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The Future of East Asia: Four Risks to Long-Term Stability

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Earlier this year, I wrote about the opportunity that the ascent to power of a cadre of leaders around the region—Shinzo Abe in Japan, Xi Jinping and Li Keqiang in China, and Park Geun-hye in South Korea—presented for a reset of relations among East Asian countries. To achieve a reset, countries in the region need to overcome their confrontational postures. But the opportunity for a reset among the new leaders has been squandered. Rather than utilizing their honeymoon periods to move regional relations in a positive direction, confrontational postures have become even more deeply entrenched. This situation presents a significant risk not just to the short-term stability of East Asia, where miscalculations can lead to violent conflict, but also to the medium to long-term cooperative efforts that are needed to ensure that the evolution of regional order is locked into a peaceful and stable trajectory.

Now it is clear that the years leading up to 2020 will be key for shaping the future of the region. This is when Japan is set to host the Olympic Games in Tokyo and when China has set for itself the target of doubling its 2010 GDP and per capita income for both rural and urban residents. In particular, four main risks demand our attention: the regional policies of the United States and China, the nexus that has developed in the region between domestic politics and foreign policy, the rising tide of nationalism, and North Korea.

American and Chinese Regional Approaches

The regional policies of China and the United States (including US-Japan alliance coordination) will have long-term ramifications dictating the way in which competition is managed and cooperation is deepened on shared interests.

For the last two decades, the strategy espoused by Deng Xiaoping—for China to keep a low profile (*tao guang yang hui*) in international affairs—has been a key guiding principle of Chinese foreign policy. However, around 2010, just before it overtook Japan as the world's second largest economy, China appeared to disregard Deng's dictate in favor of a more confident, assertive approach. This was prominently displayed at the ASEAN Regional Forum meeting in Hanoi that year as China attempted to keep territorial disputes in the South China Sea off the agenda. Ongoing tensions with Japan over the Senkaku Islands, the banning of fish imports from Norway in

2010 as retribution for awarding Chinese dissident Liu Xiaobo the Nobel Peace Prize, the blocking of banana imports from the Philippines in 2012 as punishment over the Scarborough Shoal dispute, and most recently China's abrupt declaration of an Air Defense Identification Zone (ADIZ) in the East China Sea, which overlaps with Japan's own ADIZ and covers the Senkaku Islands, are also indicative of this trend.

The United States should respond appropriately in order to deter aggressive and unilateral behavior, but it should do this while engaging and not containing China. This is further complicated by the fact that the United States must figure out how to rearrange its military posture as it seeks to extract itself from Afghanistan and Iraq and reduce its defense spending. To this end, the United States has declared its "pivot" to Asia—which it has since renamed a "rebalancing" so as to avoid any perception of containment—and joined the East Asia Summit.

From a Japanese perspective, however, there is concern that a significant gap in US and Japanese thinking may emerge regarding the best approach to China. Recently the United States has been distracted by domestic political gridlock. Additionally, US National Security Advisor Susan Rice, in a November 20 speech at Georgetown University, referred to "operationaliz(ing) a new model of major power relations" with China, which has been misinterpreted in the Japanese media as US accession to the G2 concept. This has sparked concern that the United States may agree to China's own definitions of Chinese "core" interests and it may become too accommodating toward China in the future. The recent statements by Secretary of State John Kerry and Secretary of Defense Chuck Hagel affirming that the Senkaku Islands are covered under the US-Japan Security Treaty and voicing deep concern regarding China's announcement of an ADIZ in the East China Sea, as well as the dispatch of B-52 bombers to the ADIZ, have made some progress toward assuaging Japanese concerns. But it is crucial that when the United States expands its cooperation with China, as it rightly must do, it conduct US-Japan alliance consultations ahead of time to prevent misunderstandings and ensure that new modes of cooperation are compatible with alliance structures.

The Domestic Politics–Foreign Policy Nexus

The trend of domestic politics undermining bilateral cooperation and becoming increasingly irreconcilable with regional goals has become a risk to the medium and long-term stability of East Asia.

In the United States, the polarization of domestic politics has manifested itself in US foreign policy in decidedly negative ways. The culture of filibustering and the gridlock surrounding Obamacare, the debt ceiling debate, and budget deliberations, which prevented President Obama from attending the APEC meetings and East Asia Summit in Indonesia and Brunei in October, have undermined the credibility of US leadership in the region. Moreover, political deadlock seems to be contributing to the decline in public support for President Obama.

Despite the reforms that were pledged at the Central Committee's Third Plenum in November, China still faces an array of domestic political challenges including rapidly growing income inequality, low living standards among the estimated 260 million rural migrant workers, widespread corruption, food safety issues, air pollution, the de-leveraging of the financial sector, and the lack of structural reform to shift to sustainable growth. The failure to address these domestic political challenges has the potential to seriously derail the legitimacy of the Chinese Communist Party (CCP). Under this scenario there is an increased risk that Beijing could be tempted to become adventurous in its foreign policy in order to divert attention from its domestic governance shortcomings, focus public frustrations on an external enemy, and thereby achieve domestic cohesion.

In Japan, the economic situation appears to be improving with the initial successes of Abenomics. However, the risk now is that while the first two arrows (aggressive monetary policy and flexible fiscal spending) have hit the mark, the follow-through on the third arrow of growth strategy, which needs to have the greatest impact if Abenomics is to be successful in the long term, has been underwhelming. While Prime Minster Shinzo Abe has been relatively pragmatic until now, an economic setback could tempt him to push conservative and nationalistic policies, which would

further worsen Japan's already tense bilateral relations with China and South Korea.

In South Korea, the constitutional court ruled that the denial of South Korean victims' ability to pursue compensation for damages suffered during Japanese colonial rule was a violation of human rights and unconstitutional. Even though this court only has domestic jurisdiction, the ruling is in conflict with the overall thrust of South Korean foreign policy and the 1965 Japan-ROK diplomatic normalization agreement. Under that treaty, Japan and South Korea settled all legal claims between the two countries and Japan provided South Korea with US$500 million in economic assistance. Thus this domestic action strikes at the very underpinnings of the Japan-ROK bilateral relationship and has raised tensions unnecessarily.

The Rise of Nationalism

Also, nationalism has been on the rise around Northeast Asia, and its growing spillover into policy-making in the region is compounding the challenge of reconciling the domestic politics–foreign policy nexus.

China's national narrative, as seen through a CCP lens, emphasizes the role of the Communist Party in overcoming suffering at the hands of Japan's military during the Pacific War. As such, China's period of national humiliation and anti-Japanese sentiment lingers at the forefront of the Chinese national consciousness. Now that China has risen to become the second biggest economy—and the second-largest defense spender—in the world, it is starting to regain its national confidence. As part of the internal debate in China, questions are now being raised about the long-term relevance of Deng's low-key approach, and pockets of conservative nationalists on one side appear to be in favor of jettisoning the principle once China is firmly situated as a major power. Given this situation, greater efforts are needed to guard against unilateral changes to the status quo and to bring China into the fold as a responsible regional stakeholder and as a partner of the United States and Japan.

The optimism surrounding the amazing speed with which Japan rose from the ashes of defeat of World War Two, and rebuilt itself as an economic powerhouse, has turned to frustration. In the decades since its asset price bubble burst in the early 1990s, economic growth plateaued and Japan failed to take decisive action to revitalize its economy. Japan's demographic challenges have also exacerbated the sense of frustration. As such, public opinion in Japan has gradually become more questioning about Japan's postwar pacifist posture, and the rise of China and the threat posed by North Korea have become easy targets for the venting of frustrations. Recent polling shows that 90 percent of the Japanese public have negative feelings toward China and vice versa.

Meanwhile, South Korea's history as a country caught at a geopolitical crossroads between China, Russia, and Japan has fostered an exceptionally strong sense of national identity. South Korea has gone on to achieve remarkable economic growth, become an OECD member, and undergo a stunning process of democratization. But its continued focus on history issues and the wrongs that Japan committed in the first half of the 20th century, in a manner that inhib-its present-day cooperation, reflects a highly volatile national consciousness. This trend has even gained strength under President Park Geun-hye, who much to Japan's dismay and against normal diplomatic protocol, has criticized Japan in third countries, rather than bring her complaints directly to Japan in a bilateral summit.

The narrative that is increasingly shaping Northeast Asian countries' national identities is problematic given the highly insular mentality it feeds and the antagonistic postures it encourages. Greater efforts are needed to promote national narratives within the broader framework of regional cooperation and give focus to the shared peace and prosperity and intertwined destiny of the region.

North Korea

The situation in North Korea, in terms of both its domestic politics and external relations, also presents a significant risk to the future of East Asian regional stability. Since Kim Jong-un took over power from his father two years ago, Korea watchers have intently looked for signs to gauge the extent to which Kim Jong-un has consolidated power. The canny efforts of Kim Jong-il and Kim Il-sung in creating an

intentionally opaque political system that stamps out expressions of criticism against the regime and prevents them from ever becoming public make the situation tremendously difficult to judge from the outside. However, while Kim Jong-un has been dubbed Supreme Leader, he does not appear to wield power in as outright a manner as his father or grandfather. Moreover, recent South Korean intelligence reports of Jang Song-thaek—Kim Jong-un's uncle and the vice-chairman of the National Defence Commission—being dismissed from his posts, as well as reports of numerous purges of high-ranking Korean People's Army personnel, suggest that Kim Jong-un's transition may not have been as smooth as surface-level indicators would have us believe. So while a grassroots movement against the government is still extremely unlikely, the need for Kim Jong-un to keep the military on his side and the risk of a backlash from disgruntled purged former generals and their supporters remains.

It is clear that North Korea wants dialogue with the United States, but the two sides disagree on preconditions to be satisfied before any meeting can take place. This is a result of the United States, Japan, and South Korea feeling cheated in past denuclearization negotiations. Thus they want North Korea to demonstrate that it is serious this time around, and they also desire assurances from China that it will give its full backing and cooperation to any deal. China's unique position as North Korea's only de facto backer means Chinese support is crucial to ensure any future potential agreement is implementable in reality. Additionally, the situation in the Middle East—and getting a nuclear deal with Iran right—is critical to the North Korean situation. A successful Iran deal will show North Korea, which is wary of how Libya was steamrolled after giving up its nuclear program, that a denuclearization deal can lead to a win-win situation for all parties. At the same time, focusing excessively on the Middle East and neglecting North Korea would be a mistake. As unpalatable as negotiations with North Korea may seem, strategic patience is not a realistic alternative as it just gives North Korea more time to refine its nuclear development. Moreover, in the absence of negotiations, North Korea is likely to begin the cycle of military provocations again, including through further missile or nuclear tests or via stealth attacks utilizing its asymmetrical advantage along the contested Northern Limit Line that demarcates the two countries' western maritime border.

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We have already missed one golden opportunity, but if the confrontational postures that have emerged in the region become entrenched, there is the risk that the future regional order may be derailed. Over the coming years leading up to 2020, there is a need for increased efforts to convince the respective publics in East Asian countries of the importance of regional cooperation and for intensive discussion between leaders for the mutual promotion of brave leadership that does not succumb to the temptation of short-term domestic political gains at the expense of long-term regional cooperation. Policymakers must be more conscious of the medium to long-term evolution of regional order and focus regional cooperation in order to overcome nationalism, de-fang domestic political dynamics that undermine bilateral cooperation, and pursue domestic objectives that are compatible with regional cooperation and the goal of shared peace, prosperity, and stability in East Asia.

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East Asia Insights

East Asia Insights is an occasional newsletter focusing on East Asia community building from the Japanese perspective.

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