

Domestic Drivers of Northeast Asian Relations*

T. J. Pempel

The Northeast Asian regional order is shifting since the old order was shattered by a decline in Cold War bipolarity and the rise in the penetrative power of global capital and corporations. The governments of China, Japan, and South Korea have been adjusting to these major external changes ever since, with each seeking to maximize their influence over the eventual structure of a new regional order, while simultaneously accommodating new domestic pressures. Initially, the adjustment process impelled the region toward economic interdependence, regional multilateralism, and reduced conflict. But recent years have seen an escalation in trilateral tensions and a resurgence of mistrust toward neighboring countries. By tracing the domestic adjustments in each of the three countries, the paper demonstrates how domestic adjustments in power, institutions and policies have been reshaping regional relations. This has triggered a recent rise in tensions rooted in an escalation of domestic nationalism.

Keywords: Northeast Asia, security tensions, globalization, domestic politics, economic adjustments

The Northeast Asian regional order has been undergoing a reconfiguration since the early-to-mid 1970s. From soon after World War II until at least the middle of the 1970s, the regional order was broadly structured by Cold War bipolarity plus national economic systems heavily buffered from outside penetration.¹ As bipolar tensions eased

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1. A considerable literature exists on “regional order.” Absent space to provide extensive articulation of its implications suffice to say that I use the term to mean a system of shared norms, rules and expectations that constitute, regulate and make predictable interactions among states within the region. See inter

and global economic and financial pressures mounted, regional relations became far less certain as governments have maneuvered to reshape their regional relationships. Broadly speaking, the results have been: 1) increased regional economic interdependence; 2) regionalized multilateralism; and 3) a reduced focus on regional military power projection. As a consequence of all three, the region has witnessed a blurring of prior dichotomies between “friends” and “foes.” Of particular note, political relations among China, Japan and South Korea (hereafter Korea unless otherwise stated) became broadly positive. With differing speeds and levels of enthusiasm, all three moved in the direction of global, regional and trilateral interdependence, a deepening of regional institutions, a tempering of nationalist bombast, and cooperation at the expense of contestation. Particularly emblematic of this cooperation was their trilateral compromise in forging the 2010 Chiang Mai International Multilateralization (CMIM), the initiation in 2008 of an annual Trilateral Summit, the subsequent creation of a Trilateral Secretariat based in Seoul, and the signing in 2012 of a three-way agreement governing trilateral investments.

Such cooperation proceeded despite tumultuous shifts in the regional balance of power, including the phenomenal economic developments in China married with its burgeoning military expenditures; Japan’s twenty years of slow economic growth and the plummeting in its share of world GDP which combined to topple it from its prior perch as regional economic hegemon; North Korea’s nuclear tests in 2009 and 2013 and perennial provocations; Korea’s successful recovery from the 1997-1998 Asian Financial Crisis, its transformative financial liberalization and the challenges posed to Japanese industry by many of its top companies; along with American policymakers’ preoccupation with the wars in Iraq and Afghanistan as well as the devastation to its domestic economy unleashed by the Global Financial Crisis of 2008-2009.

alia, Muthiah Alagappa (ed.), *Asian Security Order: Instrumental and Normative Features* (Stanford: Stanford University Press, 2003), pp. 33-69; Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy and Transition in Post-Cold War East Asia* (Oxford: Oxford University Press, 2013).

Since 2007-2008, and with accelerated acuity since 2012, however, previous cooperation has been surpassed by a rise in contestation. Petulant officials from all three countries contend that “the other guy started it.” But the consequence has been that the region is now witnessing a toxic brew of national mistrust and cross border animosity.

This essay examines this shift. Its central claim is that many of the biggest moves in trilateral relations, both positive and negative, have been heavily driven by domestic politics, often outweighing any shifts in strategic power balances. More specifically, the paper contends that as the old bipolar regional order collapsed, domestic political shifts have been taking place in all three countries as each seeks a beneficial mixture of domestic politics and regional or global security. For a time such domestic adjustments pushed China, Japan and Korea toward cooperative relations but in the last several years ongoing domestic shifts have begun to unleash far more nationalist xenophobia and a scapegoating of other countries in the region.

The paper begins by highlighting how, for sustained periods prior to two big external shocks — the ending of Cold War bipolarity and the increased sweep of economic globalization (beginning roughly in the late 1980s) — the three governments operated within a predictable, if periodically testy, regional order. Each pursued domestic agendas that reflected the longstanding preferences and policy predilections of well-entrenched ruling coalitions and institutions following predictable policy paths. In the process, domestic political preferences and regional foreign policies were mutually reinforcing.²

From there, the paper analyzes how the end of Cold War bipolarity and the increased penetration of East Asia by global capital and foreign imports challenged previously stable domestic orders. New pressures and policy options in turn often destabilized previously entrenched coalitions, institutions, and policies. At times, a substantial alteration

2. Elsewhere I refer to this combination of socio-economic coalitions, institutions and prevailing public policies as “regimes” and elaborate their role in shaping political behaviors over time. T. J. Pempel, *Regime Shift: Comparative Dynamics of the Japanese Political Economy* (Ithaca: Cornell University Press, 1998), esp. pp. 19-41.

resulted; elsewhere past practices were reinvigorated. Yet, cumulatively, domestic political biases initially shifted toward the collective embrace of economic development, regional, and trilateral cooperation and a downplaying of security and defense competition. Yet while such domestic tensions were initially resolved in favor of cooperation, in the last few years, Japan, the ROK, and the PRC have witnessed the upending of previously cooperative relations by the increased influence of nationalistic and introspective domestic political forces.

Two caveats are in order. In stressing the importance of domestic political considerations, I recognize, as Robert Putnam's famous two-level game metaphor famously underscored, that political leaders must continually calibrate both domestic and international constraints and opportunities as they make foreign policy decisions.³ There is no denying that many apparently domestic shifts were partly driven by changing foreign policy perceptions. But this paper argues that domestic political considerations have been powerful catalysts in the changing regional order and that they have become increasingly central in leaders' calculations over the last several years.

Secondly, significant as any recent confrontational interactions may be, it is well to remember that Northeast Asia has seen no state-to-state shooting wars since the armistice ending the Korean conflict in 1953. This is unlikely to change in the near to medium term despite recent tensions. Current turbulence, worrisome and prone to careless miscalculation as it may be, remains well short of presaging imminent military conflict. Recent testiness is primarily a reflection of 'coercive diplomacy' that remains on the lower rungs of any escalatory ladder.⁴

3. Robert D. Putnam, "Diplomacy and Domestic Politics: the Logic of Two-Level Games," *International Organization* 42, no. 3 (Fall 1988), pp. 427-460.

4. Thomas, J. Christensen, *Worse Than a Monolith: Alliance Politics and Problems of Coercive Diplomacy* (Princeton: Princeton University Press, 2011.).

The Cold War, Finance, and Domestic Regimes

At the height of the Cold War, the domestic regimes in China, Japan, and Korea each enjoyed internal power balances that, through suppression, side-stepping, or compromise, facilitated the pursuit of broadly consistent foreign policies. These reflected the prevailing global bipolarity, on the one hand, and domestic economies that drew predominantly on indigenous financing plus economic exchanges limited to Cold War bedfellows. Japan and Korea had well-entrenched ruling coalitions and government institutions committed to close military, economic, and geopolitical ties to the United States as well as to one another through bilateral alliances, U.S. military bases, inflexible anti-communism at home and abroad, along with the political marginalization of organized labor and citizens' groups.⁵ In China, domestic power arrangements and foreign policies were also mutually reinforcing as the result of a well-entrenched and rigid Leninist party, powerful institutions of authority, and collective opposition to, and isolation from, Western capitalism and pluralistic democracy. China's overseas economic relations were predominantly with other communist regimes. In these ways, all three countries enjoyed high levels of coherence internally that permitted unified grand strategies abroad.

Improved relations between China, on the one hand, and the United States and Japan, on the other, during the 1970s, followed by the collapse of the Soviet Union and its extended empire in Eastern Europe undercut the appeals of communist ideology and gave birth to a reexamination of existing security logics. Japan and Korea were further spurred to reassessments by the decreasing willingness of American policymakers to tolerate their strategically-accepted export successes at the expense of American manufacturing.

5. Bruce Cumings, "The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences," *International Organization* 38, no. 1 (Winter 1984), p. 24; T. J. Pempel, "The Developmental Regime in a Changing World Economy," in Meredith Woo-Cumings (ed.), *The Developmental State* (Ithaca: Cornell University Press, 1999), esp. p. 177.

Prevailing domestic arrangements in all three countries confronted a second challenge with the geometric expansion of the reach of global capital. By late 2014, some USD 4 trillion per day moved across national borders with the stroke of a few computer keys, a figure 25 percent higher than five years before and one vastly greater than any such figures in the 1970s or 1980s. As well, multilateral corporations honed elaborate modular production procedures that permitted them to transfer many of their low-skilled jobs and production processes to countries offering cheaper land and labor. Increased muscularity and political influence for multilateral and regional production networks followed as did rapid-fire moves toward freer trade and globally enmeshed capital techniques, all combining to challenge preexisting economic monopolies and oligopolies as along with previously insurmountable ideological exchange barriers. The previously extensive ability of political leaders to control their national economies became broadly circumscribed.

These momentous external changes rattled prevailing patterns of domestic power, providing opportunities for power holders, as well as those seeking power, to reconsider preexisting political calculations, to reorder longstanding power arrangements, and to alter prior policies. Initially such domestic recalculations stimulated all three countries to move toward enhanced economic integration and interdependence, engagement with regional institutions and a reduction in security tensions.⁶ But lurking beneath that patina of cooperation were forces pushing back against the shifting global challenges in favor of enhanced nationalistic appeals and the scapegoating of neighbors.

The Politics of Domestic Adjustment

The old regimes in China, Japan and Korea each underwent challenges as the result of the decline in bipolar tensions and the increasingly penetrative power of foreign finance and firms. In differing ways their domestic power configurations have been experiencing substantial transitions over the last 20-25 years. For sustained periods, such shifts resulted in: 1) increasing economic interdependence; 2) regional multilateralization; and 3) a reduction in geopolitical tensions both with one another and within the region more broadly. In more recent years, these moves toward cooperation have been stalled due to rising animosity.

China

The end of Maoism allowed China to break free of Cold War bipolarities by normalizing relations with the U.S. (1978), Japan (1972) and Korea (1992), and even to engage in strategic cooperation with the U.S. against the USSR while also widening its once “close as lips and teeth” ties with the DPRK. The USSR’s collapse later eliminated China’s most proximate security threat while accession to the UN Security Council, and the return of Hong Kong and Macau, boosted China’s international integration and sense of external security. Simultaneously, China’s economic interdependence with numerous prior enemies expanded rapidly. China joined the World Trade Organization (WTO) in December 2001 while absorbing vast quantities of aid and technology from Japan along with investments from multinational companies many of them headquartered in Korea and Japan.

Meanwhile the first Iraq War, carried live on CNN, convinced numerous Chinese security analysts that China was at best a second tier military power. Advocates of economic development gained policy-making preeminence at the expense of those favoring military confrontation. The Chinese foreign policy bias shifted from hardline promises to export revolution at the barrel of a gun in favor of economic development, the encouragement of foreign investment and technology

6. See, e.g. T. J. Pempel, *Remapping East Asia: The Construction of a Region* (Ithaca: Cornell University Press, 2005); John Ravenhill, “The ‘New East Asian Regionalism’: A Political Domino Effect,” *Review of International Political Economy* 17, no. 2 (March 2010), pp. 1-31.

and the commercial export of manufactured goods in ways reflecting little ideological resonance in Marx, Lenin or Mao. The peaceful resolution of many previously contested land boundaries with its fourteen neighboring states added to perceptions of a “peaceful rise.”⁷

China’s embrace of economic globalization was highly selective and required navigating a tortuous path between domestic economic needs and global financial pressures. In contrast to the earlier economic modernizations carried out by Japan, Taiwan and Korea, behind highly protectionist barriers for the domestic market, however, China welcomed the infusion of foreign capital as a catalytic necessity for its economic transformation. Ethnic Chinese business networks from Hong Kong, Southeast Asia and Taiwan pumped in vast quantities of investment capital, as did Japan and Korea, along with the developed countries more generally. Despite selective opening to foreign capital and investment, China’s economy remained tightly cosseted in areas such as banking, currency convertibility, and the continued salience of state-owned enterprises. Chinese leaders, chary of any full scale embrace of global economics that might see their political control eroded by international financiers, bond traders, and currency speculators, stoutly resisted suggestions that they open the economy more fully to capital penetration and control by foreign firms.⁸

After the crackdown on democracy protests at Tiananmen in 1989, economic growth took on even more centrality for the party’s legitimation. Communist Party leaders had been sharply split over how to deal with the demonstrations that nearly ended forty years of the Communist Party of China (CPC, commonly known as the Chinese Communist Party, CCP) control. Shirk provides a convincing case that three powerful conclusions consequently shaped the party leadership’s subsequent actions: 1) avoid visible leadership splits; 2) prevent large-scale social unrest; 3) keep the military on the side of

the party.⁹

Achieving these goals spurred the widespread tolerance of official corruption as one way to ensure buy-in to economic development by the politically and militarily powerful. According to the Corruption Perceptions Index compiled by Transparency International (TI), a Berlin based nongovernmental organization, China ranks among the more corrupt nations in the world, consistently among the worst one-third of the countries included in the TI index. As Minxin Pei put it: “Corruption in China is concentrated in the sectors with extensive state involvement: infrastructural projects, sale of land user rights, real estate, government procurement, financial services, and heavily regulated industries. The absence of a competitive political process and a free press in China makes these high risk sectors even more susceptible to fraud, theft, kickbacks, and bribery.”¹⁰

Meanwhile, to offset the possibility that emerging economic titans might pose a threat to political leaders, in 2001 Jiang Zemin stunned his countrymen by announcing that private entrepreneurs would be allowed to join the CPC because they contributed to developing and modernizing the country. Jiang fended off the strong opposition from other members of the party who believed that he violated the party’s socialist principles and the discipline and criteria for recruiting new members.¹¹ The move resulted in a solid alliance between the politically and economically powerful within the country.

Important to enhancing both mass support and leadership cohesion has been a program of officially sanctioned nationalism.¹² The

7. M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China’s Territorial Disputes* (Princeton University Press, 2008).

8. Barry Naughton, “China: Domestic Restructuring and a New Role in Asia,” in T. J. Pempel (ed.), *The Politics of the Asian Economic Crisis* (Ithaca, Cornell University Press, 1999), p. 207.

9. Susan Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2007), pp. 35-78.

10. Minxin Pei, “Corruption Threatens China’s Future,” *Carnegie Endowment for International Peace, Policy Brief 55*, October 2007.

11. Bruce J. Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (New York, N.Y.: Cambridge University Press, 2003).

12. Suisheng Zhao, “A State-led Nationalism: The Patriotic Education Campaign in Post-Tiananmen China,” *Communist and Post-Communist Studies* 31, no. 3 (March 1998), pp. 287-302; Chung-In Moon and Seung-Won Suh, “Identity Politics, Nationalism, and the Future of Northeast Asian Order,” in G. John

administration of Jiang Zemin launched “patriotic education” in the 1990s, dramatizing Chinese resistance against the Japanese invasion and painting highly negative portraits of Japan among the Chinese people.¹³ Patriotic fervor emerged as “an official doctrine of state nationalism by the CPC,” the rubric under which to promote national unity and to strengthen its ruling power.¹⁴ Xenophobic museums, patriotic school education, patriotic chat networks and popular demonstrations all became part of a party-driven nationalist agenda designed to self-legitimate the CPC. And in contrast to early party efforts to emphasize its (dubious) centrality to the defeat of the Japanese military in World War II since the early 1990s, the nationalist narrative has focused far more on the need to eradicate “a hundred years of humiliation,” a thread that paints the West and Japan as ever-ominous threats. Yet the excesses of nationalism were kept in some check by the party leadership as it sought to maintain close economic links with Japan and other economic partners and a subtle acceptance of the fact that the American military presence in Asia and Japan’s low posture on defense and security were congruent with China’s long term security interests.

All of these moves served China well by keeping the CPC unified and ensuring domestic quiescence (if not enthusiasm) while boosting the regional enthusiasm for China’s economic development. U.S. allies,

Ikenberry and Chung-In Moon (eds.), *The United States and Northeast Asia: Debates, Issues, and New Order* (Lanham: Rowman & Littlefield, 2008), pp. 193-229; Elena Atanassova-Cornelis, “The Political and Security Dimension of Japan-China Relations: Strategic Mistrust and Fragile Stability,” *Pacific Focus* 26, no. 2 (August 2011), pp. 165-187; Akio Takahara, “A Japanese Perspective on China’s Rise and the East Asian Order,” in Robert S. Ross and Zhu Feng (eds.), *China’s Ascent: Power, Security, and the Future of International Politics* (Ithaca, Cornell University Press, 2008), pp. 230-235.

13. Minxin Pei and Michael Swaine, “Simmering Fire in Asia: Averting Sino-Japanese Strategic Conflict,” *Policy Brief 44* (November 2005). Carnegie Endowment for International Peace, at <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=17720>.

14. Chung-In Moon and Seung-Won Suh, *op. cit.*, p. 208. As cited in Atanassova-Cornelis, *op. cit.* p. 173.

as was noted above, had long relied on the U.S. market as the major destination for their exports. Yet by the early 2000s that had shifted as China became the number one or number two export destination for virtually all countries across East Asia. Furthermore, economic interdependence between China and the U.S. deepened with the U.S. becoming the major destination for Chinese exports while China became the major purchaser of U.S. debt instruments. China also emerged as something of a regional hero during the Asian Financial Crisis by rejecting a devaluation of its currency as well as in the Global Financial Crisis a decade later when its leaders embarked on a CNY 4 trillion (USD 586 billion) stimulus program that was a major catalyst in invigorating international trade and avoiding global recession.¹⁵

China, while initially a multilateral skeptic, also became an avid participant in virtually any and all global and regional institutions. China is a member of the ASEAN Plus 3 (APT) and the financial process it has spawned, the CMIM, designed to buffer the region against potential financial crises. It joined the ASEAN Regional Forum and signed the Treaty of Amity and Cooperation. It convened and oversaw the Six Party Talks until their suspension; it cooperates in efforts to thwart North Korea’s nuclear program; and it has been an active proponent of various Asian bond market initiatives, the East Asia Summit and numerous Track II diplomatic processes. Such moves toward economic integration and regional institutional support bolstered the claim that China was engaged in a “peaceful rise,” challenging proponents of “power transition” theories that contended that a rising China would invariably demand systemic changes in the status quo that would be vigorously, and militarily, opposed by pro-status quo forces. Instead, Edward Steinfeld has gone so far as to claim that through its regional and economic activities, China was “Playing Our Game.”¹⁶

15. Barry Naughton, “China and the Two Crises: From 1997 to 2009,” in T. J. Pempel and Keiichi Tsunekawa (eds.), *Two Crises, op. cit.*

16. Edward Steinfeld, *Playing Our Game: Why China’s Rise Doesn’t Threaten the West* (Oxford: Oxford University Press, 2010).

Yet whereas China typically joined organizations begun by others and congruent with notions of regional and global cooperation, in 2001 it became the engine behind the formation of the Shanghai Cooperation Organization which some saw as an “anti-NATO.”¹⁷ And more recently in March 2013, it joined with the other BRICS nations in forming “The New Development Bank,” (NDB) while in May 2014 it proposed a regional finance institution known as the Asian Infrastructure Investment Bank (AIIB), with start-up capital of USD 50 billion, the majority of which would come from China. Both the NDB and the AIIB stand as potential competitors to the International Monetary Fund (IMF) and the Asian Development Bank (ADB), both widely seen as primarily responsive to Japanese and U.S. interests.

For nearly three decades after the initiation of the Deng economic reforms, domestic political arrangements appeared to be fostering leadership cohesion, popular loyalty, high growth, and regional integration. But in recent years, anti-corruption protests have mounted, the blistering economic growth has tapered off, and top leaders have found themselves subject to party criticisms, as with the purge of Politburo member Bo Xilai while a 2012 investigation by the *New York Times* revealed that the family of premier Wen Jiabao had billions of dollars in hidden riches.¹⁸ In the process, nationalism has exploded even as economic development remains the party’s central focus.

Years of stoking anti-Japanese flames had ebbed and flowed but it took on a new dynamism following tensions over the Senkaku/Diaoyu Islands that began with the ramming of Japanese coast guard cutters by a Chinese fishing boat and the captain’s subsequent arrest and the Japanese government’s purchase of three privately owned islands in the Senkaku cluster. The offsetting arrest of four Japanese businessmen, widespread citizen attacks on Japanese companies and property in China, and an outpouring of anti-Japanese vitriol from

suddenly uncensored ‘netizens’ were followed by the introduction in early 2014 of two anti-Japanese national holidays that have further inflamed anti-Japanese sentiments. Japan’s fulsome embrace of its own nationalism (discussed below) certainly facilitated the Chinese leadership’s ability to encourage domestic nationalists. Chinese nationalism has also partnered with official ROK criticisms of Japan as manifested, for example, in the two countries’ collaboration to erect a statue and memorial hall in the VIP lounge at Harbin railway station honoring anti-Japanese Korean nationalist, An Jung-geun, on a site where An assassinated Ito Hirobumi, architect of Japan’s constitution but also the overseer of Japan’s colonization of the Korean peninsula a century earlier.¹⁹

As the economic growth has slowed and popular protests have mounted, China’s new leader Xi Jinping has stoked the fires of nationalism as a companion to his risky efforts to fight official corruption (and eliminate intra-party rivals). While economic development remains the CPC’s key priority, official rhetoric now is embellished with nationalistic flourishes suggesting a policy shift toward enhanced military assertiveness directed at Japan, Southeast Asia and the United States. Indeed, given the increased perception among Chinese elites about U.S. weakness as well as Japanese self-isolation, a broad Chinese policy shift toward the rest of the region appears to be occurring.

Japan

If the jolts from reduced Cold War bipolarity and enhanced external economic forces in China were manifested primarily through adjustments within the ruling CPC, in democratic Japan, the exogenous challenges initially triggered the evisceration of the left-of-center opposition but subsequently also played out most prominently within the ranks of the long dominant LDP rather than through electoral party competition.

17. Rodion Ebbighausen, “Anti-Western Alliance in Asia,” *Deutsche Welle*, September 11, 2014, <http://www.dw.de/anti-western-alliance-in-asia/a-17914677>.

18. David Barboza, “Billions of Hidden Riches for Family of Chinese Leader,” *New York Times*, October 25, 2012.

19. *Asahi Shimbun*, “China sets up memorial for Korean anti-Japanese activist,” January 20, 2014, <http://ajw.asahi.com/article/asia/china/AJ201401200074>.

Japanese political elites had long been divided into several major camps on questions of security, but the Yoshida line of limited defense expenditures and a focus on economic development drove foreign policy from the early 1950s well into the early 1990s.²⁰ At that time a major blow to Japan's strict pursuit of "defensive defense" came when Japan's huge contribution of USD 13 billion during the first Gulf War was dismissed as mere "checkbook diplomacy," thereby unleashing a security debate won by those anxious to see Japan take on a more active role through UN Peacekeeping Operations and to forge more explicitly military links with the U.S.

Meanwhile, as Japan's economy expanded in the 1970s and 1980s, the Japanese currency soared in value, stimulating business firms to invest heavily abroad. Asia, including Korea and China, were major destinations. A torrent of official Japanese aid also flowed into Asia generally and China specifically in the form of yen loans, grant aid and technical cooperation. The result was a boom in Japan's regional influence and a cementing of its position as the leader of East Asia's extensive economic miracle. Of particular note for China-Japan relations, over the three decades following diplomatic normalization in 1972, Japan was consistently the largest aid donor to China. Private sector investments were also extensive so that by 2007, China and Hong Kong combined hosted 9.1 percent of Japan's total FDI overseas stock. Only the U.S. (31.9 percent) and the Netherlands (11.7 percent) garnered larger shares of Japanese FDI.

Even as Japanese monies moved out, heavy barriers remained to prevent foreign money and imports moving in. Pressures to continue past protections were most evident following the Plaza Accord (1985) which brought a huge revaluation of the Japanese yen, a move that European and American officials anticipated would reduce Japanese exports while boosting their firms' sales to Japan. However the Bank of Japan, aiming to counter the rise of the yen and to aid exporters, forced down interest rates creating the 1985-1990 bubble economy.

20. Richard J. Samuels, *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia* (Ithaca, Cornell University Press, 2007), pp. 109-132.

Once the bubble burst in 1990-1991, long papered-over divisions within the Liberal Democratic Party (LDP) and within business circles erupted into the open, triggering a two decade struggle between forces favoring variations on neo-liberal adjustment at home and regional integration abroad on the one hand, and domestic protectionist forces pressing a more nationalist agenda.

At the explicitly political level, the combination of security and economic changes had their most powerful impact in the decimation of the once formidable left of center opposition. Never more than a one-third minority in parliament, the Japanese left provided an ongoing, if episodic, check on Japan's ruling conservatives, hindering efforts to alter the postwar constitution, stressing the dangers of war and potential entrapment in U.S. security maneuvers, and endeavoring to keep the citizenry attuned to the darker aspects of Japan's prewar history. Electoral reforms in 1994, however, combined with the prime ministership of JSP leader Murayama Tomiichi (1994-1996), who scrapped virtually all of the longstanding positions of his party, led to the party's electoral collapse in the 1995 election, from which the collective left has never recovered.

Divisions over the national economic direction remained largely unresolved as a succession of one year prime ministers reflected the LDP's reluctance to tamper with the status quo, i.e. no liberalization of sectors core to LDP success such as construction, agriculture, finance, and small businesses. Protectionism was bolstered by a heavy reliance on pork barrel spending aimed at sustaining voter support, the end result of which was an explosion in public sector debt. Not until the prime ministership of Koizumi Junichiro did a tentative policy direction emerge.

Koizumi took office promising "reforms with no sanctuaries," pushing back on the pork-oriented elements in his party and their supporters, cutting expenditures for road construction and public works, privatizing numerous public sector corporations and capping the issuance of new bonds for public works. His most dramatic challenge to the old guard however came with his 2005 effort to privatize the postal system. This threatened to eliminate a mother lode of LDP pork

barrel spending as well to vitiate key links between politicians and their local constituencies. A titanic political battle between pro-Koizumi reformers and stalwarts of the old guard ensued, with Koizumi ultimately engineering a stunning electoral victory for himself and his allies in September 2005. The seeds of an economic revitalization and a more domestically moderate LDP had been sown.²¹

While moving his country toward economic globalization on the one hand, Koizumi also oversaw a reinvigoration of its defense and security policies on the other, largely in keeping with the goals of the combined defense establishments of Japan and the U.S. and one that swamped the diminishing number of dovish opponents within the LDP. Among other things, Koizumi raised the status of the Defense Agency, provided Japanese military forces for U.S. actions in Iraq and Afghanistan, enrolled Japan as the first foreign participant in America's missile defense system, and enhanced interoperability of Japanese and U.S. equipment. Also changed was a new military outline in 2004 that broke precedent by explicitly identifying China and the DPRK as potential security concerns to Japan.²²

Finally, Koizumi undercut the longstanding, if implicit, agreement between Japan and China put in place by Prime Minister Nakasone (1982-1987), that Japanese prime ministers would not visit the controversial Yasukuni Shrine. In a blatant attempt to garner the votes of the rightest oriented War-Bereaved Families Association during his 2002 campaign for LDP president, Koizumi promised that, if elected, he would visit the shrine on August 15.²³ His recurrent Yasukuni visits were supplemented by other gestures to the right such as government

approval of textbooks that denied large segments of Japan's aggression during World War II, downplaying the significance of forced prostitution to serve the Japanese military and pushing Japanese claims over Dokdo (known in Japan as Takeshima). In these and related ways, Koizumi and the LDP tapped into a lodestone of latent nationalist frustration over Japan's cascading decline and China's corresponding rise in political and economic stature (most demonstrably driven home when China's GDP surpassed that of Japan in 2010).

Subsequent LDP Prime Ministers Abe and Aso reversed most of Koizumi's economic reforms, welcomed back to the party those purged by Koizumi, and accelerated Japan's rightward and security moves, thus swinging their party back toward its pre-Koizumi posture. Their nationalist push included a drumbeat of criticism about the dangers of China's rise and North Korea's failure to account adequately for various Japanese citizens abducted by the DPRK program in the 1970s.

Abe-Aso efforts to reinvigorate the old regime, if not to move the entire power structure further to the right, were interrupted by the party's replacement by the more centrist Democratic Party of Japan (DPJ) in 2009. Seeking to improve Japan's relations with China and Korea, the DPJ sent a major business entourage of several hundred Japanese business and political leaders to China while Prime Minister Hatoyama floated a proposal for Japan to create and lead an "East Asia Community."

If the DPJ embraced greater regional cooperation it was also responsible for a key rupture in relations between Japan and China. For decades, Japan and China had been operating on an implicit, if not always publicly acknowledged, agreement that if Japanese official vessels seized Chinese fishermen in waters administered by Japan (i.e. the Senkaku/Diaoyu), they and their ship would be held for a few days and returned to China minus the catch. Following the 2010 incident, mentioned above, in which a Chinese fishing trawler rammed two Japanese coast guard vessels, DPJ Transport Minister Maehara spurned precedent by declaring that the captain would be subject to Japanese law. This triggered a violent series of anti-Japanese demons-

21. T. J. Pempel, "Between Pork and Productivity: The Collapse of the Liberal Democratic Party," *The Journal of Japanese Studies* 36, no. 2 (Winter 2010), pp. 227-254.

22. Christopher W. Hughes, "Japanese Military Modernization: In Search of a 'Normal' Security Role," *Population (m)*, No. 127 (2005), pp. 127-133; T. J. Pempel, "Japan: Divided Government, Diminished Resources," *Strategic Asia* 9 (2008), pp. 106-133; Richard J. Samuels, *Securing Japan: op. cit.*

23. Koichi Nakano, "The Legacy of Historical Revisionism," *The Asan Forum: An Online Journal*, July 25, 2014, <http://www.theasanforum.org/the-legacy-of-historical-revisionism> (accessed September 10, 2014).

trations in China, the tit-for-tat arrest of four Japanese businessmen in China, and China's freezing the export of rare earth materials — a critical component in many high-tech Japanese goods. The DPJ and the Foreign Ministry quickly backed off and returned the captain to China but not before creating a major rupture in bilateral ties.

Relations soured further under the DPJ when Prime Minister Noda took what he apparently thought was the tension-reducing move of purchasing three privately owned islands in the Senkaku as a way to forestall their sale to the right wing mayor of Tokyo who had threatened to use the islands for political purposes. Rather than welcoming Noda's move as conciliatory, China chose to interpret the action as an official move to bolster Japanese sovereignty claims which unleashed months of a testy cat-and-mouse game by Japanese and Chinese maritime vessels and aircraft attempting to outmaneuver one another in ways that might assert or refute competing claims of sovereignty.

The 2012 election saw the drubbing of the DPJ and the second prime ministership of Abe Shinzo. Winning office with promises to revitalize Japan's languid economy through a mix of policies labelled "Abenomics," the returning Abe proved slow to deliver economically but quick to advance his long held nationalist agenda, highlights of which included challenging the historical evidence behind Japanese government involvement in recruiting and providing sex slaves (comfort women) for Japanese troops, hedging on prior official apologies for Japanese behavior during World War II, installing a sweeping 'secrecy law,' and making an official visit to Yasukuni Shrine. He also created a cabinet rife with right-of-center parliamentarians. In his 2014 cabinet reorganization 15 out of a total of 19 cabinet officials, including Abe, were members of right-leaning organizations.

Since the decline in Cold War bipolarity and the rise in the force of global economics, Japanese policies have moved resolutely toward a tighter embrace of security ties with the U.S., combined with a resistance to structural reforms that would open its own economy and enhance productivity at the possible expense of well-entrenched economic forces. In the process, nationalist voices and policies have

been strengthened, much to the dismay of neighboring countries, but also to the United States, an ally embraced militarily but one reluctant to see regional tensions deteriorate.

Republic of Korea

Longstanding Korean economic policies under authoritarianism depended heavily on the success of oligopolistic *chaebol*; security policy pivoted around protection from a potential attack by the North; close military and economic ties were maintained with the US; and media outlets were predominantly supportive of the government in power. Ties with China improved economically but remained politically frosty.

Populist challenges to authoritarian rule had been ongoing for years in Korea and democratization was eventually achieved in 1988, just as the USSR was collapsing and the domestic Korean economy was benefitting from years of double digit expansion. Democratization allowed a political manifestation of long suppressed divisions on ideology, dealing with collaborators during the Japanese occupation, land reform, and the nature of state power, among other core issues.²⁴ And because Korea has an exceedingly strong presidency along with weak parties and a weak parliament, the result has been a series of jarring U-turns in Korean foreign policy as administrations representing competing blocs have alternated in controlling executive power. Two successive conservative presidents continued large segments of the old system from 1988 until 1998. Then, subsequent electoral victories by two left-of-center presidents, Kim Dae-jung (1998-2003) and Roh Moo-hyun (2003-2008), triggered new policy directions domestically and in foreign affairs only to be challenged by two of their conservative successors, Lee Myung-bak (2008-2013) and Park Geun-hye (2013-).

One of the earliest challenges to the old regime came in the late

24. Byong-Man Ahn, *Elites and Political Power in South Korea* (Cheltenham and Northampton, UK: Edward Elgar, 2003), p. 191; H. Sonn, "Regional Cleavage in Korean Politics and Elections," *Korea Journal* 43, no. 2 (Summer 2003), p. 33.

1980s from demands for financial-market liberalization by the OECD, IMF, and the U.S. government. The conservative Kim Young-sam government (1993-1998), anxious to see Korea join the OECD, was quick to embrace such reforms thereby jolting the previously well-entrenched financial institutions and their symbiotic ties with oligopolistic manufacturers. The government sought, with only partial success, to limit the ability of the *chaebol* to benefit from this financial liberalization. Ironically, however, democratization in 1988 boosted *chaebol* influence as politicians and political parties increasingly came to rely on big corporations for the huge financial contributions they could provide.

Any of these early systemic shocks from financial liberalization were dwarfed by the subsequent lambasting delivered during the Asian Financial Crisis (1997-1998). Heavy foreign borrowing by rapidly expanding Korean firms had left these firms, as well as the national economy more broadly, powerless in the face of sudden calls for repayment from lenders as well as to capital flight by investors.

An almost simultaneous shock to the old regime came with the stunning election of Kim Dae-jung as president in December 1997. A longstanding champion of democratization and a critic of much of the old regime, Kim took office at the height of the Asian financial crisis and quickly conceded to stringent IMF terms in exchange for national financial assistance. Kim took political advantage of the crisis, however, in an effort to reduce the economic control of entrenched business and financial sectors. He forced through substantial corporate reorganizations (the Big Deal and the Workout), nationalized or closed several banks and provided 100 percent opening of the financial sector to foreign investors. Additionally his administration expanded the nation's relatively thin safety net at the behest of his supporters from labor and the lower classes.

Importantly for bilateral Korean-Japanese ties, in October, 1998 Kim met with Japanese Prime Minister Obuchi and the two agreed to bury past bilateral animosities in favor of "forward looking relations." Kim also reversed the entrenched ROK defense doctrine that treated the DPRK as an implacable threat while simultaneously challenging

the Bush administration's portrayal of the DPRK as part of an "axis of evil." As part of his "Sunshine Policy" aimed at engaging the DPRK economically, Kim achieved a breakthrough visit to Pyongyang in 2000, meeting with Kim Jong-il in the first visit between the top leaders of the two Koreas since the end of the Korean War. Korea offered unqualified (and critics would argue "naïve") economic assistance and created collaborative projects such as the Kaesong industrial complex and the Mt. Kumgang tourist operation.

Kim's successor, Roh Moo-hyun further challenged preexisting patterns. His upset victory in 2002 expanded the reformist agenda of income redistribution and governmental decentralization, along with a continuation of Kim's Sunshine Policy (re-labeled Peace and Prosperity). He was even more explicit than Kim Dae-jung in striving to balance Korea's relations between the United States and China.²⁵ At the same time, he did initiate the bilateral free trade pact with the U.S. (KORUS FTA) that shored up the U.S.-ROK relationship through improved trade ties heavily in accord with U.S. preferences.

The country's political zig-zag continued when Lee Myung-bak became president in December 2007, followed in April 2008 by a substantial legislative victory for his Grand National Party. These dual wins reflected both disillusionment with many of the policies and inefficiencies of the Roh administration as well as a reinvigoration of key forces from the old regime.

Returning to long standing conservative priorities, the Lee administration stressed three policies: revitalization of the economy, strengthening the U.S.-ROK alliance, and enhancing Korea's position within the global arena. A Hyundai CEO turned politician who had shown great initiative as mayor of Seoul, Lee committed his administration to reversing the income redistribution policies of the prior two governments in favor of an emphasis on higher growth per se, such as had

25. Byung-Kook Kim, "Between China, America, and North Korea: South Korea's Hedging," in Robert S. Ross and Zhu Feng (eds.), *China's Ascent: Power, Security, and the Future of International Politics* (Ithaca, Cornell University Press, 2008), pp. 203-210.

been enjoyed in the 1980s and early 1990s. He advanced an ambitious 7-4-7 plan promising growth rates of 7 percent, incomes of USD 40,000 per capita, and a Korean GDP that would be number seven globally. As part of an overall development strategy that would remove what many businesses felt was the stigma given them under the previous regime, he also encouraged a friendlier bureaucratic climate for business overall, while promoting investments and public works projects.

Lee's administration also swung right on the issue of Korean history, contending that school texts promoted under the Kim-Roh regimes had denigrated the democratic and economic achievements of earlier leaders and that in the words of Chung-in Moon "adopt[ed] an anti-market, anti-liberal democracy, anti-American, and pro-North Korean stance."²⁶ The Lee administration's policies toward the DPRK also reversed many of those pursued by his two predecessors. Even before taking office the Lee government called upon the Ministry of Unification to hold up various cooperative projects initiated or promised by the Roh government so as to allow a complete policy review, indicating that the new government would consider most intra-Korean projects only on the basis of reciprocal actions from the North. And indeed, Lee entered office promising to disband the Ministry of Unification, which had been in the forefront of Kim-Roh efforts to improve North-South ties through economic assistance.

Central to this expected reciprocity was the move away from economic engagement with the North and the hardened insistence on denuclearization in exchange for economic growth. Lee promised that if the North gave up its nuclear arsenal the ROK would provide assistance to raise the GDP of the DPRK to USD 3,000 per capita, a feat predicated on growth rates of 10 percent per year in the North. But in exchange, the Lee government called for new concessions from the North, including improved human rights, while refusing to implement a sequence of inter-Korean agreements embodied in the June 15,

26. Chung-in Moon, "South Korea in 2008: From Crisis to Crisis," *Asian Survey* 49, no. 1, p. 125.

2000, and October 4, 2007, joint declarations between his predecessors and the DPRK.²⁷ Lee argued that carrying out the agreements of his predecessors had to pivot on the North's compliance with the earlier 1991 agreement.²⁸ His tougher foreign policy stance was reflected as well in the ROK's becoming a full-participant in the Proliferation Security Initiative (PSI), in the imposition of unilateral sanctions against Pyongyang, and in open discussions about a need to enhance ROK missile capabilities.

Bilateral relations between Japan and the ROK remained warm under the overlapping conservative administrations of Lee and Japanese Prime Minister Aso Taro. The two met on the periphery of larger meetings such as ASEAN Plus Three and the G-20; they also held a sequence of individual summits. Between the last quarter of 2008 and the first quarter of 2009 Aso and Lee met as many as eight times, indicating very warm bilateral ties. Additionally in early 2009, Japan and Korea signed their first formal defense pact covering military cooperation measures in a wide range of areas. Meanwhile, at the Shangri-la Dialogue in Singapore, Defense Ministers Lee Sang-hee of ROK, Hamada Yasukazu of Japan, and Robert Gates of the U.S. held their first trilateral defense ministerial talks. The ROK and Japan also reinvigorated suspended talks for a bilateral FTA. Equally important, Japan and Korea joined with China in a trilateral leaders' meeting in Fukuoka in 2008 that subsequently became institutionalized with annual meetings and a secretariat in Seoul. Yet Lee was not above playing to domestic nationalists as he demonstrated by making a sudden visit to the island of Dokdo (the first by a Korean president, and one roundly criticized by Japan) in the run up to the 2012 presidential elections.

Domestically the left fragmented during the Lee administration, not least because of the crackdowns on public protests and the prosecutorial efforts to convict former president Roh of official corruption,

27. *Ibid.*, p. 127.

28. Haggard, Stephan and Marcus Noland, "North Korea in 2008: Twilight of the God?" *Asian Survey* 49, no. 1 (January 2009), p. 99.

the latter leading to Roh's suicide. In the presidential election of 2012, consequently, conservative Park Geun-hye led her Saenuri Party to a comfortable win with 51.6 percent of the vote. Yet, at least since 2011, starting with an article in the US journal *Foreign Affairs*, Park sought to distance herself from Lee's hard line towards the North, advocating what she called "*Trustpolitik*."²⁹ After taking office her administration played this out by boosting U.S.-ROK links while softening Lee's tough line toward the DPRK. She also worked to improve ties with China. All of these were congruent with strategic calculations by the ROK. Where domestic politics have been most in evidence and at odds with strategic logic has been in the stunning collapse of the previously warm Japan-ROK links.

Thirty-five years of brutal colonization has left the Korean public simmering with negative attitudes toward Japan. At the same time, normalization and financial aid in 1965, the two countries' ties to the U.S., their simultaneously rapid economic growth and democracy, their domestic economic systems, various cultural exchanges and explicit efforts to improve ties often mitigated such criticisms. The positive relations between the two countries under Aso and Lee as late as 2008, various mil-mil exchanges, and participation in joint military exercises with the U.S. along with the exploration of a bilateral free trade agreement were but some of the manifestations of the positive security ties between the two countries in the late 2000s.

Since its inauguration, however, the Park administration has joined China in relentless criticism of the Abe administration and his ongoing embrace of multiple right-wing positions, most sensitive of which to Park personally has been the broad wink-and-nod skepticism Abe and his administration have demonstrated regarding the Japanese government's responsibilities for the wartime military system of "comfort women." Frostiness between the two leaders was evident in the fact that the first post-inauguration phone call between Abe and

Park did not come until March 2013, in the numerous previously-scheduled high level meetings cancelled by the ROK, and by Park's unrelenting refusal to meet bilaterally with Abe, describing him as failing to have a correct understanding of history. Following Abe's visit to Yasukuni, Korean public opinion of him plummeted to a level below that of Kim Jong-un.³⁰ Park was finally strong-armed into a three way sit-down among herself, Abe and President Obama, in March, 2014, the U.S. being distressed by the deterioration of ties between its two most important Northeast Asian allies in and the risks of poisoning America's broader regional goals. Nevertheless, the bitterness of Korea-Japan relations under Abe and Park, despite the strategic logic pressing for cooperation, continues to underscore the driving power of domestic politics.

Trilateral Deterioration in the Face of Competing Nationalism

The preceding analysis allows four major conclusions. First, Northeast Asia is forging a new regional order, the major parameters of which are still being worked out. Nevertheless the previous order shaping interactions until the end of the 1980s or the beginning of the 1990s has disappeared. No longer is the region structured primarily by the sharp bipolar security tensions combined with the high degree of national economic insulation of the past. China and the U.S., for example, have become "frenemies" on a range of global and regional security matters while becoming deeply interdependent economically. Economic and institutional linkages among Japan, China and Korea have deepened. Meanwhile, within both Japan and the ROK their respective alliances with the United States are undergoing reexamination; even as they are re-embraced they show enhanced complexity and greater independence for the previously junior partners. More

29. Park, Geun-Hye, "A New Kind of Korea: Building Trust between Seoul and Pyongyang," *Foreign Affairs* 90, no. 5 (September/October 2011), <http://www.foreignaffairs.com/articles/68136/park-geun-hye/a-new-kind-of-korea>.

30. Asan Institute, "Challenges and Opportunities for Korea-Japan Relations in 2014," <http://en.asaninst.org/contents/challenges-and-opportunities-for-korea-japan-relations-in-2014>.

broadly, throughout the region multilateral production networks, foreign direct investments, and trade have woven complex webs of interdependence among previously frigid neighbors while undercutting the power of domestic finance to shape economic activities within national borders. A flurry of overlapping and occasionally competing regional institution building has been occurring since the formation of APEC in 1989. Paralleling this has been an expanding network of bilateral and minilateral free trade agreements.

Second, external shifts in geopolitics and geoeconomics have opened up political space within the domestic political economies of Northeast Asia for a rethinking and reconfiguring of security and economic policies. Bipolar security ramparts have been lowered while important instruments of domestic economic insulation have often been discarded. China improved ties with virtually all of its neighbors while pursuing economic growth and regional ties, even as the maintenance of popular support and leadership unity has rested on a tolerance of official corruption, ideological dilution and popular nationalism. The political left was eviscerated in Japan allowing the prior establishment to consolidate power and swing further to the right even though to date little progress has occurred in reconfiguring and reinvigorating the economy. Democratization in Korea has been manifested in sharp turns within both security and economic policy as presidents with competing socio-economic based and ideological predispositions have alternated in power.

Third, the combination of these forces was initially conducive to closer economic ties, more numerous multilateral institutions, and a reduction in security tensions. A reduced American military budget and a focus on economic and multilateral engagement with East Asia by the Clinton and Obama administrations, emblematic of this tendency, found resonance in China's economic reforms, Japanese investments and aid across Asia, and the moves by Kim Dae-jung toward both regional and DPRK engagement as well as the explosion in new regional multilateral institutions.

Fourth and finally, however, in the past several years, a wave of competing nationalisms has derailed what had previously been a

herky-jerky but nonetheless clearcut trend toward greater trilateral cooperation. As was noted above, nationalism has deep roots in all three countries and hostility toward Japan has ebbed between latent and inflammatory in Korea and China for decades. And within Japan, a burgeoning and introspective nationalism has been evident since the bursting of the economic bubble in 1990-91. A festering animosity toward China was visible as early as 2000 when a Chinese naval reconnaissance ship sailed around the Japanese archipelago along with subsequent intrusions into undisputed territorial waters as well as with the two countries' mini-trade war of 2001.³¹ Yet for most of the first decade of this century tensions were tamped down and mass political xenophobia was checked by political leaders in all three countries. All appeared to stress collectively the positive benefits of cooperation over the competing national interests threatening to push them apart.

Leadership efforts to restrain domestic nationalism has been replaced by three leaders stoking the flames of suspicion. Ongoing shifts in the regional order, as well as the recent flare-up in maritime security tensions makes it tempting for leaders to hunker down behind national walls and to lay blame for unwanted changes in the actions of neighboring countries rather than at home. Yet it is important to acknowledge that the recent tensions and expressions of cross-border animosity have powerful roots in domestic politics.

Prime Minister Abe has made no secret of his broad scale efforts to bolster national pride and to erase what he claims has been a postwar penchant for national self-abnegation and apology. Korean President Park has been wary for domestic political reasons of appearing too sympathetic to Japan since her father has long been criticized as a collaborator with Japan during the colonial era and as the man who signed away Korea's rights to official apology and reparations from Japan for 35 years of colonization. And surely the Abe administration's

31. Akio Takahara, "A Japanese Perspective on China's Rise and the East Asian Order," in Robert S. Ross and Zhu Feng (eds.), *China's Ascent: Power, Security, and the Future of International Politics* (Ithaca, Cornell University Press, 2008), pp. 220, 226.

efforts to rewrite the well-established historical record on sex slavery feeds Park's efforts. And anti-Japanese nationalism is undoubtedly helpful to President Xi in his attempts to consolidate his rule, crack down on CPC and other official corruption, deal with the slowing pace of economic development, erase the 'hundred years of humiliation,' and in the process improve relations with Korea while driving a potential wedge into the U.S. alliance with Japan.

The current situation of uncertainty and diminished cross-border trust and rising animosities may well be temporary. We may well see moves to reduce tensions as has frequently happened in the past. Yet the present situation poses serious risks. As governments jostle to ensure themselves the greatest possible influence over the regional order's evolving characteristics, the chances for inadvertent mishaps are high. Ships maneuvering for position in contested waters; aircraft scrambling to meet erstwhile challengers; military vessels attempting to spy on nearby military maneuvers and calculate how much is "routine," how much is "probing," or how much is provocatively "hostile;" top leaders refusing to meet; and the mutual exchange of nationalistic vituperations: all these are freighted with the serious danger of unwanted clashes or miscalculations. The risk of accidental and unintended military interactions will persist whenever emotions run high, leaders fail to meet, and military forces operate in close proximity. And rabid nationalism among the populace will make backing off from potentially tense security situations far harder. The central task facing political leaders across the region today is reducing the danger that such interactions will escalate into more serious and irreversible spirals into conflict.

In conclusion, let me underscore one final point: to date the evolving order in Northeast Asia shows little evidence of being determined by any theoretical teleology projecting inevitable conflict. Although the region is undergoing a power transition, the power of domestic politics and political agents to shape events, as noted throughout, should underscore that there is no inevitability to outright clashes and shooting wars. The experiences of eighteenth or nineteenth century Europe should not be ignored as one looks at Northeast Asia and the

power transition currently underway. But the cataclysmic predictions of power transition theory rest on a very limited number of cases under very different historical conditions. It is important to recognize that the future of Northeast Asia remains in the hands of today's and tomorrow's leaders to shape. This shaping can be done poorly or well. But the goals they pursue, and the actions they take to achieve them, will be the products of human free will, for the betterment or detriment of the region.

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