

**TOWARD A BREAKTHROUGH IN
NORTHEAST ASIAN REGIONALISM:
OVERCOMING US AMBIVALENCE**

Gilbert Rozman

Professor

Princeton University Department of Sociology

Note:

1. This paper was contributed to *NIRA Policy Research*, Vol.17, No.1, 2004.
2. The views expressed in this paper represent the personal opinions of the author do not necessarily reflect NIRA's position.

Regionalism has been slow to develop in Northeast Asia despite the end of the cold war. Japan, China, and South Korea have successively sought to take the lead in shaping it, but each state's strategy failed to reassure its neighbors. Bilateral distrust within the region undercut attempts to build on the favorable foundation of rapid economic integration, drawing most nations together with the exception of only North Korea and, until recently, Russia. The U.S. may bear least responsibility of all six parties active in the region for the stunted regionalism, but from 2001 its profile rose sharply. A review of six stages of regionalism shows what went wrong and how the U.S. influenced the outcome. It also sets the stage for looking at ways to overcome U.S. ambivalence in order to give a powerful boost to regionalism.

When Japanese seized on the end of the cold war and the downturn in Sino-U.S. relations of 1989 to champion regionalism, their strategy was flawed and left the U.S. too much on the sidelines. It was based on national aspirations that defied cold war logic: focusing on the territorial dispute with Moscow rather than making sure that Moscow succeeded in entering a new era as a democratic, market-oriented system;¹ striving to become a bridge between China and the U.S. as a means to "reenter Asia" more than to ensure that China adopted principles of globalization and human rights;² and giving priority to the "Sea of Japan rim economic sphere," whose name irritated the Koreans and whose scope aroused suspicions in Russia.³ The first stage of pursuing regionalism was thwarted mostly by Japan's flawed strategy and reluctance on the Asian mainland to accept Japan's designs to become regional leader, but a lack of U.S. trust in Japanese globalization amidst intensified economic competition with Japan added to the obstacles.⁴

Japan continued to be the driving force for regionalism in 1991-93 when it as well as China, Russia, and South Korea boosted the role of decentralization.⁵ Each of these states had reason to unleash local forces along at least one of its borders: Japan in the hope that its economic prowess would overcome political obstacles, even if it meant bypassing national capitals; China in furtherance of modernization based on economic zones and local entrepreneurship with a new opportunity for its politically influential Northeast with the Russian Far East as well as South Korea and Japan; Russia as part of Boris Yeltsin's grab for power and Moscow's retreat from subsidies to far-flung extremities; and South Korea as a step in its "northern strategy" to entice the North by forging a zone of economic integration around it. "Border fever" degenerated quickly, as suspicious Russian elites preferred criminal gangs with narrow interests to openness to the outside or rumored Chinese "quiet expansionism."⁶ Japanese prefectures naively pursued cross-border ties without support from large, Pacific coast modern enterprises or from experts on problems facing foreign partners.⁷ A lack of U.S. interest in these local actions or the Tumen river delta urban development project that was supposed to be an engine for local networks was relatively unimportant as cross-border duplicity sufficed to raise tensions to the point that by 1994 regionalism linking localities was in full-scale retreat just as market economic ties were accelerating rapidly within the region.⁸

Increasingly, China overtook Japan in setting the course of regionalism. In the mid-90s when nationalism was rising sharply this took the form of placing civilizational ties in the forefront in the third stage of searching for a path that would lead to regionalism. Beijing sought to make common cause with Seoul in using the history card against Japan, and with Moscow in playing on anti-western sentiments left behind from

the heyday of communist ideology.⁹ The first North Korean nuclear scare had aggravated security concerns, but there was optimism before the Asian financial crisis that regional values would continue their ascent and “Asian values” would be confirmed in some form or other. Although the failure of this approach would be partially blamed on the U.S. role in exacerbating financial crisis, in fact it was reluctance to embrace global standards, for which South Korea was most exposed but much of the region was culpable, that doomed this impetus to regionalism.¹⁰ Instead of civilization commonalities, nationalism revived historical distrust, especially mutual accusations between China and Japan.¹¹

China also championed great power balancing as the path for the Northeast Asian region. Its socialist identity was suspect, and leaders had feared in 1989-92 that its political great power identity as part of the strategic triangle would be lost. Yet, optimism about strategic ties with Russia from 1996 and about growing strains between Japan and the U.S. led Chinese to overstate the potential for new triangles and even quadrangles in which they could achieve a balance of power.¹² This approach to uncertain security and divisions over leadership in the fourth stage in the pursuit of regionalism did not produce a breakthrough. If a spate of bilateral summits embellished as strategic partnerships seemed briefly to prove China right, at the end of 1998 Sino-Japanese, Sino-U.S., and Russo-Japanese relations all deteriorated and then in 1999 the shallowness of the Sino-Russian partnership was exposed through a separate deal to end the Kosovo War.¹³ National rivalries trumped strategic balancing, as overwhelming U.S. power grew apparent. Opposed to multipolar security balances, Washington was pleased that this approach ended.¹⁴

The Asian Financial crisis gave a boost to financial globalization, but it also became a turning point in regionalism. It raised China's profile as a responsible economic partner and as a market vital for South Korea and others to recharge their economies. At the same time, it left Japanese, as well as South Koreans, dissatisfied with U.S. and IMF management of the crisis. Misunderstanding over the U.S. Treasury Department's apparent about-face toward Japan's proposal for an Asian Monetary Fund became a symbol of Japan's pique that the U.S. stood in the way of regional approaches.¹⁵ With Sino-Japanese political relations troubled, however, progress on regionalism would require another voice along with the wider ASEAN +3 forums that brought China, Japan, and South Korea together. As the traditional link between China and Japan, Korea was ideally suited to fill this role.¹⁶

Still hoping for the advance of regionalism, Japan, China, and even Russia turned to South Korea as the critical country by 2000-2001. Kim Dae Jung brought them together through ASEAN+3, where Korea served as intermediary in the growing autonomy of the three; through the "sunshine policy" that put the South in the lead of what was planned as a joint overture to North Korea; and in bilateral breakthroughs, beginning with the October 1998 summit in Japan. After the Asian financial crisis China was more realistic about regionalism and by late 1999 "smile diplomacy" toward Japan reflected new awareness of U.S. global hegemony. Yet, South Korea's emphasis on North Korean ties gave the North a voice that it used to focus on security ties with the U.S. Regionalism in its fifth stage was held hostage to a precarious opening by the North that required American tolerance for the North's retention of a possible "nuclear card." Also, China and Japan were using ASEAN interest in regionalism as a proxy for

momentum in Northeast Asia, but Southeast Asian diversity made progress problematic. If the U.S. in 2000 viewed regionalism with benign neglect and joined South Korea in negotiating with the North, the advent of George W. Bush's administration in January 2001 raised the profile of the area's security dilemma. Kim Dae-jung found his strategy blocked. For the first time, the U.S. was the main barrier, although Japan's nervousness about North Korea would likely have made further advances toward regionalism difficult.¹⁷

In the opening phase of the Bush administration, Washington stifled South Korea's regional strategy, pressed China with threats of containment, and appealed to Japan to join in a tight embrace. U.S. unilateral actions thrust it into the center of regional dynamics and made it the main impediment to progress in regionalism; yet, its forceful stance brought to the surface ways in which the states of the region were not prepared. The new president of Russia, Vladimir Putin, had yet to recentralize power in accord with Russian conditions and set an economic strategy to join in globalization that would make regionalism possible. Kim Jong-il was waiting to agree to a summit in Seoul and to launch economic reform, remaining aloof from regionalism. China had yet to embrace regionalism tightly and to make absolutely clear its pragmatism toward Japan, while Japan was so confused about its priorities that many accused it of having no strategic thought.¹⁸ Washington laid bare the absence of mutual trust and of confidence in security, which put the pursuit of regionalism on hold in this sixth stage. After the U.S. responded to the September 11, 2001 attack on it with a more multilateral approach to Russia and China, regional matters were further eclipsed by sudden adjustments in global strategies.

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In 2003 the North Korean nuclear crisis brought new expectations about regionalism. After an upsurge of anti-Americanism brought Roh Moo-hyun to the presidency of South Korea, he was quick to recognize the need to rebuild ties with the U.S. and to appeal to regional integration with South Korea as the hub in order to identify a long-term approach to economic development. Meanwhile, Putin had fixated on gradual reintegration of the Korean peninsula with energy cooperation involving Japan and the U.S. as Russia's promising regional strategy in the face of the rise of China. Japan's Prime Minister Koizumi Junichiro switched abruptly from a direct initiative that took him to Pyongyang to a closer alliance with the U.S., but hopes also rose for an FTA with South Korea and an energy partnership with Russia that would shape regionalism. Finally, China's new president Hu Jintao adopted a more active diplomacy, pressing the North, appealing more to Japan, and raising the profile of regionalism.²⁰ All acknowledged the indispensable role of the U.S., especially in security, while the value of regionalism had risen in the face of U.S. unilateral tendencies and the common interests in a long-term approach to integrating North Korea. If the Bush administration set back regionalism for a time, it also, however unintentionally, better demonstrated regionalism's importance.

At the end of 2003 the standoff between the U.S. and North Korea persists, as six-party talks loom as the best venue to narrow the differences while bringing the collective pressure of the region to bear on both parties. The U.S. has become preoccupied with Iraq, making it more anxious for a multilateral approach in which all of Northeast Asia works together to end North Korea's nuclear threat to the stability of the region. On global security, the Bush administration has moved furthest in Northeast Asia toward multilateralism, although it still faced a leader in Taiwan whose strategy for the

presidential election in March could rile China and draw the U.S. into an untimely security crisis. Since China has become the critical actor in settling the North Korean nuclear crisis, its value has risen for U.S. policy. The growing likelihood of multilateral cooperation offers hope that a seventh stage in the pursuit of regionalism will follow in which the U.S. is less of an obstacle.

While initially the Bush administration may have appeared firmly set on globalization at the expense of regionalism the challenges faced at the end of 2003 may lead to second thoughts. Having announced in November restrictions on the growth of Chinese textile imports amid a politically potent national outcry over the loss of jobs and a trade deficit with China soaring above \$120 billion even before the impact of WTO entry has reached its peak, leaders must think anew about ways to integrate with the Chinese economy. It may be advantageous to speed China's move to FTAs, currency convertibility, and transparency. Regionalism may serve global objectives in achieving these ends. As the U.S. economy searches for engines of growth to sustain the recovery of 2003, Japan's weak expansion of domestic demand also could draw renewed interest. An FTA between Japan and South Korea in 2005, an energy agreement with Russia, and reform in conjunction with regional integration could also serve global objectives. While Washington will remain deeply interested in open regionalism to make its voice heard and security and financial globalization establishing the contours for regionalism, it may be more tolerant of Northeast Asian regionalism after the shock of the North Korean nuclear crisis and the alarm over loss of jobs and uncertain economic prospects.

Conclusion

Over 15 years several countries took a turn at trying to steer regionalism in a direction favorable to their own perceived national interests. Each of six stages saw a different dynamic, but all led to failure to achieve a breakthrough. As economic interdependence grew rapidly, security dilemmas and various sources of distrust stood in the way of a shared interest in establishing a regional grouping and forging a regional vision. If North Korea was a problem for all and Russia was the least ready to create a climate for regionalism among those pursuing this goal, the three core countries in intra-regional economic integration also bear some responsibility for failing to develop a joint strategy. Japan in the first half of the 1990s, China in the second half of the decade, and South Korea at the start of this century all misjudged the reactions to their strategies for leadership.

The U.S. did not play a positive role in the search for regionalism at any stage, but it also was not the decisive voice until 2001. Japan, China, and South Korea all attempted to engage the U.S. in their regional strategies, and they could have made much more progress without fearing a veto on open regionalism that accepted the principles of globalization. Their hesitation about globalization as much as U.S. doubts about regionalism complicated any accommodation. Only in the George W. Bush administration has a more unilateral U.S. approach to security globalization made the search within Northeast Asia more difficult.

To overcome U.S. ambivalence at least three things are needed. Close coordination must be achieved: 1) to reach a deal on North Korea's nuclear weapons and threat to stability; 2) to involve the states of this region more actively in the global war against terror and weapons of mass destruction; and 3) to set the region on a course of

joint development of energy resources, especially from Siberia and the Russian Far East, and continued progress toward WTO compliance and FTAs. These steps would not suffice to assure some in the Bush administration that they can live with the limiting power of a rising region finding its own voice, but they would neutralize major concerns and make it easier for the dynamics of ties within Northeast Asia to again drive the search for regionalism. South Korea's increased enthusiasm for regional goals, as expressed by Roh Moo-hyun in his inaugural address, China's more active diplomacy in pursuit of regional aims, as seen in the early steps of Hu Jintao's administration, and new signs of strategic thinking in Japan, such as active pursuit of Russia for an energy deal, are all positive signs that conditions are forming for a new stage that has greater likelihood of bringing a breakthrough toward regionalism.

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