with a variety of innovations. Village elections may be managed in many cases, but they provide the villager with some choice. Organs like the National People’s Congress now engage in inquiry regarding policy and on occasion, debate. Specific policies are challenged in public at times. Among intellectuals, the freedom to talk has greatly expanded although the freedom to write and publish remains more limited. Yet in general terms, Jiang and his colleagues have publicly committed the government to greater openness, and the frontiers are being, and will continue to be tested, as evidenced by the recent effort to create a genuine opposition party.<sup>3</sup>

The military remains a significant force, but the evidence indicates that while it has a strong voice in matters relating to security at home and abroad, it is under the control of the party, with military dominance of the political structure more unlikely than at any time in China’s modern history. Jiang’s recent injunction to the military to reduce their role in business, and tackle seriously the problem of corruption signals the present trend. “Restore professionalism. Safeguard purity and commitment to national service.”

Most importantly, the appeal of ideology has declined despite the efforts of the elite to continue an indoctrination program, and the sloganizing that accompanies reform programs. Perhaps as a substitute, the elite has encouraged the rise of nationalism, another means of inducing loyalty and support. It is interesting, for example, that Jiang introduced four words in the spring of 1998 to symbolize China’s supreme goals: “Patriotism, Development, Democracy, and Science.” Note the order as well as the words.

Indeed, one hears much more about China’s five-thousand year glorious history, Confucius, and Sun Yat-sen than about Marxism-Leninism or socialist internationalism. A new generation is emerging that has greater interest in making money than in political participation. Thus, at present, the government has more to worry from the unemployed worker or the disgruntled peasant than from student dissidents. The current atmosphere is such that a serious economic downturn or discernible policy errors might produce significant political volatility. The Chinese citizen—even the intellectual—does not want to lose stability (the memory of the Cultural Revolution is still strong), but the new political flexibility will be very difficult to reverse.

## China—Japan

It is in this context that one must assess China’s relations with its neighbors and with the United States.<sup>4</sup> Let us turn to PRC-Japan relations first.<sup>5</sup> The most positive element in this relationship has been and remains economic. After its spectacular economic advances beginning in the 1950s, Japan reached out for trade and investment. Initially, China offered very limited opportunities due to its restrictive policies, but with the Deng reforms, the situation quickly changed. Over time, Japan became China’s leading trade partner, and investments soared. Abetting these developments, Tokyo advanced an Overseas Development Assistance (ODA) program, with four packages of loans and grants advanced.

In its economic relations with China, Japan avoided the application of sanctions although after Beijing’s nuclear tests in mid-1995, ODA was suspended for a time, with only humanitarian aid exempted.

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<sup>3</sup>For a perceptive view of the role of the Communist Party, see Shipeng Zheng, *Party vs. State in China*, Cambridge University Press, Cambridge, 1997.

<sup>4</sup>For a broadly gauged study of the interrelation between domestic and foreign policy, see Michael Swaine, *China: Domestic Change and Foreign Policy*, Santa Monica: RAND Press, 1995. Another general study worthy of examination is Quansheng Zhao, *Interpreting Chinese Foreign Policy: The Micro-Macro Linkage Approach*, New York: Oxford University Press, 1996.

<sup>5</sup>A recent evaluation from a Japanese perspective is Osaki Yuji, “China and Japan in Asia Pacific: Looking Ahead,” in Kokubun Ryosei, Ed., *Challenges for China-Japan-U.S. Cooperation*, Japan Center for International Exchange, Tokyo, 1998.

Generally, however, the operative principle has been to separate economics and politics.

On the political and strategic fronts, Sino-Japanese relations have been more complex. From an early point, the Chinese criticized Japanese leaders for failing to make what were considered the necessary forthright apologies for their nation's actions during the protracted conflict with China. Further, leaders' visits to Yasukuni Shrine, Japanese textbooks viewed as insufficiently honest, and other acts deemed reminiscent of the past deepened suspicions. The lengthy legacy of Sino-Japanese animosity projected itself onto the contemporary scene, and was passed on to new generations.

On the Japanese side, resentment of what is regarded as a distortion of the true record, and feelings among some that the past is being used as a bargaining chip to obtain more grants and assistance, have been substantial. Public sentiment toward China, moreover, is altered by events. In the early post-war era, feelings of guilt combined with approval of the establishment of stability in that long-troubled nation to boost favorable sentiments toward China. In the aftermath of the Tiananmen Incident, however, and the Chinese military threats toward others such as the missile firings in the Taiwan Strait, the public attitude toward China soured, and according to the polls, has remained more negative than positive.<sup>6</sup>

In China, the warnings against the restoration of "Japanese militarism" have been recurrent, and the revised guidelines for the U.S.-Japan Security Treaty, enunciated by Clinton and Hashimoto in April, 1996, heightened Chinese concerns. Was China not the undesignated target, with Japanese involvement now extended to the Taiwan Strait? Some Japanese statements acknowledging that Taiwan might be included have strengthened opposition.

As support for the principle that Japan should become a "normal nation," with full freedom of policy and acceptance as a major power rose in that country, reflective of the new nationalist tides, Beijing increased its alertness. The suspicion was heightened in certain quarters that the United States and Japan, despite denials, were acting to contain China strategically, seeking to prevent it from assuming its rightful position in Asia-Pacific and the broader global community.

Meanwhile, on the economic front, China along with all other Asia-Pacific nations watched the Japanese scene anxiously. It was essential that Japan, the second most powerful economy in the world, assist other Asian countries in their economic difficulties. Instead, it threatened to be a part of the problem. Thus, China joined the United States and others in urging bold policies to reverse the trend, and implied that its pledge to refrain from devaluing the yuan might have to be reconsidered if the yen continued to decline.

In sum, as of mid-1998, Sino-Japanese relations must be considered delicate notwithstanding the fact that the leaders of the two nations recognize the importance of these relations to both countries, and to the rest of Asia. High level meetings have resumed, including military visits. Cultural exchanges are proceeding apace, and the powerful economic ties provide the hard core of the relationship, making it crucial to both societies. Yet, as noted, the human feelings that play such a vital role in undergirding a relationship remain constrained on both sides. Can the generations coming forth in the next century—and the events that lie ahead—alter this picture?

## China—Russia

When one turns to China-Russia relations, history again provides a tempestuous record. After making deep territorial inroads into the Chinese empire in earlier centuries, Russia entered a period of troubles culminating in the 1917 revolution. That revolution and its aftermath, despite its horrendous excesses, provided military strength. Indeed, it was from the Soviet Union that Mao learned that power comes out of the barrel of a gun.

The Sino-Soviet alliance, based upon a common ideological commitment and equally important, an antipathy to, and fear of the West, and notably, the United States, was incredibly short-lived. Rival nationalisms swept "socialist brotherhood" aside, and in less than a decade, China and Russia were in bitter contention, with each seeking to hold or gain allies within the socialist world. Naturally, China scored its

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<sup>6</sup>For one Japanese perspective on China's role in Asia, see Satoshi Morimoto, "Chinese Military Power in Asia: A Japanese Perspective," in Jonathan D. Pollack and Richard H. Yang, eds., *In China's Shadow—Regional Perspectives on Chinese Foreign Policy and Military Development*, Santa Monica: RAND, 1998, pp. 37–49.

primary successes in Asia, with North Korea as well as the Communist parties of most other Asian countries tilting in its direction. And when the Soviet threat reached the threshold of conflict in 1969, Mao jettisoned ideological restrictions to establish a positive relationship with the United States. Realism prevailed.

At present, the strategic situation has been dramatically altered. The Russian Federation poses no threat to anyone except the threat of chaos and collapse. Both Russia and China have had grievances toward others in recent times. Moscow, despite some degree of accommodation, deeply resents the expansion of NATO. Beyond this, its pride has been seriously wounded by being pushed to the peripheries of international power. Hence, under Foreign Minister Evgenii Primakov, sustained efforts are underway to reestablish Russia as a global power, with East Asia and the Middle East principal objectives. Thus, during the Yeltsin visit to Beijing in April 1996, he and Jiang proclaimed a “strategic cooperative partnership” dedicated to the creation of a multipolar world. The message seemed clear: hegemonists and unipolar practitioners beware!

Yet the rhetoric evoked little concern in the United States or elsewhere. A positive Sino-Russian relationship would benefit Asia and the world. These two massive countries share a common border of more than 4,500 kilometers, and their sphere of influence—real or potential—encompasses Central Asia, Mongolia and the Korean peninsula. Many factors, however, inhibit any return to alliance, strategic or otherwise. The ideological glue is gone. Beyond this, the geopolitical factor induces caution. The population of the Russian Far East numbers scarcely eight million, spread over a vast territory. Below, with only Mongolia as a partial buffer, exist massive numbers of Chinese. It is not surprising that some nervousness, generally kept suitably restrained, exists in such places as Vladivostok. Reportedly some 200,000 to 300,000 Chinese now reside in this region.

Border trade has expanded, but is constrained by the severe economic conditions that continue to plague Russia, and particularly the Russian Far East. The most promising prospects appear to be those of oil and natural gas pipelines, taking advantage of the vast Russian resources, with energy supplies piped to and through China. This could serve to bolster Russian foreign exchange and reduce the dependence of China and other Northeast Asian nations on Middle East oil. But the costs will be prodigious, and other technical and political issues must be resolved.

Russia will be restored to economic health at some point in the next century, and resume its status as a major power. However, for the present at least, it presents no threat to China or to others.<sup>7</sup> Growing economic interdependence, with the Russian Far East a part of a Natural Economic Territory (NET) encompassing portions of the surrounding societies including China, might well perpetuate this situation. In any case, intimacy between China and Russia is very unlikely, given the cultural and geopolitical realities. Two major nations, living cheek by jowl with each other are drawn into alliance only when a common threat is perceived. The concerns about U.S. power are not sufficient to overcome the restraints, nor are these likely to rise to that level, at least in so far as Russia is concerned.

## China—United States

Turning to China’s relations with the United States, the current picture is a complex combination of promise and uncertainties.<sup>8</sup> In the past several years, the relationship has moved well beyond the low point after Tiananmen. Four factors have abetted the upward trend. First, the leaders of both nations have recognized the critical importance of this relationship to the peace and prosperity of Asia-Pacific. The U.S. and China are intimately involved in the key issues of the region—ranging from those of divided states to rising economic interdependence and the crucial survival issues relating to population, resources, and environmental preservation. Only if the U.S.-PRC relationship is positive on balance can these issues be

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<sup>7</sup>One interesting perspective on Sino-Russian relations in the context of China’s general role in the world is Li Zhngcheng, “The Role of an Emerging China in World Politics,” in *Contemporary International Relations*, Vol. 8, No. 2, February, 1998, pp. 9–22.

<sup>8</sup>A number of perspectives on Sino-American relations by leading American scholars can be found in Ezra F. Vogel, Ed., *Living With China*, An American Assembly Book, New York: W. W. Norton, 1997. For three Chinese perspectives, see Xu Dan, “Reflections on the Trans-Century World Situation,” *Contemporary International Relations*, Vol. 8, No. 1, January, 1998, pp. 1–22; Xu Zhixian, Zhang Mingqian, and Hong Jianjun, “On the Foreign Strategy and the Trend of China Policy of the US, Western Europe, and Japan at the Turn of the Century,” *ibid.*, Vol. 8, No. 3, March, 1998, pp. 9-17; and Zhao Xixin, “Sino-U.S. Relations at the Turn of the Century,” *Foreign Affairs Journal*, No. 47, March, 1998, pp. 42–49.

approached with hope for progress.

Second, it is clear that China has come to realize the importance of its image in fostering improved relations with the United States. In the latter country, the people and the Congress count. The President cannot make policy alone. Hence, in a variety of ways—not all of them wise, to be sure—Beijing has been seeking to cultivate American friends and influence people, hoping to catch up with Taiwan’s skills in this respect. The release of certain key dissidents, the publication of a White Paper on Human Rights, extensive coverage of Tibet’s “economic progress,” a shift from threat to united front policies toward Taiwan, and the treatment of Clinton during his 1998 visit are a few illustrations of the new course.

Third, given the continued advances of the economies of both nations, economic intercourse has greatly expanded. While this has not been without its problems as will soon be indicated, on balance, it has served to bind one of America’s most powerful constituencies, the business community, to the policies of engagement. It is the American workers, or at least their unions, that raise the issues of unfair competition most loudly. Marx and Lenin would be mystified by the turn of events.

Fourth, the old ideological barriers, while by no means obliterated, have been greatly reduced. As noted earlier, China is in a profound political as well as economic transition. The basic movement is from Leninism to authoritarian-pluralism. Politics remains constrained, with various powerful restrictions on freedom despite recent gains. Yet a civil society apart from the state is emerging, with varying degrees of autonomy. And the economy is mixed, with the market steadily gaining strength. Thus, while China is far from being a democracy, the new flexibility permits a broad-ranging discussions. The type of televised dialogue-debate between Clinton and Jiang that took place in Beijing in June, 1998, would have been unthinkable only a few years ago.

These factors, however, should not be over-valued in assessing the current status of PRC-U.S. relations. At least four sets of issues will remain on the agenda, guaranteeing difference and some degree of tension. First, human rights will continue to be a contentious subject. It should never be forgotten that American foreign policy has two foundations: perceived national interests and moral commitment. When these two elements are joined, support for a given course is strong. When they diverge or are perceived to diverge, political divisions ensue. And so it is in the case of China despite the advances noted earlier.

Powerful human rights organizations and spokesmen will continue to raise questions about PRC policies, and these voices will be heard in the Congress. Tibet constitutes an especially potent issue notwithstanding Beijing’s efforts. Chinese spokesmen may argue that they are eradicating slavery and feudalism. Yet to many Americans, the Dalai Lama stands as a symbol of a culture being undermined, a people being Sinicized against their will.

A second set of issues are economic in nature. China now rivals Japan in its mounting trade surplus with the United States. Naturally, U.S. authorities are dissatisfied with the degree to which barriers exist in front of entry into the China market as well as the massive corruption that attends doing business there. The transfer of U.S. high-tech products, including products with military potential is another thorny issue. Further, PRC missile sales abroad, especially to U.S.-designated “rogue states,” has also created problems. Meanwhile, negotiations regarding China’s entry into the World Trade Organization continue without agreement having been reached.

Potentially the most serious issue, however, is that of Taiwan. As is well known, China resolutely insists that this is a domestic issue involving its national sovereignty, and permitting no interference by outside sources. Yet in de facto terms, Taiwan has had an independent government for half a century, and shows no disposition to accept Beijing’s “one country-two systems” formula for reunification. Moreover, the United States has long been involved in this issue by virtue of the Taiwan Relations Act, which mandates the sale of military equipment to Taiwan pending a peaceful resolution of the issue.

On the one hand, U.S. authorities have been drawn to statements accepting the principle of One China, and voicing opposition to any declaration of Taiwan independence. On the other hand, there is no disposition to halt arms sales. Indeed, after Clinton’s forceful reiteration of the “Three No’s” in Shanghai in the course of his China visit (No Two Chinas, No Taiwan Independence, No support for Taiwan joining any international organization for which statehood is a requirement), Congress passed by an overwhelming majority a resolution reiterating support for the Taiwan Relations Act.

U.S. policy may be defined as one of conscious ambiguity. Washington refuses to state what it would do if the PRC decided to use force in an effort to end Taiwan’s separatism. To state that it would support Taiwan would aid the independence movement. To state that it would stand aloof would aid the hard-liners

in Beijing. And either position would deeply divide the American people. Yet current U.S. policy, in addition to its apparent inconsistencies, finds support from neither Beijing nor Taipei. The latter worries for fear that U.S. support is waning; Beijing, refusing to recognize the TRA, wants military sales to cease.

Fortunately, the threat of violence with regard to Taiwan is currently at low ebb. China has shifted from an earlier policy of threat to one of pursuing united front tactics. Economic relations are being strongly cultivated, and various groups are being invited to China, even individuals affiliated with the Democratic Progressive Party, the pro-independence party. High level discussions have also taken place. Negotiations between ARATS (Association for Relations Across the Strait-PRC) and SEF (Strait Exchange Foundation—Taiwan) are now underway again, although results are thus far minimal.<sup>9</sup> Further, the DPP has shifted from a commitment to declare independence to a position of asserting that since Taiwan is already independent, such action is not necessary. A plebiscite to determine the Taiwan people's desires can be held, DPP leaders now assert.

Yet while the immediate threat of violence is low, a resolution of this issue satisfactory to both sides is not in sight. Various proposals have been advanced by outside parties, such as the idea of a Confederation or Commonwealth, setting the issue of sovereignty aside for the time being, but as yet, no such formula has attracted official support from either side. Hope rests upon the belief that both sides will be prepared to live indefinitely with the status quo, awaiting domestic changes within the two societies, and especially the PRC, that might make some type of new relationship possible. Yet the Taiwan issue will continue to be an highly sensitive one in PRC-U.S. relations, with the possibility of periodic crises.

In sum, China's relations with the United States will remain at once supremely important and extremely complex. This relationship is deeply enmeshed in the domestic politics of both countries, and will continue to be so. Further, China will regard the U.S. as prone to hegemonism and interference in its internal affairs. Various Americans will worry about a rising, militant China.<sup>10</sup> Yet it is likely that whatever administration is in power, both in Beijing and in Washington, the commitment to a positively oriented engagement will remain the predominate objective, based upon national interests.

## China—Korea

It remains to examine China's relations with the two Koreas and with Mongolia. It is understandable that events on the Korean peninsula would be of concern to Beijing. Not only is that peninsula on China's northeast border; it fronts the Yanbian Autonomous Region of Jilin province where some 700,000 Chinese-Koreans live. What happens with respect to Korea—North and South—can impact upon that population, as the Chinese leaders are well aware.

China's current relations with the Democratic People's Republic of Korea (DPRK) are more complicated than is often recognized. On the one hand, the positive aspect is stressed in public. Close friendship based upon fraternal ties is enunciated on suitable occasions, although the former references to "relations as close as lips and teeth" are rarely heard today. China, moreover, has been the principal donor of aid to the ailing North, with extensive quantities of food and other vital necessities advanced, either in the form of gifts or loans. China has also been careful not to criticize the DPRK publicly while urging it to take part in discussions such as the Four Party Talks. It has championed the idea of a peace agreement between the DPRK and the U.S., and recognition of the DPRK by the United States and Japan.

In private, however, Chinese authorities are often critical of DPRK policies—especially the absence of serious economic reforms patterned after those of the PRC. Further, like others, they find the North's political system highly traditional and difficult to fathom. Given the reclusiveness of Pyongyang, their contacts, while greater than those of other outsiders, are limited and their knowledge of developments in the North spotty.

China does not want a collapsed North for obvious reasons. First, it might bring a flood of refugees,

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<sup>9</sup>For an appraisal of the recent talks from a Taiwan perspective, see Frank Chang, "SEF-ARATS talks not fruitful," *The Free China Journal*, July 31, 1998, p. 1.

<sup>10</sup>The widely read work of Richard Bernstein and Ross H. Munro, *The Coming Conflict With China*, New York: Knopf, 1997, exemplifies the threat theory. For one among many rebuttals, see Joseph S. Nye, "China's Reemergence and the Future of the Asia-Pacific," *Survival*, Winter 1997-98, pp. 65-79.



and in any case, the need for various forms of assistance could be onerous. More important, a unified Korea under the governance of Seoul might arouse nationalist sentiments on the part of the Yanbian Koreans.

If collapse came in the form of a protracted decline, with internal elitist cleavages, an additional danger might develop. What if one North Korean faction, pitted against internal rivals, asked China for assistance, offering to be a close ally if aid were forthcoming? Could China become involved in an internal conflict?

Nor does China want a nuclear DPRK. This would advance the threat of proliferation throughout the region and the possibility of major American intervention. Thus, like the other major states of the region, it desires to forward policies that would enable the North in evolutionary fashion to advance economic reforms and join in regional NETs, enabling survival. This is a policy that encourages cooperation with the United States and Japan toward a common objective. The success of such a policy, however, rests heavily with the DPRK and its decisions. At this point, Pyongyang trusts no one on the outside, including China. It appears uncertain as to course, although the signs multiple that it has committed itself to a policy of economic change. China along with others can be helpful if such a course is effectively pursued.

Toward the Republic of Korea, China has built a steadily strengthened economic relationship. Indeed, a powerful NET has been created involving the South and the Shandong peninsula, now expanding into Jilin province. ROK investment in this region is extensive as is trade, and despite the current economic difficulties in the South, is likely to continue.

On the political front, China is cautious, not desiring to worry the North. Yet it has been supportive of President Kim Dae-Jung's "Sunshine Policy" toward the North, and the general course of Kim's domestic reform policies. Nor has it joined the DPRK in demanding the withdrawal of U.S. forces from South Korea, although if reunification were to take place, it might have strong reservations about a continuance of the American military presence.

In essence, China has come closer than any other major power at this point to having effectuated a two-Koreas policy, and it intends to preserve that position if possible.

## **China—Mongolia**

With respect to Mongolia, China's pledge is that of accepting the independence of the Republic of Mongolia while expanding economic and cultural ties. For their part, the Mongols welcome such a declaration while privately worrying about undue Chinese involvement in their sparsely populated state. It is impossible to forget that China did not accept Mongolia as independent until after World War II and the establishment of the PRC. Ironically, the government on Taiwan has still not officially accepted that status, a legacy of the old Nationalist era.

Today, China does not worry unduly about greater Mongol nationalism. In actuality, there are more Mongolians in China (Inner Mongolia and Xinjiang) and in Russia (Tuva and Buruytia) than in Mongolia. However, Ulaanbaator has been careful in recent years to avoid stirring up nationalist sentiments in those areas. Its closer affiliation has been with the Dalai Lama and Tibet, reflective of the historic Buddhist ties aligning those two areas. But faced with serious internal economic and political problems, the Republic of Mongolia is not advancing a policy of Greater Mongol Unity at this point.

In reflecting upon China's relations with other Northeast Asian states at present, three themes warrant emphasis. First, China has been assiduously seeking to improve its relations with all neighbors in recent years, and with some degree of success. However, a second fact is also apparent: relations throughout the region remain delicate due to a combination of the historical legacy, rising nationalisms, and a perception that China is an ascendant power with ambitions yet to be fully discerned. Finally, China's foreign policy is likely to remain an instrument of the primary domestic goal— continued economic growth. This fact, together with the greater political flexibility that has recently unfolded, gives others hope that China can and will play a constructive, benign role in the region. However, to China's annoyance, a strategic hedge will be maintained, to be utilized in case that assumption proves to be wrong.

## **JAPAN: A NATION NORMALIZING?**

**L**ET US NOW examine current trends in Japan's relations with its Northeast Asian neighbors and with the United States. More than fifty years have passed since the era of Japanese imperialism came to an end. Yet Japan still struggles to overcome the legacy of that era as it affects the attitudes of other Asians. Further, the patron-client relationship with the United States into which Japan entered after the war, no longer suiting the needs of the two parties, is in the process of evolution— but toward what end? What should constitute the status of “a normal nation” for Japan?

In the late 1970s, Japan first enunciated a doctrine of “comprehensive security,” with the aim that of placing the emphasis on the economic and political aspects of a security policy. That remains the nation's basic thrust but its effectuation has recently been made more difficult because of the economic difficulties at home and in the rest of Asia.

Japan today stands as a vivid testimony to the fact that no economic strategy, however successful, is good for all time. Japan pursued a strategy involving a convoy system, with the government guiding select industries forward, a tightly interwoven corporate structure, and financial-banking institutions prepared to loan to designated sources with little restraint. This system provided limited competition in an heavily protected domestic market. The emphasis was placed on exports, with aggressive policies structured to capture and hold market share. The thrust abroad was also designed to take advantage of lower labor costs and available resources elsewhere.

Other Asian countries sought to emulate the Japanese strategy, notably the Republic of Korea. Indeed, the flying geese model was often evoked to depict Japan's role as economic leader in Asia. Within several decades, Japan had moved toward accomplishing the goal of a Greater East Asia Co-Prosperty Sphere that had been sought at such cost in the 1930s, and doing so peacefully.

Yet the current economic problems now require reforms that threaten the economic culture so deeply implanted in this society, a culture connected with the very essence of the nation and its people. Hence, change is proving extremely difficult, and rendering domestic politics volatile. At this point, the old one and one-half party system, with the Liberal Democratic Party in an unchallengeable position, has been shaken. Yet no new system has yet been firmly established to takes its place. The Japanese electorate seems progressively disillusioned with all leaders and parties, but not sufficiently disillusioned to demand fundamental reforms. Thus, the bureaucracy, while considerably discredited, retains much of the policy-making authority that it has long possessed.

These domestic conditions naturally preoccupy Japan's attention, that of both elites and average citizens. Foreign policy is secondary at present and to be subsumed under the priorities at home. Against this background, what are Japan's relations with the other major powers?

## Japan—United States

Relations with the United States remain central.<sup>11</sup> Given the fact that these two nations currently possess the world's foremost economies notwithstanding Japan's problems, it is natural that economic factors play a leading role in this relationship. In past dialogues, Japan urged the United States to increase its savings rate and reduce its budget deficit; the United States pressed Japan to loosen restraints on foreign products and investment. More recently, the U.S. has taken the lead in further insistence that Japan must take resolute action to expand and open its domestic market along with other measures to assist the economically stricken Asian societies.

The mounting trade deficit with Japan that has accompanied the depreciation of the yen has created additional strains, although less than would be the case if the U.S. economy were not flourishing. Japanese investment in the United States continues to be important despite some retrenchment after heavy losses in earlier property purchases, and in broader terms, economic interdependence between the two societies remains extensive.<sup>12</sup>

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<sup>11</sup>An analysis of U.S.-Japan relations worthy of note is Yoshihide Soeya, *Japan's dual Identity and the U.S.-Japan Alliance*, Institute for International Studies, Stanford University, Palo Alto: May, 1998.

<sup>12</sup>See Ryukichi Hirono, “Globalisation, Competition and Development Cooperation in The 21st Century: A Japanese Perspective,” a paper published in March, 1997, 147 pp.

In the security realm, the revised security guidelines, while creating some tension elsewhere in North-east Asia, as noted earlier, have generally satisfied both Americans and Japanese. Japan discovered during the Gulf War that “pocketbook diplomacy” was not sufficient. Its extensive monetary contribution did not still the criticism that Japan was allowing others to take all of the risks in an area where its economic stakes were huge. The revised guidelines provide for various forms of Japanese assistance short of overt military action in the event of conflict in “areas surrounding Japan.” From an American standpoint, somewhat greater balance with respect to costs and risks has been achieved. The territories intended were left deliberately vague, with the assertion that the guidelines were situation not territory oriented.

It seems clear that for the foreseeable future, the U.S.–Japan Security Treaty will remain a cornerstone of American and Japanese strategic policy. Cooperation in the study of ballistic missile defense will continue, since missiles are the foremost threat in any contemporary conflict. The stationing of American troops in Japan will also remain in effect, with some effort to reduce the problems posed by the disproportionate number of bases and troops in Okinawa.

Broadly speaking, the security treaty is in accordance with the desires of other Asian nations. A continued American commitment in its present form reduces the risk of interstate conflict over existing issues in a period of military modernization. It also provides Japan with a viable option to an unilateral, high-posture military program.

The time may come when the resolution of outstanding problems in the region and/or advances in military technology will render an American troop withdrawal from Korea and Japan logical. It is even possible that at some point in the future, multilateral security agreements and mechanisms roughly similar to NATO will replace bilateral covenants in East or Northeast Asia. However, that time has not come nor is it on the horizon. Hence, despite the complications, the U.S.–Japan security structure is likely to remain basically intact, and with the support of both the American and Japanese publics.

Even with the American commitment, it is conceivable that at some point, Japan will seek revisions in Article Nine of the Japanese constitution, the article outlawing war as an instrument of Japanese policy, and strictly limiting the activities of the Self Defense Force, especially overseas. Can Japan always be satisfied with a situation where its security is basically dependent upon others? Can it be considered a truly major power under such circumstances, eligible to occupy a permanent seat on the UN Security Council? A combination of domestic and international trends will influence a decision regarding constitutional revision. Whatever the future, however, it is not high on the near-term agenda.

Meanwhile, recent events, including the decision of President Clinton to omit a Japan stop in connection with his visit to China, have caused some Japanese to worry about a shift from U.S. “Japan-bashing” to “Japan-passing.” Once before, Japanese leaders were shocked and caught off guard by Nixon’s visit to China and the beginnings of Sino-American rapprochement since they had not been consulted or informed.

There are strong reasons why the United States should be more sensitive to Japanese feelings, and make efforts to highlight the importance of this relationship in the coming summit meetings and other high-level dialogues. It is also important to broaden the cultural relationship, especially among the younger generations of both societies. The health of the Japan-U.S. relationship will have a major impact upon the entire Asia-Pacific region. No two nations of this region have as many economic, political and strategic interests in common, and the capacity, working together, to influence future developments. Yet the transition, already underway, from a patron-client relation to partnership, will continue to have its difficulties.<sup>13</sup>

## Japan — China

Some observers speak of a triangular relation involving Japan, China and the United States. While it is true that these three nations can work and indeed, are working together on some issues, bilateralism will almost certainly outweigh any more complex level of international relationship in this region for the foreseeable future. That can be made clear by exploring further Japan’s relations with China.

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<sup>13</sup>For an appraisal of the call for greater Japanese independence, see Kawachi Takashi, “A New Backlash Against American Influence,” *Japan Echo*, Vol. 25, No. 2, April, 1998, pp. 44–47.

Japan's leaders take seriously the relationship with the PRC, and as noted earlier, have been more prepared than the United States to separate politics and economics. Indeed, on occasion, it has been suggested that Japan could play the role of middle man when tensions emerge in Sino-American relations. To be effective, however, such a role could only be played in the form of very discreet, private suggestions to both parties.

One territorial dispute exists, that of the Senkaku (Diaoyu) islands. Japanese possession is disputed by China, and at times, demonstrations (including those of Taiwan activists) have threatened to erupt into a major crisis, but moderation has prevailed despite the fact that no resolution of the issue is in sight.

Perhaps more critical in the long run is the issue of Taiwan. While Japan is not as exposed with respect to Taiwan as the United States, a powerful pro-Taiwan group exists in Japan, some of whose proponents are important figures in the LDP. China's earlier threats against Taiwan had a very negative effect upon the Japanese public, and in the event of a return to such policies, Japan's response would no doubt be subdued but scarcely favorable. It should not be forgotten that Taiwan is the one ex-Japanese colony where local sentiment toward Japan is relatively positive, as evidenced by the large scale cultural as well as economic contacts that continue.

In sum, despite the enormous importance of the economic relation to both countries, Japan and China will continue to eye each other warily, as previously suggested. China believes that the potentials for militarism exist in Japan and can be quickly revitalized. For its part, many Japanese subscribe to the thesis that a vociferously nationalist China, once fortified with economic and military strength, will display a "Middle Kingdom" complex, and insist upon being accepted as the dominant power in Asia.

Concrete measures have been taken to reduce suspicions and doubts. Leaders, both civilian and military, have engaged in visits and substantive dialogues. But this is a relationship that will continue to be restrained, and based upon the assumption that some degree of rivalry for international influence is inevitable.

## Japan — Russia

While Japan sees elements of cultural affinity with China despite its concerns, it finds little common ground in this respect with Russia, even at a time when Moscow is committed to democracy and a market economy. Japan-Russia relations have improved in recent times, at least on the surface. Prime Minister Hashimoto and President Yeltsin in an informal Ryu-Boris exchange, sought to establish a new level of comradeship. In concrete terms, a pledge has been made to seek a peace treaty by the year 2000, which would mean some type of resolution of the Northern Territories (Southern Kurils) issue.<sup>14</sup>

The latter controversy, like others of its type, permits of no easy solution. At an earlier point, Yeltsin indicated that in the event of a peace treaty, Russia would be prepared to return two of the four islands but this pledge was later rescinded. More recently, Foreign Minister Primakov suggested joint development, with the issue of sovereignty set aside for the present. Some adjustments with respect to Japanese visits have been made, and joint fishing rights have applied. Yet the issue remains.

In some degree, the Northern Territories issue is connected with broader strategic considerations, such as ready access to and egress from the Sea of Okhotsk, especially for Japan. Notwithstanding its awesome economic difficulties, Russia remains a major military power. Moreover, despite significant reductions, its Far East naval and air forces cannot be dismissed as insignificant. Thus, Japan takes an interest along with others in the progress with respect to START II and START III, the currently stalled efforts of the United States and Russia to engage in progressive, large-scale disarmament.

Japan has been prepared to provide Russia with modest economic assistance, but significant Japanese investment awaits improvements in the Russian economy and the legal system as it relates to foreign concerns. However, a strong interest in oil and gas pipelines has been exhibited, especially one which would go from Sakhalin to Hokkaido. The development of this pipeline and moves to build a Sea of Japan Rim NET, now being actively promoted by various western Japanese prefectures, could enhance the economic dimensions of the Japan-Russian relationship in major degree.

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<sup>14</sup>For a detailed, well researched study of this issue and its implications for Japan-Russia relations, see Tsuyoshi Hasegawa, *The Northern Territories Dispute and Russo-Japanese Relations*, 2 Vols., University of California Press, Berkeley, 1998.

Another area of cooperation is essential, namely, that relating to environmental preservation. Incidents involving Russian disposal of waste and ship leakage have periodically angered Japan. Tokyo has an enormous stake in cooperating with all nations in this region in an effort to work on such problems as well as those relating to the efficient use of resources. Equally important, it has the funds to be of signal assistance—and meaningful programs require money.

If a treaty ends the long-standing formal non-peace between Japan and Russia, economic relations expand, and advances are scored in multilateral agreements relating to resources and environment, Japan and Russia may end their century-old animosity and enter into a new, more affirmative relationship. Potentially, each has much to offer to other—Russia resources, Japan capital; Russia military restraint; Japan continued defensive strategy. No one would expect the relation to be one of intimacy, but a move to this new level of positive interaction would be greatly helpful to Northeast Asian stability.

## **Japan—Korea**

Korea represents another challenge for Japan. If there is one matter which brings North and South Korea close to agreement, it is the suspicion with which each views Japan, and the negative sentiment engendered by the decades of Japanese colonial rule. The issue of “comfort women,” women recruited during World War II for the pleasure of Japanese soldiers, has been recurrent in Japan’s interactions with both North and South, as have other issues for which compensation has been sought.

For Japan, the issue of relations with Korea is further complicated by the fact that some 700,000 Koreans are permanent residents in Japan. These individuals are divided politically into three groups, a pro-North group, the General Federation of Koreans in Japan, numbering somewhere between 200,000 and 250,000 at present; a pro-South group of approximately the same numbers, and a neutral or non-involved group comprising the remainder.

The pro-North Koreans operate a university in Tokyo, and have been the principal investors in the DPRK as well as remitting substantial funds to relatives there, often on the occasion of visits. Reportedly, their numbers—and enthusiasm—have declined in recent years due to the situation in the DPRK, but they still constitute an important interest group.

The pro-South group has also exercised influence, both in Japan and in the ROK, serving as a propaganda outlet and source of investment.

Since formal relations were established in 1965, Japan-ROK relations have advanced, especially in the economic sphere, and at present, Japan together with the United States is a principal economic force with respect to the South. As indicated, political relations have been more delicate. ROK authorities have not hesitated to criticize Japan on various scores, especially for not forthrightly condemning its militarist past, and after the issuance of the revised security guidelines with the U.S., Seoul made it clear that it did not want the support of Japanese military forces in its defense. President Kim Dae-Jung, however, in the open months of his administration, has taken a much more positive line with respect to ROK-Japan relations, and improvements may be in store.

Meanwhile, Japan-DPRK negotiations are stalled, although periodically, Japanese delegations visit Pyongyang. The issues between the two countries range from the alleged kidnapping of Japanese citizens (including a woman who supposedly tutored one of the North’s terrorist bombers in Japanese) to compensation for past Japanese policies. The North would like to secure diplomatic recognition from Japan although the priority on recognition from the U.S. is higher. However, it cannot seem to refrain from intensive attacks on Japan in its media. For its part, Japan places a much higher premium upon its relations with the South, and it is not likely to move toward official relations with the DPRK until after U.S. action in this direction, and ROK approval, or at a minimum, acceptance.

Like others, Japan has no desire for DPRK collapse—an event that might destabilize the region and in any event, put pressure on Japan to provide financial assistance to an hard-pressed ROK. Naturally, it is also totally opposed to a nuclear North. Hence, it has been supportive of the Four Party Talks, and other activities that provide the North with an evolutionary route out of its current difficulties.

## **Japan—Mongolia**

Further inland lies the Republic of Mongolia. Once, during its expansionist days, Japan pushed toward

Mongolia from its Manchurian base, but was ultimately repulsed. Now, in the post-Soviet era, the Mongolian government welcomes Japan as a source of economic assistance, and one of the powers that can help produce a balance, along with the United States, to the near presence of China and Russia. The door is open. Yet the economic opportunities here are not extensive, at least under present circumstances. Hence, Japan will continue to have a modest presence in the country.

Japan's foreign policy in East Asia, as in the recent past, is likely to be based upon economic and political initiatives, not military power. The idea of an Asian Developmental Bank or the Japanese plan for peace in Cambodia are examples of Japanese proposals that signal the potentials for leadership. Not all ideas will secure approval or result in success, but Japan, given its economic resources and level of development, can have a strong voice, extending into the political as well as the economic realm. As noted, moreover, given Japan's national interests, it is likely to direct its attention to environmental and resource issues as well as those pertaining to safety at sea and related matters.

Will Japan be accepted as a major power in the fullest sense? Will it be granted permanent membership in the UN Security Council? In major part, the answer is likely to hinge upon the nation's capacity to regain dynamism—economic and political—at home. And a broader issue looms ahead. Can Japan become truly internationalist? As a largely homogeneous island nation, its proclivities have been toward introversion and exclusivism despite the fact that its economic and security interests lie in an ever expanding relationship with the external world. This is the supreme challenge that must be met.

## RUSSIA: A NATION IN CRISIS

**T**URNING TO THE Russian Federation, one must pose an initial question of major importance: Where does East Asia, and more specifically, Northeast Asia, stand with respect to Russian foreign policy priorities?<sup>15</sup> Gorbachev in his famous Vladivostok speech of July 1986 enunciated the Russian commitment to expanded, positive relations with the nations of Northeast Asia. That commitment has been advanced by Yeltsin and his foreign minister, Primakov—although not without problems. Russia, with its vital Far East extending deeply into the region, has made it unmistakably clear that it wants to regain major power status in Northeast Asia. Top priority may still be accorded relations with those regions that were once a part of the Soviet Union, west, east and south, but the status of relations with nations like China and Japan will influence some of these relations as Moscow understands well. Thus, Northeast Asia will remain vitally important.

### Russia—China

As noted earlier, Russian relations with China have generally improved. Indeed, some would argue that the Russo-Chinese relationship is better than at any time since the mid-1950s. Border disputes have been virtually resolved. Further, Beijing is a party to a five-nation agreement involving Kazakhstan, Kyrgyzstan and Tajikistan and Russia, limiting troop deployments along the borders. Russian military sales to China have represented a major economic benefit to Moscow, and cooperation is ongoing with respect to civilian nuclear-energy projects in China. Oil and gas pipelines connecting the two nations will greatly advance economic ties. On the political level, visits of both civilian and military officials have advanced in recent years, with in-depth discussions of key issues taking place.

As has been noted, however, there are limits to Russian-Chinese “strategic partnership.” Overall economic relations have slipped substantially in the past few years due to the economic crisis in Russia, and especially in the Russian Far East. More importantly, the political-cultural dynamics of these two societies indicate the possibilities of accommodation but not of intimacy. A debate within Russia over foreign policy in its broadest dimensions is being vigorously conducted. The “Westernizers” continue to believe that Russia's efforts should be directed principally toward alignment with the advanced nations of Europe and the

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<sup>15</sup>For questions about Russia's capacity to play a major role in Asia, see Charles Ziegler, “Russia in the Asia-Pacific: A Major Power or Minor Participant?,” *Asian Survey* Vol 34, No. 6, June, 1994. A broadly gauged survey of recent Russian foreign policy is that of J. P. Bazhanov, “Evolution of the Russian Foreign Policy in the 1990s,” *Review of International Affairs*, vol. XLIX, 1998, pp. 15–24.

United States. The “Eurasianists” see Russia’s best future as tied to strong relations with key Middle East, South, and East Asian societies, thereby providing leverage for relations with the West. The “Globalists” want a balanced relationship with West and East in order to reassert Russia’s position as a global power.

Irrespective of which policy line prevails, however, the resurgence of nationalism is a prominent feature of Russian politics at present.<sup>16</sup> Thus, the question of how Moscow will deal with its lost empire takes on special significance. Will there be efforts to reabsorb Central Asia, with economic ties leading the way? Certain signs pointing in this direction have already appeared. And almost certainly, this would complicate relations with China. South Asia also represents a region where different affiliations exist. Russia is reestablishing its links with India while China retains its ties with Pakistan. In addition, as noted, there is the serious population imbalance, particularly as it applies to the Russian Far East. Only a common enemy could bring these two adjoining giants together—and the United States will certainly not wish to play that role.

## **Russia—Japan**

Toward Japan, Russia is also seeking improved relations. The key, as suggested previously, lies in whether success can be attained in reaching agreement on a peace treaty, with negotiations now on-going. Potentially, the Russian Far East could benefit enormously from Japanese trade and investment. As that region’s economic relations with the Center have weakened and ties to other provinces have remained limited, the importance of external trade and investment has risen, and Japan is a most logical source. Yet various impediments must be removed: a stronger infrastructure is essential; labor disputes such as those with the miners must be resolved; and energy sources must be revitalized, with prices brought under control. When the RFE economy is stronger, however, the inclusion of this region into a powerful Sea of Japan NET is very likely, and Japan will play a key role in any such development, as the Sakhalin pipeline project so clearly signals.

## **Russia—United States**

Russia’s relations with the United States are also highly complex. During the Gorbachev era, the United States attempted to assist Moscow in treading the path of marketization. Some observers felt that the policies of American advisors were too drastic and overly hasty. In any case, certain Russians blamed the U.S. for the ensuing economic crisis, and in broader measure, for seeking to “Americanize” their society.

The U.S. commitment to NATO expansion provided additional strains. While Russia ultimately accommodated to this development in degree, resentment remains strong, as has been indicated. Only if Russia joins the West in a more fundamental sense, with economic and political ties greatly strengthened, can Moscow accept the new European order with equanimity. Even then, as just indicated, internal disputation will remain.

Yet while anti-Americanism is likely to be a persistent factor in Russia, there are powerful reasons for a positive Russian-American relationship. U.S. trade and investment could play a very large role in advancing the Russian economy, with select fields like energy leading the way. U.S. support for IMF loans has already represented critical support for the Yeltsin administration. In turn, Russian assistance—or at a minimum, an absence of opposition—can be crucial with respect to conflicts from the Balkans to the Middle East. These are regions where Russian influence counts.

Finally, if the United States and Russia can get beyond the impasse that currently exists with respect to the START program, and move toward major nuclear disarmament, it would represent a vital step forward with respect to global arms control.

## **Russia—Korea**

Russia’s policies toward the two Koreas represent another challenge. At its zenith, Soviet economic assis-

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<sup>16</sup>For a recent study of Russian political trends, see Mary McAuley, *Russia’s Politics of Uncertainty*, Cambridge University Press, Cambridge: 1997.

tance to the DPRK was massive, and enabled the North to achieve satisfactory growth levels. Indeed, until the early 1960s, DPRK GNP advanced more rapidly than that of the ROK. In the course of ending economic assistance to Pyongyang and moving toward diplomatic recognition of Seoul, Moscow deeply alienated the North. Gorbachev was denounced as a traitor to socialism, and Russia was proclaimed an untrustworthy partner.

Despite efforts to rebuild an affirmative relationship with the DPRK in recent years, Russia remains an outsider in so far as the North is concerned. While Marshal Yazov and the head of the Russian Communist Party are the only two foreigners with whom Kim Jong-Il has met since the death of his father, little progress has been made on a broader front. The DPRK would like Russian weapons, but they have no funds for such purchases, and a sizeable past debt remains unpaid. Further, the security treaty has lapsed, and Moscow has no desire to reestablish a military alliance with the DPRK. Given the attitudes of Pyongyang leaders and the economic conditions in both states, Russia-DPRK relations are likely to remain cool and minimal for the foreseeable future.

Meanwhile, Moscow's relations with the ROK have developed quite well. South Korean entrepreneurs have been bolder than others in making certain investments in Russia, and considerable interest has been shown in the Russian Far East. Of at least equal importance is the fact that cultural relations between the two countries have grown significantly, from sports and the arts to intellectual dialogues, bilateral and multilateral.

Russia has made it clear that in its opinion, the Four Party Talks should be Six Party, with Russia and Japan included. The North is not likely to favor such a prospect, and the difficulties with these talks are already substantial. In such projects as the UNDP-sponsored Tumen River Delta project, Russia plays a role, although it exhibits some ambivalence toward those aspects of the project that might represent competition with its own hopes for a Greater Vladivostok Program involving expanded seaport and production facilities on the south Siberian coast.

In all probability, Russia's future role with respect to the Korean peninsula will hinge firstly upon the economic situation in the Russian Far East. However, it will also be affected by Russia's relations with the other major powers. Given the proximity of its military installations to this region, it must be a player in any regional security program as well as in the regional economic efforts, such as a Northeast Asia Development Bank.

## **Russia—Mongolia**

Meanwhile, Mongolia represents Russia's past. For seventy years, Mongolia, while nominally independent, was in reality an appendage of the Soviet Union. Its leaders were Moscow-trained and Moscow-tied. Its economic and political system was as close to that of the Soviets as conditions permitted.

Today, the Republic of Mongolia is truly independent, and Russian influence is currently minimal. An older generation of Mongols, to be sure, speak Russian and remain influenced by the past. Moreover, since Mongolia is suffering serious economic difficulties, the Mongolian Communist Party has enjoyed a resurgence, albeit, with past policies significantly altered. Yet the Russian presence is a comparatively minor one, with younger generations of educated Mongols studying English and looking either to the West or the neighboring East for inspiration.

Nonetheless, Mongolia has good reason to keep relations with Russia on a positive note, with such economic interaction as is possible. As noted earlier, it has not forgotten its history, and periods of Chinese dominance. Potentially, Russia can provide a part of the balance necessary, without being overlord.

In general terms, Russia's relations with the major powers and with Northeast Asia as a region hinge upon its domestic future. There is good reason to believe that at some point in the coming century, Russia will regain its strength and resume an equal role with the other influential states. It has an educated people, experience with high technology, significant resources, and a strategically important geopolitical position. If its economy remains open and its political system democratic, this could be of major benefit to both the region and the broader international community.

## **UNITED STATES: A NATION IN REVOLUTION**



**W**E TURN NEXT to the United States, a nation peripheral to Northeast Asia in geographic terms, but central to it in all other respects. Today, the United States can be defined not only as the sole global superpower, but as a nation that exemplifies an on-going revolution in its most profound sense. Whether the measurement be the dispensation of information, the frontiers of science and technology, the growth of affluence, or the profound challenges to old values and culture, the U.S. seeks to cope with a revolution vastly more pervasive than any previously known by man.

Naturally, this affects priorities. While the U.S. government feels itself forced to be involved in events around the world, the average American focuses first concern on such matters as a steady income, housing, education for the children, congestion, pollution, crime, and all of the tasks required to keep up with daily life. Any successful American politician must recognize that fact, and make certain that domestic issues have high priority.

In the realm of foreign policy, the United States plays diverse roles that might be compared with those of three figures present in American society: the firefighter, who rushes forth to put out blazes; the missionary, dedicated to saving souls (in this case, for democracy); and the accountant, who tots up the ledger, determining balances and assessing those on the negative side, determining what parties warrant warnings regarding their market conditions or in more extreme cases, limited access to funds or other economic transactions.

These roles are sometimes fused, sometimes singularly applied, and sometimes in contradiction. As noted earlier, U.S. foreign policy rests upon two foundations, namely, perceived national interests and moral commitment.

## U.S.—Japan

It is in this context that American policy toward the Northeast Asian nations should be viewed. In broad terms, U.S. policy toward Japan will continue to be one of strategic alliance, intensive economic interaction, and basic compatibility with respect to political institutions and values.<sup>17</sup>

A difference in political temperament, however, affects the relationship. Americans, both as a people and as a government, are frequently impatient. Problems are supposed to be handled quickly and thoroughly. Japanese, generally committed to intricate negotiations, agreement by consensus, and limited transparency, are most comfortable with gradualism.

Further, despite a basically similar structure of political institutions, the two nations have very different systems of informal politics, with that of Japan betokening a pre-modern, pre-Western past, replete with hierarchical and status distinctions.<sup>18</sup>

Thus, the process of understanding each other has by no means reached completion despite half a century of intensive interaction. The two nations, moreover, will always be economic competitors in some degree, and in addition, the very scale of their economic interaction with each other guarantees areas of contention. Can equality of market access be realized? Can technology sharing produce mutual benefit, or more broadly, can Japan innovate as well as borrow? Can managerial practices be made compatible? The U.S.-Japan economic relationship will remain sufficiently crucial to both societies to guarantee that issues will be resolved or contained. By the same token, however, strenuous negotiations, both official and non-official, will be necessary, at the bilateral as well as the multilateral level.

If the quest for “equality” breeds concern in the economic field, particularly on the part of the U.S., it has relevance to the security field as well. What should be Japan’s responsibility for peace and stability? Here, some American ambivalence exists. The U.S. does not want a nuclear Japan, nor does it want a Japan that reverts to the expansionist policies of the past. Yet it wants a Japan that does more. The revised security guidelines were a step in that direction. How long will they satisfy the United States—and Japan?

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<sup>17</sup>For two excellent studies, see Ralph A. Cossa, ed., *Restructuring the U.S.-Japan Alliance—Toward A More Equal Partnership*, CSIS Press, Washington, D.C., 1997, and *The United States and Japan in 1998: Adapting to a New Era*, The Edwin O. Reischauer Center for East Asian Studies, SAIS, Johns Hopkins University, Washington, D.C., 1998.

<sup>18</sup>An interesting analysis of cultural factors influencing Japanese decision-making is Youichi Hiranma, “The socio-cultural Dimension of Japanese Statecraft—How cultural norms influence Japanese policy-making?,” in *Domestic Determinant of Japan’s Foreign Policy*, PHP Research Institute, to be published in 1998.

In this realm, much depends upon the tide of events, especially in Asia. A conflict on the Korean peninsula would probably find Japan making the maximum contribution possible under the constitution on behalf of the ROK-U.S. cause. A U.S. conflict with China over Taiwan, however, would find Japan in deep dismay and confusion, with no firm position likely.

As noted earlier, the broad trend in U.S.-Japan relations is from patron-client ties to partnership. Yet it is very difficult to define partnership so that it is satisfactory to both parties. Thus, the issue of Japan's strategic contribution will ride with the tides, at home and abroad. For the present, however, the current strategic relationship between the U.S. and Japan will remain basically intact.

In the final analysis, the alliance between these two parties, together with their joint economic capacities, constitutes the most critical bilateral relationship in terms of East Asian peace and development. Mutual criticisms will continue to be voiced, and the differences in temperament will remain. Yet the importance of the relation will guarantee its continuance, at least until multilateral institutions become far more powerful than at present.

## **U.S.—China**

Basic U.S. policies toward China have already been set forth. The administration's commitment to engagement, while subject to severe tests on occasion, has become stronger in recent years. Yet terms like "engagement" and "containment" are too simplistic and absolute. In reality, U.S. policy will be a mixture of incentives and deterrents, with the effort being to induce China to play a constructive role in East Asia and the world as it achieves greater power, and at the same time, seeking certain benefits for itself, especially in the economic sphere, in the bilateral relationship.

The principal issues confronting U.S.-PRC relations were earlier detailed. The key ones are strongly dependent upon domestic trends and policies in China. But American domestic politics are also a significant variable. If the neo-isolationist movement garners increased strength, for example, and protectionism surges forward, the impact on relations with China as well as others would be substantial.

If one can assume that the broad trends in China will be in the direction of greater economic openness and increased political flexibility, however, and that the United States will remain committed to internationalism, both economic and political, the U.S.-PRC relationship should be positive on balance. Issues, some of them important, will remain, as has been indicated. Intensive dialogue and regularized negotiations, however, can substitute for conflict or a futile American effort to impose isolation.

## **U.S.—Russia**

U.S. policy toward Russia at present is relatively straightforward: support the Yeltsin regime wherever possible, but do not exhibit too much intrusiveness, thereby stimulating anti-American sentiment. To be sure, there are qualms about certain Russian leaders, and a lurking fear that Yeltsin's successor may come from the anti-Western camp or conduct a retreat from liberal policies. Little is taken for granted concerning the Russian future.

Moreover, while Russia is being brought into regional organizations in Asia-Pacific, most U.S. authorities regard it as premature to have Russia as a major player in such situations as the Four Party Talks. And as we have seen, there is mounting frustration over the current START stalemate, and Russian military sales to "rogue states." It is recognized, however, that the issue of NATO expansion greatly complicated the task of the "pro-West" proponents, and that the poor morale of Russia's military combined with the scarcity of civilian jobs adds to the problems of downsizing at this point.

In the long run, the U.S.-Russia relationship will be of global importance. Russia, moreover, will be a major player in Northeast Asia as a result of its geographic position and abundant resources. Indeed, some Russians evidence concern about the Russian Far East becoming more closely attached to Northeast Asia than to Moscow. In any case, the basic U.S. commitment to an economically sound, politically open Russian society is wise.

## **U.S.—Korea**

Korea remains one of the great question marks of the future, and the United States will be deeply involved,

whatever the scenario that unfolds. If Korean unification comes through the North's collapse, either swiftly or as a result of protracted decline, new issues for Washington will be posed. How much assistance can be given, economic and more broadly humanitarian, both to a beleaguered South and a ravished North? And as previously noted, should a civil war in the North ensue, will others, notably China, be involved?

In the unlikely event of another Northern inspired conflict on the peninsula, the American course has been clearly charted. The U.S. will commit its military resources fully, and seek an early end to the invasion with minimal damage to itself and the South. The U.S. commitment to the defense of the ROK today is unmistakably clear. There is to be no repetition of 1950 and the American policies that mislead the Communists.

The preferred course for the Clinton administration, however, is a combination of carrots and sticks that will induce Pyongyang to accelerate its efforts to change economic course, accept progressive interaction on many fronts with the South, and undertake moves leading to arms reductions on the peninsula.<sup>19</sup>

No one expects the path to these goals to be easy. The Agreed Framework of October 1994 represented a commitment by the United States to head a program for the creation of a light water reactor (Korean Peninsula Energy Development Organization—KEDO) in exchange for a DPRK pledge to abandon its earlier nuclear power project and permit inspection of facilities. While the U.S. heads KEDO, the bulk of the manpower and financing is assigned to the ROK. When financial woes ensued in the South—and Congress offered resistance to the funding of heavy oil for the interim, a part of the agreement, tension ensued, with the North threatening to return to its nuclear plans. By mid-1998, financial adjustments appeared to be enroute which would end the immediate problems, but uncertainties remain.

Meanwhile, the Four Party Talks, initiated by the U.S. and the ROK, and involving China as well as the DPRK, are again in recess, with the date of resumption unclear. The DPRK had insisted that a withdrawal of American forces from the South be discussed, an issue certain to produce deadlock. In point of fact, the North has never been happy with the talks, asserting privately that they represent Three against One. Its primary objective is to obtain a peace treaty and diplomatic recognition from the United States through bilateral negotiations. Its immediate desire is for a withdrawal of American economic sanctions.

In mid-summer of 1998, discussions with respect to KEDO and sanctions are taking place. Meanwhile, DPRK official organs issue sharp criticisms of the U.S. for “large-scale military maneuvers” with the ROK and numerous “espionage missions over DPRK territory.”<sup>20</sup> These criticisms are in part an effort to answer indirectly the critics of the DPRK espionage activities toward the South. Yet the North's fundamental objective of achieving a new relationship with the U.S. has not changed. In turn, Washington insists that there must be meaningful progress in North-South relations before U.S.-DPRK relations can be normalized.

The advent of the Kim Dae-Jung government in the ROK has lessened the tensions that earlier manifested themselves periodically between Washington and Seoul. Under Kim Young-Sam, the ROK seemed to follow an erratic course with respect to the DPRK. On occasion, it urged the U.S. to take new initiatives toward the North; yet at other times, it criticized the U.S. for being naive and too trusting in its policies toward Pyongyang. Moreover, an economic structure and policies that bore a strong relation to those of Japan irked U.S. economic policy-makers. Thus, while the U.S.-ROK relationship was never in fundamental jeopardy, annoyances on both sides were frequent.

Kim Dae-Jung has thus far spelled out economic reforms that meet with strong U.S. support. Moreover, his policy toward the North—the so-called Sunshine Policy—has included a suggestion that the U.S. consider lightening its economic restrictions, one of the main reasons why such a move is now under consideration.

The strong support for the U.S. and the alliance expressed by Kim, however, are not universally espoused in the South. In addition, Korean nationalism has sometimes taken an anti-American course from such diverse groups as farmers angry over the reduction of agricultural protection and militant students prepared to seek rapprochement with the North. And the North continues to encourage such voices, regularly calling upon the South to end its puppet status and become truly independent.

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<sup>19</sup> See Scott Snyder, “Deterrence, Diplomacy, and Crisis Management: Choices in US Policy Toward the Korean Peninsula,” *The Korean Journal of National Unification*, Vol. 6, 1997, pp. 209–233.

<sup>20</sup> See, for example, “We Cannot Overlook U.S. Military Moves,” *The People's Korea*, August 8, 1998, p 5.

Nonetheless, the overwhelming majority of Americans and South Koreans support the U.S.-ROK military alliance, and strong American-Korean economic and cultural ties. Kim Dae-Jung is close to being a hero in knowledgeable American circles for his long, courageous fight on behalf of democracy. The only concern is whether his popularity—currently high—will hold up in the South should the economic crisis continue for a lengthy period.

## U.S.—Mongolia

It remains to provide a brief examination of U.S. policy toward Mongolia. Since Mongolia abruptly departed from socialism and the protective wing of the USSR, the United States has been active in various NGO programs, primarily for training in the legal and political fields. It has also provided technical assistance and small grants for economic purposes. In general, however, Mongolia obtains less attention from the U.S. than is warranted. Strategically located, its capacity to preserve its independence and the results of its experiment in democracy can have a wider influence upon surrounding states than is often recognized. With a new generation at the helm, the time for assistance is now.

It is often asserted that since the Cold War ended, the United States has had no Asian policy broadly conceived, only diverse policies toward different Asian nations, with changes frequent and a general strategy lacking. There is some truth in that assertion. Yet to fashion a policy for Asia writ large with its principles clearly articulated and its various parts consistent, is a truly formidable task in the midst of constant change within the region, some of it massive.

The Asian policy toward which the United States appears to be moving is one that combines a concert of powers with a balance of power. Contrary to the opinion of some experts, these are not mutually exclusive. On a widening range of issues, multilateral coalitions can be put together for purposes of articulating and pursuing coordinated policies. Korea is one example; Cambodia another. Moreover, the great survival issues involving resources, environment, non-proliferation, and arms control constitute prime possibilities for the future.<sup>21</sup>

At the same time, given the efforts of diverse Asian states to engage in military modernization, the significant territorial disputes that remain, including those involving divided states, and the rising nationalism that is accompanying and in some degree, contesting the internationalist surge, a balance of power, with the United States playing a key role is still vitally necessary.

## THE KOREAS: NEW FLEXIBILITY?

LET ME NOW turn to the two Koreas and to Mongolia, the smaller states of region. Brevity is possible because many of the salient factors have already been set forth. With respect to Korea, the emphasis will be upon North-South relations since the two Koreas' relations with the major powers have already been analyzed.

As of mid-1998, the prospects for North-South accommodation remain cloudy, notwithstanding the new policies enunciated by Kim Dae-Jung and the support of all the major powers for positive North-South interaction. The North continues to evidence great suspicion regarding ROK policies, and a reluctance to move forward in the relationship except in the economic sphere. It asserts privately that Kim Dae-Jung is not in full control, with the national security and financial branches of the ROK government playing a restrictive role. As noted, moreover, it continues to label the ROK a puppet regime, and urges that it follow the *juche* (self-reliance) road of the DPRK.<sup>22</sup>

The South remains divided on how far to go in reaching out to the North. It has been deeply disturbed by such events as the submarine incident which clearly involved espionage agents, and the more recent

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<sup>21</sup>For thoughtful discussions of these issues, see James Shinn, ed., *Fires Across the Water—Transnational Problems in Asia*, Council on Foreign Relations, New York, 1998, and Mike Douglass, *East Asian Urbanization: Pattern, Problems, and Prospects*, Institute for International Studies, Stanford, July, 1998.

<sup>22</sup>A revealing article is that contained in *The People's Korea*, August 8, 1998, entitled "What Do Five Months In S. Korea Show?," p. 4.

discovery of a dead frogman from the North on a South Korean beach. Efforts to get Pyongyang to agree to visits on the part of divided families in exchange for providing fertilizer failed. Some visitations have taken place in the cultural field, namely, a youth musical group and a meeting of religious leaders in the North. Moreover, the ROK has relaxed somewhat the economic restrictions on investment, and various arrangements are being explored.

The economic route would seem the most logical method of improving and expanding North-South relations. The needs of the DPRK are massive, as is well known.<sup>23</sup> And despite its current economic woes, the ROK has the capacity to provide extensive economic assistance. Indeed, it is the most logical source of external support for reasons of proximity, culture, and patriotism.

The North is likely to remain wary, fearing that too much contact will expose its people to a very different South than DPRK propaganda has portrayed. However, given the North's needs and the South's more flexible policies, the opportunities for a new, more positive North-South relationship are probably better than at any time in the past.

## MONGOLIA: A NATION BALANCING

**T**O THE NORTHEAST lies Mongolia, a state twice the size of Texas, with only 2.2 million people, some 40 percent of them nomads. As noted earlier, the road away from Soviet-style socialism has been rocky, and Mongolia's troubles are far from being over. Frequent changes in top leadership testify to the difficulties at hand.

Mongolian foreign policy has one basic objective: to maintain balanced relations with its two giant neighbors, China and Russia, while increasing the presence of two others—Japan and the United States, thereby seeking the safety of numbers. It also intends to extend even-handedness to the two Koreas, having established diplomatic relations with both the ROK and the DPRK.

As noted, there will always be some Mongolian concern about China, given the size and proximity of that nation, and the assertiveness of Chinese entrepreneurs and traders in operating in Mongolia. Moreover, the Mongolian population, as noted earlier, extends outside the national boundaries, both north and south. Further, Mongolia's closest cultural contacts have long been with Tibet as a result of Buddhist affinities. Thus, there are a number of delicacies in the Mongolian situation. Under these circumstances, balance is the logical strategy, and one likely to be pursued into the future.

## CONCLUSION

**I**N CONCLUSION, A few generalizations about international relations in Northeast Asia are warranted. First, bilateralism will continue to dominate interstate relations due to the diversity of the states of this region, but multilateralism will gradually expand, with a concert of states the most logical route. Institutionalized multilateral institutions exclusively Northeast Asian, face many obstacles, with the initial ones likely to be in the economic realm. The growth of NETs, however, is already taking place, and is destined to play a major role in bringing the region into greater economic integration.

Second, bilateral relations between all major states will be a combination of cooperation and difference, with some element of tension. The premium will be upon the creation of mechanisms to resolve or contain the differences, generally in the form of regularized dialogues. To some degree, however, differences will be handled at the multilateral level, through such bodies as the WTO.

Third, the U.S. strategic alliances with Japan and the Republic of Korea will remain, with alterations gradual. These alliances will make the use of force by others to settle on-going disputes less likely. Over time, both China and Russia will augment their power— economic and military—and a more complex balance of power in Northeast Asia will emerge, with its precise shape not presently discernible. However, for the near term at least, the preponderance of power lies with the United States, and that nation is

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<sup>23</sup>For a comprehensive analysis of the DPRK economic situation, see Nicholas Eberstadt, "The DPRK as an Economy under Multiple Severe Stresses: Analogies and Lessons from Past and Recent Historical Experiences," *The Korean Journal of National Unification*, Vol. 6, 1997, pp. 151-190.

committed to combining a concert of powers with a balance of power.

Finally, the prospects for peace in Northeast Asia seem reasonably good, notwithstanding the economic difficulties and political uncertainties that affect the region. The priority for all nations today is that of economic development combined with political stability. To achieve these goals, the concentration must be extensively on domestic policies. Conflict with others would be enormously disruptive; war in most instances has become unwinnable, even for the "victors." As economic interdependence advances, moreover, this will be ever more apparent. We have not seen the end of violence in this regions, but it will take the form of domestic violence, not international conflict.

Thus, the future for Northeast Asia is basically hopeful, and given its importance, this region can set an example for the world at large.