Gunboat Globalization:  
The Intersection of Economics  
And Security in East Asia

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In September 1999, the United States offered North Korea a deal: dollars for disarmament. In exchange for North Korea freezing its missile development program, the U.S. would lift the economic sanctions that have prevented trade between the two countries for the past 50 years. Shortly before the June 2000 summit between the two Korean leaders, the U.S. finally followed through on its promise to ease sanctions. Despite a nascent détente on the Korean peninsula, however, the U.S. refuses to retire its East Asian containment policy. In other words, although the Clinton administration indicated a willingness to help North Korea enter the global market, the U.S. has refused to remove any of the weapons or troops that currently threaten North Korea.

This combination of militiamism and neoliberal engagement exemplifies U.S. relations toward East Asia more generally. The U.S. struggles to maintain the Cold War in Asia on the basis of 100,000 troops, considerable hardware, and sizable contributions from Japan, South Korea, and the Philippines. At the same time, particularly in the wake of the 1997 Asian financial crisis, the U.S. government has consistently pushed for neoliberal reforms that involve the privatization of state assets, the lowering of barriers to trade, and the elimination of restrictions on the transnational movement of capital.

In some cases, U.S. economic and military objectives have overlapped, and the U.S. State Department and the Commerce Department have worked hand in hand. Conventional arms sales, high-tech research programs, and lowered trade barriers have accomplished both objectives of greater market access for U.S. businesses and stronger allied military postures against perceived enemies. Yet globalization and U.S. militarism do not always mix well in East Asia. Certain military imperatives, such as a regional missile defense system, have driven wedges between countries that neoliberals want to unite through free trade. Moreover, certain economic trends, such as the deregulation of financial markets, have

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Weakened some of the very countries that U.S. troops and battleships are pledged
to protect.

Herein lies the central problem for U.S. policy toward East Asia: the tension
between core military and economic objectives. U.S. military strategy in the
region depends on the maintenance of the Cold War, with North Korea, China, or
a set of new "threats" substituting for the Soviet Union. U.S. economic strategy,
although initially forged in the crucible of the Cold War, is increasingly dependent
on breaking down ideological divisions in the region. The U.S. is thus Janus-faced:
simultaneously looking backward to the Cold War and forward to the single global
capitalist market. In terms of international relations theory, this conflict pits
Realists, and their concern with balance of power, against Liberals, and their belief
that trade will foster greater interdependence (Busan and Segal, 1994: 3). [2]

In the 19th century, colonial powers practiced gunboat diplomacy to impose
their wills on recalcitrant countries in Asia. In the 21st century, the U.S. has helped
to create a very different method of forcing countries to adopt certain economic
and political structures. Call it gunboat globalization, where the gunboats are
supplied by several countries and the globalization is carried out by a multiplicity
of actors. With gunboat globalization, the U.S. is attempting to combine Realist
and Liberal tendencies into new forms of multilateralism in East Asia that
simultaneously reinforce and obscure U.S. dominance.

Guns Versus Barter

Since World War II, the U.S. government position on security in the Pacific
region has been "peace through hegemony." According to the view held by
successive presidents, Pentagon officials, and State Department spokespeople
— U.S. troops, bases, and the Seventh Fleet act as a buffer separating the conflict-
disposed countries of the region from one another. If the U.S. military did not play
this constabulary role, China would invade Taiwan, the Korean peninsula would
be engulfed in war, and a growing Japanese military would threaten other Asian
has vacillated on specific policies over the years — engaging China then contain-
ing it, withdrawing from Philippine bases then pushing through the Visiting
Forces Agreement, dithering about troop reductions on the Korean peninsula —
the core of U.S. strategy remains the same. Because key areas in Asia fall into the
realm of U.S. "national interest," the U.S. military continues to practice the three
"Rs" of regular joint exercises, ready bases in Asia, and rapid deployment.

There was a point in the early 1990s when the end of the Cold War in Europe
and the collapse of the Soviet Union seemed to open up new possibilities for East
Asia. The Bush administration removed tactical nuclear weapons, including
gravity bombs, from South Korea in 1991 and even considered a significant three-
stage reduction of troops through the East Asian Strategic Initiative (EASI)
(Zhang and Montaperto, 1999: 45). That moment — like the immediate prospects
for global disarmament, stable democracy in Russia, or a peace dividend in the United States — faded rather quickly. The Pentagon, aided by its congressional allies, belatedly adjusted to the collapse of its principal adversary, the Soviet Union, by recasting U.S. military objectives to counter emerging regional superpowers such as China, "rogue" nations such as North Korea, and nonstate threats such as terrorists, ethno-nationalists, drug barons, religious fundamentalists, and computer hackers.

In East Asia, this recasting of Pentagon objectives meant the cancellation of EASI in the final days of the Bush administration and a commitment by the Clinton administration to maintain U.S. military power in an economically critical region of the world. At the 1994 summit of the Asia Pacific Economic Cooperation (APEC), a structure designed to reinforce U.S. access to Asian markets, President Clinton acknowledged the importance of Asia for the U.S. economy, and therefore the centrality of Asia as a U.S. security concern. He committed the U.S. to a "deeper, and deeper, and deeper economic, political, and security engagement in Asia" (Zhao, 1998: 241–242). There would no longer be talk of the U.S. scaling back on its security commitments to the region. Indeed, as several U.S. officials have insisted, even Korean unification would not occasion the withdrawal of U.S. troops from the peninsula.

The collapse of the Soviet Union, the effects of the Asian financial crisis, and the logic of neoliberals might all be expected to discourage one economic form of militarization — the arms trade. In encouraging privatization and government downsizing, neoliberals and economists might be expected to support government spending on arms industries and cut subsidies for arms sales. Yet just as Reagan-era conservatives derided Big Government with the exception of the military budget, the logic of neoliberals forgets when it encounters security issues. At the level of the World Trade Organization (WTO), for instance, government investments in industries that safeguard "essential security interests" (according to Article XXI of the General Agreement on Tariffs and Trade adopted by the WTO) are exempted from the usual liberalization criteria (Staples, 2000). After the Asian financial crisis of 1997, U.S. government representatives assured their allies, particularly in South Korea, that cutting government spending need not apply to military purchases.

As a result, after a dip in 1998, the arms race has continued unabated in the region. South Korea will be posting a 5.5% military budget increase for 2000 (and for several years afterward). Russia has revitalized its arms exports industry; Japan is increasing its arms spending; North Korea is reducing its military budget, but attempting to compensate with an enhanced missile capacity; China continues to modernize its military; and, on the heels of a $1.3 billion military upgrade package from the U.S., Taiwan is making its largest investments ever in electronic and information warfare (Umbach, 1998; Associated Press, September 29, 2000; Taipei Times, October 15, 2000). U.S. arms manufacturers continue to dominate
the Asian market (though European suppliers are catching up quickly) (Brennan et al., 1997).

Although the U.S. has not drawn down its military presence in Asia and the arms trade has not diminished, security relations in the region are nonetheless changing. Economic forces have been undermining the pillars of security policy. As the effects of globalization intensify, new technologies and new trade relations are changing the terms of military engagement.

Perhaps the most salient of the technological changes involves weapons of mass destruction. Since the Gulf War, there has been a growing perception that conventional armies, no matter their size, cannot stand up to a technologically advanced adversary (Bracken, 1999). Throughout Asia, this perception has translated into more investments in computerization (e.g., "smart weapons") and advanced communication systems (e.g., satellites) (Parker, 1999: 5). Countries are also investing in what they consider the cheaper alternative of ABC weapons — atomic, biological, and chemical — despite considerable evidence that atomic weapons are not cheap and biological/chemical weapons are not as effective as advertised (Passell, 1998; Mueller and Mueller, 1999). India and Pakistan went public in 1998 with their nuclear weapons program. North Korea has stockpiled biological and chemical weapons, and was nearly drawn into war with the United States in 1994 over its nuclear program. China is seeking to upgrade its strategic forces and make up for its lack of solid-fuel intercontinental missiles and ICBM capacity (Swaine, 1999: 36). Japan maintains its "recessed deterrence" — a capability to rapidly develop nuclear weapons if circumstances in the region dramatically alter (Buzan, 1995: 41).

A new global market in advanced weaponry — the logical result of the neoliberal application of market principles to all facets of existence — is accelerating the spread of these technologies. Nonproliferation regimes have largely failed to limit the sales of sophisticated weapons by developed and developing countries alike. Security rationales drive nonproliferation efforts; economics undercut them. The major industrialized countries hope to increase market share for their own military industries, and to utilize economies of scale to cut the costs of maintaining their own armies. The U.S. government, for instance, officially supports "free trade" while simultaneously using all it can to subsidize the domestic arms industry. Lockheed Martin, the world's largest manufacturer and seller of arms, receives more federal funding than the nation's largest welfare program (Arms Trade Resource Center, 2000). The major arms sellers routinely take advantage of the U.S. government's Defense Export Loan Guarantee Fund to boost overseas sales (ibid.). Meanwhile, more economically desperate countries, such as North Korea and Kazakhstan, do not bother with the "free trade" rhetoric; they simply sell high-tech systems because they need the hard currency.

Another factor driving this reliance on weapons of mass destruction is the nationalist backlash against economic globalization and its challenge to the state's
primacy. As George Perkovich (1999: 48) has noted in his account of India's nuclear program, nuclear weapons are not simply a path to military parity or superiority. They are a way for middle powers to emphasize their independence and attain equal status in the international system. To extend Perkovich's insight, weapons of mass destruction can compensate for the loss of economic and cultural independence. India cannot claim that it has produced a worldwide chain of tandoori chicken franchises. Instead, it can hold up its nuclear bomb as its entry ticket to the club of global leaders.

U.S. military policy is gradually adjusting to this shift of emphasis away from conventional weapons. For instance, despite continued rhetoric from liberals and conservatives about the signal importance of U.S. troops in South Korea and Japan, Pentagon officials are quietly reexamining this sacred cow in light of anti-American movements in the region as well as the ineffectiveness of ground troops to counter weapons of mass destruction (Halloran, 2000a, 2000b). If ground troops are ineffectual, what choices does the Pentagon have? To counter weapons of mass destruction, the U.S. has wielded sanctions against "rogue" suppliers. Since sanctions have not been very successful, however, the U.S. government has increasingly supported military prophylactics, such as the various levels of missile defense worldwide that the U.S. is currently developing.

At one time the Strategic Defense Initiative — the "Star Wars" of the Reagan administration — was only supported by a minority of the foreign policy establishment. Today, by contrast, a shield to protect against missile attacks from disgruntled nations and individuals enjoys broad bipartisan support — despite the continued skepticism of experts who argue that it will not work. In East Asia, the Pentagon has proposed a Theater Missile Defense (TMD) to protect U.S. allies. There is no clearer example of the endurance of Cold War thinking in the region. TMD draws a line through Northeast Asia just as the Iron Curtain once divided Europe. The U.S. is using TMD, though still mostly in the research stage, as a way of distinguishing "security risks" such as North Korea and China (and even, on occasion, Russia) from the countries that need to be protected, such as Japan, South Korea, and Taiwan.

This missile "umbrella" shelters only some of the trading partners in the region — a most awkward fact from the point of view of economic engagement. The U.S. wants to usher China and North Korea into the global market, the former through entry into the World Trade Organization (WTO), and the latter, at least initially, through a series of bilateral agreements. Yet both countries view TMD as an offensive weapon that will prompt them to spend more on the military means to overwhelm it, either with expensive missiles or inexpensive decoys. Russia, too, has voiced concerns that the U.S. will unilaterally void the 1972 Anti-Ballistic Missile Treaty by building a comprehensive missile defense. Russia is understandably confused. On the one hand, the U.S. is welcoming Russia into the global market and even into the Group of 7 (now 8). On the other hand, NATO is
expanding into the former Soviet Union almost up to the borders of Russia itself, and the U.S. is backing away from key arms control treaties such as the ABM Treaty and the Comprehensive Test Ban Treaty.

With TMD, the U.S. is trying to have it both ways—China, Russia, and North Korea as economic friends and military adversaries. This “have your cake and eat it too” strategy has several components. For international consumption, the Clinton administration put the friendliest spin on the anti-missile systems by labeling them “defensive,” not offensive, weapons that are designed primarily to protect against nonstate actors. Meanwhile, the administration urged Russia and China to focus on economic reforms and not to link the two spheres. The Russian and Chinese governments cannot so easily uncouple national security concerns from market reforms. The opponents of economic reform—a diverse group drawing on nationalist, communist, socialist, and environmental ideologies—view globalization and U.S.-led militarism as two sides of the same imperialist coin. TMD threatens from the outside; neoliberal reforms permit the outside forces to infiltrate through the Trojan horses of private ownership and government privatization. As such, TMD makes it that much more difficult for neoliberal reformers in these countries. They must not only argue their reforms on economic grounds, but also in terms of national security.

Aside from Japan, countries in East Asia are treading carefully on the TMD issue. Taiwan, uncertain of U.S. commitment, may simply make do with a low-altitude shield of its own devising (Associated Press, February 1, 2000). Although some in South Korea imagine technological spin-offs, for the time being the South Korean government has decided not to participate in TMD—in order not to offend China and because such a system wouldn’t protect them from North Korean attack. Both Taiwan and South Korea are also reluctant to damage trade relationships in the region. This brings us to the second major impact of globalization on militarism in East Asia.

An Asian NATO?

East Asia is a region of significant territorial disputes. Korea is still divided; Russia and Japan continue to squabble over disputed islands, as do South Korea and Japan; China and Taiwan have yet to find a formula for peaceful coexistence; control of the Spratly Islands in the South China Sea is contested by six countries. Add to those rivalries a rich diversity of cultures and a history of domination from both near (Japan, China) and far (the U.S., Britain), and it is not difficult to understand why multilateral security arrangements have yet to be built in East Asia.

Instead, the countries in the region have related to one another bilaterally. The U.S., for instance, is anchored in the region by its strong bilateral relationships with Japan and Korea. Other countries in the region have forged their own ties. Traditionally, North Korea has maintained alliances with China and Russia,
sometimes moving closer to one at the expense of the other. Japan and South Korea
have coordinated security policies with the encouragement of the U.S. Russia and
China are exploring closer economic and security ties based on shared suspicion
of U.S. geopolitical motives (Felgenhauer, 1998; Daily Yomiuri, 1999; Blank,
1998). In short, all the countries in East Asia engage in a shifting set of bilateral
alliances and are reluctant to sit down together to hammer out collective solutions
to collective security problems.

Economic globalization is beginning to influence this web of bilateral relationships.
Take the case of China and South Korea. Until the early 1990s, the two
countries did not interact despite some mutual economic interests and a sizable
Korean ethnic minority living in Northeast China. In 1992, China recognized
South Korea diplomatically, as economic interests trumped traditional military
considerations. When North Korea objected to this realignment of regional
alliances, China suggested that the new Chinese-South Korean tie would help
North Korea normalize relations with the United States and Japan (Hana, 2000: 8).
Elsewhere, trade is establishing ties that were once not possible. Japan is making
considerable investments in China; South Korea is investing in North Korea; and
the volume of Taiwanese investment in mainland China belies the cross-Strait's
military tensions. Globalization overcomes impediments to trade, whether they
are economic, political, or ideological. The increased flow of investment around
the region is eroding the strict bilateralism of the Cold War period and establishing
relationships based on mutual economic interest. The Liberals would rejoice over
such a rejection of Realist principles.

With the erosion of traditional bilateral relations, U.S. allies are reexamining
their military commitments. For instance, in 1998 the U.S. and Japan revised their
security guidelines to permit Japan’s Self-Defense Forces a greater range of
responsibilities in supporting U.S. operations in the region. Japan has also been
pushing to reduce its financial contributions in support of U.S. bases (Agence
France Presse, 1999). More critically, Japanese conservatives are leading an effort
to recast Japan’s constitution to give it more independence in general. Some in
Japan and outside are arguing for Japan finally to become a “normal” country by
leaving the U.S. protective umbrella and maintaining a true army of its own. South
Korea, too, has been reactive. Despite a 20-year agreement limiting the range of its
missiles, Seoul is pushing for an extension. The U.S. initially objected to Seoul’s
ambitions and even went so far as to suspend transfer of key missile components
to Korea in 1999; more recently, however, the U.S. has quietly given its ally the
go-ahead (Son, 2000; Agence France Press, 2000a). Meanwhile, in March 2000,
the South Korean government produced its first report discussing possible U.S.
withdrawal of troops from the peninsula and advising an increase in defense
spending to prepare for such military independence (Kang, 2000; Bendor, 1996).

On the surface, the U.S. remains committed to its two key bilateral relationships
with Japan and South Korea (and, because of current and potential instability
in Southeast Asia, to its relationships with the Philippines and Thailand). At the same time, however, the U.S. has been introducing a more "multilateral" approach designed to complement rather than replace these bilateral relations. During his confirmation hearings in 1993, Assistant Secretary of State for East Asia and Pacific Affairs Winston Lord emphasized multilateralism as an administration priority (Cossa, 1999: 8-10).

The Clinton administration diligently followed through on this commitment. The reassessment of U.S. policy toward North Korea by former Defense Secretary William Perry involved extensive discussions with South Korea and Japan, and currently the three countries are pursuing a coordinated engagement policy with the DPRK through the Trilateral Coordination and Oversight Group. Theater Missile Defense is initially a U.S.-Japanese research project. Yet the U.S. would like to include South Korea and potentially Taiwan. Joint military exercises in the region are no longer the unique province of U.S. bilateral relations. Japan and South Korea conducted their first joint exercises in 1995. This move toward regional exercises has, in light of the East Timor crisis, been accompanied by the possibility that the U.S. will rely on "deputy sheriffs" (like Australia) to play the constabulary role in the region. As Admiral Dennis Blair, commander in chief of U.S. forces in the region, has said, "We are working closely with our security partners to merge bilateral exercises into regional exercises using updated scenarios that develop the skills we expect our combined forces will need" (Richardson, 2000).

These moves toward a functional multilateralism — in which the U.S. creates a security bloc on top of its bilateral relations — fulfill several U.S. objectives. Multilateralism is less of a drain on the U.S. budget since it relies more on burden sharing, such as Japan’s support of TMD research or Australia’s contributions to the East Timor intervention. The new multilateralism acknowledges the desire of U.S. allies to play a greater role in security matters in the region. Multilateralism in the security realm builds on and encourages the network of multilateral economic relations that are developing in the region. Perhaps more ominously, the U.S. has consistently prompted a true multilateral security system by asserting a U.S.-dominated multilateralism in advance.

In pursuing this last objective, the U.S. is applying lessons learned in Europe in the 1990s. Defined by a single Soviet threat that suddenly disappeared, NATO had to identify new roles to justify its existence. Its sought to engage Russia through cooperative mechanisms such as the Partnership for Peace and at the same time contain Russia through the eastward expansion of the alliance nearly to the border of Russia itself (Feffner, 2000). (In an echo of this NATO offer to work closely with Russia, the U.S. government has even broached the possibility of regional military exercises in East Asia that include China, though the scope would be narrowly on peacekeeping and humanitarian aid (Kydal, 2000).) To "stay in the game," NATO expanded its capacities to previously unfamiliar terrain, such as environmental
clean-up, counterterrorism, and “out-of-area” operations. In the former Yugoslavia, NATO’s military approach to solving interethnic and interstate violence—supporting the Croatian army and applying military pressure on Serbia and eventually bombing Belgrade—eventually overwhelmed diplomatic initiatives. In bolstering NATO’s new role, the U.S. had to counter European desires for independent structures both military (the West European Union) and diplomatic (the Organization of Security and Cooperation in Europe).

Similarly in the Pacific, the U.S. is dealing with a threat that no longer exists. Communism is largely a spent force, and the Communist governments in the region are to a greater or lesser extent shifting to capitalism. China is the large power that the U.S. is simultaneously engaging and containing. Indonesia is the Yugoslavia of Asia, and the U.S. has begun to rationalize its military presence in the region to deal with these “new threats.” Even more so than the OSCE, the ASEAN Regional Forum is paralyzed by internal conflicts and virtually incapable of playing a leading role in regional conflicts such as East Timor or the Spratly Islands (Clad, 2000; Agence France Presse, 2000b). As long as a cold war exists in East Asia, with outstanding territorial and ideological divisions, the U.S. will continue to profit from conflict at the expense of a more independent regionalism.

The multilateral security system that the U.S. is slowly constructing in Asia will arise out of interlocking agreements: with Japan and South Korea over North Korea, with Japan and others over TMD, with “deputy sheriffs” such as Australia over interventions and “peacekeeping.” There will be no formal NATO equivalent in Asia in terms of structure. Functionally, this multilateralism places the U.S. in a clearly dominant position, more dominant than in NATO. Over time, the U.S. will likely allow Japan and South Korea, chafing in their bilateral relations with the U.S., to play roles similar to that of Australia in the East Timor crisis. This functional multilateralism effectively mutes objections to bilateralism that are based on simple anti-Americanism and accomplishes U.S. objectives in the region at less cost to U.S. taxpayers and with less friction to East Asian allies. In the event of significant U.S. troop reductions in East Asia, such a multilateral structure will enable the U.S. to “Asianize” the ground troops (substituting Japanese and Korean troops) and rely on longer-range technologies of control (Asahi Shimbun, 2000). Such an emerging multilateral system attempts to solve the Realist-Liberal conflict by acknowledging the balance of power in the region, while drawing strength from the growing interpenetration of economic relations.

The New Economics

Globalization, however, is not simply a matter of increased trade. Globalization has been a direct challenge to the East Asian model of development, which has relied on regulated markets, government support of industries, and high rates of employment and job security. According to neoliberal tenets, all barriers to the flow of capital and goods must fall, governments must withdraw from the
economy, and labor must become more "flexible." In other words, East Asian economies should remake themselves in the image of the U.S. or British economies.

The 1997 Asian financial crisis has been a symptom of what globalization is doing to the region and a method by which international institutions have hastened its spread. A chief cause of the crisis, not unlike the Savings and Loan debacle in the United States, was the deregulation of financial markets. In Thailand, deregulation encouraged short-term capital to flood into the country and then, when the bubble became unsustainable, to flood out again. A similar deregulation of financial markets in South Korea encouraged banks to make unwise loans, businesses to make unwise investments, and the government to provide unwise backing. As a result of the crisis, the International Monetary Fund (IMF) imposed structural adjustment programs in exchange for bailing out the struggling economies. Foreign capital has flowed into South Korea to capture controlling shares in banks, manufacturing, and service industries. Even countries where the IMF has not played a role are dancing to the same tune. Foreign direct investment in Japan, which has been very low by international standards, doubled from 1997 to 1998 and was expected to double again in 1999, with big outfits such as Merrill Lynch, General Electric, and Renault entering the market. China is on the verge of a further neoliberal shake-up of its economy to meet the requirements of WTO entry. These changes have translated into markets for U.S. goods and access for U.S. corporations, particularly in the financial service industry, a big supporter of the Clinton administration.

As noted above, the intensification of globalization in the region has influenced the way war is planned in the region. Instead of starting from the security side of the equation, let us look at the relationship from the economic side. The most obvious link is between the financial instability that neoliberalism can instigate and the national security of a country. For instance, Taiwan is concerned about the destabilizing effect of rapid outflows of capital. Thus, it has protected itself by maintaining huge foreign reserves and preventing investments into the island that can be easily withdrawn (White III, 1999: 124–126). North Korea has carefully scrutinized the scale and type of foreign investments for fear that a free market will eventually erode the authority of the state. Malaysia, too, has put controls on capital flows to ensure macroeconomic stability. What Taiwan, Malaysia, and North Korea worry about is not entirely alien to the U.S. worldview. After all, during the height of Japanophobia in the 1980s, some U.S. pundits worried that the Pentagon's reliance on Japanese-made imports, such as computer chips, entailed a national security risk (Sato, 1994; Fallows, 1994). The recent "spy" scandal involving Taiwanese scientist Wen Ho Lee suggests a revival of fears that Asian computer know-how is jeopardizing U.S. national security. Is globalization contributing to such a threat to the national security of countries in the region that it in fact undercuts all the costly military preparations of the United
States? Certainly, the key military adversaries of the U.S. — North Korea and China — did not take advantage of the 1997 financial crisis by launching invasions into economically weakened South Korea and Taiwan. Indeed, China played an important role in stabilizing the regional situation by not devaluing its currency.

The economic challenges to national security traditionally have been identified as specific threats — China’s threat to Taiwan or Japan’s threat to the U.S. In East Asia, resistance to corporate investment frequently has had an anti-American character, so much so that Selig Harrison’s (1979: 313) book on nationalism in the region stressed significant barriers facing U.S. corporations interested in gaining controlling interests in Asian firms. Today, however, the global market has no single center. Transnational corporations shift operations to other countries, withhold taxes, and show national allegiance only to benefit the bottom line. International financial institutions, too, are not the instruments of particular countries, but rather a group of countries of which the U.S. is first among equals. Therefore it cannot be said that either Nikkei or the IMF is restructuring Asian economies at the micro or macro levels at the behest of the U.S. government. According to the previous paradigm, the U.S. pressed Japan to lower trade barriers to U.S.-grown rice. According to the new paradigm, Japan must lower all of its trade barriers as part of harmonization with global standards. Although bilateral negotiations have not withered away, they are increasingly circumscribed by multilateral agreements. The U.S. has achieved more in the way of tariff reduction multilaterally through IMF and WTO negotiations than through bilateral negotiations. The presence of Merrill Lynch in Tokyo, Starbucks in Beijing, and Goldman Sachs in Seoul all attest to significant change.

The U.S. itself is not immune to the effects of globalization. Compare U.S. policy toward China and North Korea. The proliferation of economic ties between the U.S. and China has largely overwhelmed the anti-Communist lobby. Although China maintains a nuclear arsenal, has made threatening gestures toward Taiwan, and does not conceal its territorial interests in the Spratly Islands, the U.S. foreign policy consensus remains solidly behind engagement policy, which has translated into facilitating China’s entry into the World Trade Organization (Krieger, 2000; Bernstein and Murro, 1997). This remains true even though the initial reason for detente with Beijing — creating a counterforce to Soviet power — has not existed for a decade. Indeed, bipartisan support for China’s entry into the world market continues despite concerns of an anti-U.S. detente between Russia and China (Dobriansky, 2003).

U.S.-North Korean relations, however, do not rest on bilateral economic relations or the imminent entry of North Korea into the global market. Twenty million North Koreans are not as attractive a potential market as 1.2 billion Chinese. North Korea lies outside the global market and so its role as a dangerous threat is more important than its role as a potential trading partner. For instance, the Pentagon has more readily used the North Korean “threat” to justify Theater
Missile Defense, even though North Korea is suffering from great economic hardship and its military is increasingly outdated. For Japanese conservatives, too, the North Korean threat has been a valuable tool. The Japanese government agreed to participate in the research project for TMD only after the August 1998 launch of a North Korean rocket that passed over Japan. China's missile launches over Taiwan two years earlier were not reason enough to convince the Japanese establishment. (The late Prime Minister Hashimoto, so grateful that the North Korean rocket launch could be used to persuade the Japanese public of a clear and present danger, joked in 1998 that he almost considered sending Kim Jong Il a birthday present [Kim, 1999: 159].)

The Chinese "threat" has not disappeared. The U.S. is still sending enormous quantities of high-tech weapons to Taiwan, and the presence of the U.S. military in the region is frequently justified by reference to Chinese ground forces, its nuclear arsenal, or potential to build a world-class naval force in the next decade (Gertz, 2000; Bernstein and Munro, 1997). Although TMD is clearly designed to protect against Chinese missiles, rather than North Korean missiles, it remains more economically prudent for the State Department to focus on the latter. Because of the Chinese government's embrace of globalization and the North Korean government's numerous reservations about economic reform, the Chinese "threat" has been diminished and the North Korean "threat" enhanced. China's economic reform has rendered it a responsible international player while North Korea remains a "rogue" nation, or, to use the updated State Department lingo, a "state of concern."

Finally, the logic of globalization demands regional integration. The European Union is both a bold experiment in raising social standards (harmonizing up) and an explicit attempt to seize a greater share of the global market. The North American Free Trade Agreement is a similar attempt to enhance regional economic strength, but without any of the social democratic features of European integration. East Asia has yet to fashion any comparable economic bloc, though several proposals have been made over the years. Japan, in particular, has attempted to bind the region closer together by building a regional assembly line for the production of Japanese goods and linking overseas aid to the purchase of Japanese products. After the financial crisis, Japan proposed an Asian Monetary Fund that would provide struggling countries with more generous terms than those offered by the IMF, but the U.S. vetoed that plan. So, for the time being, APEC is the economic equivalent of the functional NATO that the U.S. is helping to build in the region. APEC's weak multilateralism gives the U.S. a firm foothold and undercuts any attempts by East Asian countries to create a strong bloc of their own.

Globalization, then, is challenging the Asian model of development and facilitating the entry of foreign capital into the region by shifting pressure from the bilateral to the multilateral level. The rapid flows of foreign capital are causing East Asian countries to worry about the national security effects of financial
instability. Meanwhile, a country's acceptance of globalization has become a new litmus test for determining its maturity as a power and thus the level of threat it poses to the existing economic and military order. East Asian countries could pull together as a region both to be more competitive globally and to resist neoliberal trends. However, the U.S., bilaterally and through institutions such as APEC, is discouraging more homogenized regional arrangements.

Beyond Gunboat Globalization?

It is a sad fact that East Asia is currently experiencing an intensification of globalization and militarization. Trade barriers have fallen, but military budgets have not. Neoliberal requirements are transforming the East Asian model of development, and the bilateral ties that form the basis of the Cold War model are slowly evolving. Addressing these new realities within the U.S. foreign policy establishment, Realists and Liberals have formed an uneasy alliance that favors a new kind of multilateralism in East Asia. These U.S.-dominated multilateral structures, not unlike NATO or the IMF, obscure the U.S. role in policing the region and remaking regional economies in the Anglo-American image. This Liberal-Realist alliance is messy, however, because the combined effects of deregulation and militarization inevitably increase the chances for instability in the region. The nightmare scenario would be another financial crisis (perhaps caused by the bursting of the current bubble in information technologies), accompanied by a flare-up over a territorial issue (for instance, between North and South Korea concerning crab-fishing rights in the West Sea). The unregulated flow of capital and weapons — the essence of gunboat globalization — can produce a plethora of such scenarios. By an ingenious bit of circular reasoning, the U.S. maintains its military presence in the region to prevent the potential instability caused by its own economic and military policies. Even in the case of U.S. troop reductions, the Pentagon will "stabilize" the region through more multilateral means — jointly produced and administered missile defenses and more integrated alliance forces. What are the alternatives to this U.S.-dominated multilateralism? As noted above, extended territorial conflicts (between China and Taiwan or the two Koreas) may make any kind of fully inclusive multilateralism untenable in the short term. In the medium term, a regional hegemon such as Japan or China may take the place of the U.S. Japan has already taken steps to create a "yen bloc" that puts Japan at the center of the regional market. Should the Chinese economy continue to grow, even at a less dramatic rate than in the 1990s, Beijing could conceivably resurrect the Sinocentric world that existed for the better part of the last millennium. Scary scenarios of China or Japan dominating the region militarily are unlikely. Their hegemony will more likely be economic. It is even possible that either Japan or China could anchor an independent regional system in much the same way that Germany dominates the European Union.
To avoid the regional hegemon scenario — and move from the current Cold War environment to a more authentic multilateral security system — it is important to focus on several factors. First, efforts to build multilateral security structures will be slow and at times exasperating. Yet governments in East Asia must commit to what Brian Job (1999: 10–12) calls “incremental regionalism,” a deliberate, step-by-step approach. Second, as Michael Finnegan (1999) suggests, the first multilateral structure for Northeast Asia should take its inspiration from the Conference on Security and Cooperation in Europe (CSCE) rather than the OSCE. It should be informal and flexible at the beginning. Moreover, Mongolia and Canada should be invited to participate since these middle powers can play important balancing roles, just as the neutral European countries did in the formation of the CSCE (ibid.).

Third, while efforts toward multilateralism continue, bilateral relations will remain important. It is therefore not a question of bilateralism versus multilateralism, but what kind of bilateral relations will create a better environment for a multilateral security structure. The new U.S.-Japan Security Guidelines and U.S.-Japanese research on TMD are examples of exclusive bilateralism designed to isolate and contain regional threats (such as North Korea and China). A new, peaceful relationship between the United States and North Korea, meanwhile, would be an example of inclusive bilateralism, which can serve as a foundation for multilateralism in the same way that both U.S.-Soviet détente and inter-German relations in the 1970s cemented the CSCE process in Europe.

Fourth, if a multilateral structure expects to make headway in addressing the significant territorial issues in Northeast Asia, the countries involved will probably have to find their version of the grand compromise that enabled the CSCE to get off the ground. This compromise must address the outstanding issues of sovereignty (diplomatic recognition of North Korea) and territorial integrity (the various border disputes). It will be incumbent on the United States and Japan, as the two strongest powers in the region, to make the compromises necessary for all parties to sit at the same table. The Japanese government, in particular, should look very carefully at the foreign policy successes of West Germany, from 1950 to 1989, to understand how conciliatory policies can lay the foundation for regional security and prosperity.

The gunbots have been addressed, but what of globalization? The essence of globalization is the elimination of barriers to capital. In building a new regionalism, East Asian countries will need to decide what barriers are worth preserving. Can the countries agree that foreign capital should be controlled, TNCs better regulated, or certain cultural aspects preserved? If so, East Asia can act as European countries have done on agricultural issues — shaping globalization rather than being entirely shaped by it. If the countries of East Asia cooperate, they can form the wealthiest counterbalance to globalization. However, they must decide how to cooperate and toward what end.
Until this point, the discussion of alternatives has focused on initiatives at the governmental level. To ensure a just and democratic multilateralism in East Asia, however, a large responsibility lies with civic actors. Peace movements throughout the region are challenging military budgets and the huge influx of arms pouring in from outside. Labor unions are protesting the "flexibilization" of the work force and the watering down of job security. Democracy advocates are targeting cronyism in governments and corporations. The challenge for these movements is to think and act across territorial and cultural borders. In East Asia, political movements have only recently begun to work together to address the U.S. military presence in the region, monitor TNCs, or raise awareness of the "comfort women" issue (Feffer, 1999). A true multilateralism — independent of the United States, economically equitable, and accountable to the citizens of the region — cannot be solely created by government officials. As transnational movements in East Asia are discovering, true multilateralism must be built from the ground up.

NOTES

1. This essay will focus on the northern tier of East Asia: Japan, the two Koreas, China, and Russia. It will make only occasional reference to countries in Southeast Asia.
2. In this essay, "liberal" refers to a specific approach to international relations, whereas "neoliberal" refers to a specific approach to economics.
3. Simon (1996) notes that fear of this power vacuum has motivated Chinese and North Korean officials to suggest that, official pronouncements to the contrary, their governments might support the continued presence of U.S. troops on the Korean peninsula, even after reunification.
5. Japan, China, and both Koreas are currently developing the technology to launch their own satellites into orbit.
6. Regional security institutions tend to be rather weak in general. The ASEAN Regional Forum hasn't been able to untangle the Spratly Island dispute; the OSCE was incapable of dealing with the Yugoslav crises; the Organization of African Unity has not been able to resolve numerous conflicts between African countries, and so on. For a description of the failure of regional security organizations to resolve disputes, see Paul Diehl (1993).
7. Shingo Nishihara, former Parliamentary Vice Defense Minister, has perhaps been the most vocal Japanese politician: he was forced to resign in 1998 because of his statements concerning Japan's need for nuclear weapons. See Patrick Smith's (1997) arguments for a newly independent Japanese military.
8. In 1993, Japanese economist Kyoko Kojima proposed a regional free trade area with Japan, North and South Korea, Taiwan, and Hong Kong (Harrison, 1979: 538).
9. More recently, Thailand has revived the AMF idea and gained some significant support in the region and even from the IMF (Stratfor, 2000).
10. For more information on the regional work being done on the "comfort women" issue, visit the website of the Japan Organizing Committee for the Women's International War Crimes Tribunal (http://www.jinjapan.org/wwc), for information on regional work being done on corporate accountability, visit the website of the Asia Monitor Resource Center (http://www.amrc.org).