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9 The International Context of U.S.-Japan Relations in the 1990s

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THE PURPOSE OF THIS CHAPTER IS TO ANALYZE the international context of U.S.-Japan relations in the 1990s. As is often said, the end of the cold war was not as dramatic in East Asia as in Western Europe. There were no incidents comparable to the fall of the Berlin Wall or the collapse of the communist regimes in Eastern Europe. Indeed, some argue that the cold war is not quite over in East Asia even now. Hostilities and ideological differences persist in various parts of Asia, resulting in the ongoing division of countries, as in the case of the two Koreas, as well as China and Taiwan.

The end of the cold war, however, was significant even in Asia. The collapse of the Soviet Union changed the strategic landscape in the region by bringing about a radical reduction of Soviet military power in East Asia and in the western Pacific. The end of the cold war also changed the international environment for such countries as North Korea, which had depended heavily on the Soviet Union for its oil supply and other assistance. Furthermore, the end of the cold war affected the psychological landscape of major countries in the region; the disappearance of a major threat created a psychological vacuum in which people's perceptions of threats can become very unstable.

The end of the cold war was not the only significant change that affected international relations in East Asia in the 1990s, however. At least two other major trends should be recognized: democratization and globalization. Democratization was a foreign phenomenon in East Asia until the 1980s; Japan was virtually the only country that was practicing liberal democracy at that time. But the 1980s witnessed rapid democratization in the Philippines, South Korea, Taiwan, and Thailand. Although not a precise match, the end of the cold war more or less coincided with the advent of democratization in East Asia. But in contrast to the

European experience, Asian democratization was taking place not in the old communist bloc countries but in countries allied with the United States.

The second important trend in East Asia was globalization, defined in large measure by the rapid and increasing movement of capital across borders. As a result of the Group of Seven (G7) Plaza Accord of 1985 and the subsequent strengthening of the yen, a huge amount of capital flowed into East Asian countries in the form of direct investment, thus enabling many countries in the region to leapfrog in economic growth. By the beginning of the 1990s, a growing number of economists and business people were talking about the "Asian economic miracle." The late 1990s, in turn, reminded the people of Asia that globalization could not only create conditions of rapid growth but also jolt fragile political-economic systems.

In other words, the international context of U.S.-Japan relations in the 1990s was substantively different from that of previous eras, and therefore serves as an important backdrop for bilateral relations between the two countries. This chapter is not an attempt to pass judgement from any specific, widely debated theoretical perspective—be it realist, liberal, constructivist, or otherwise.[1] The purpose is more modest: The chapter tries to point out various aspects of international relations important to understanding the current conditions surrounding the U.S.-Japan relationship. To do so, I would like to turn my attention first to the problems manifested on the surface; second, to the dynamics of perceptions among major powers; and third, to the diplomatic activities that were being conducted both multilaterally and bilaterally during the 1990s. It is the assertion of this chapter that an analysis of these various dimensions in relation to the underlying structural trends should offer useful insight into the international context of the U.S.-Japan relationship.

Ten Years of Crisis in East Asia

If peace is taken to mean a condition where no wars are being waged between countries, then East Asia in the 1990s has been extremely peaceful. Since the settlement of the Cambodian conflict in 1991, no interstate wars have been fought in the region. In fact, it was 1979 when the last new war, the Sino-Vietnamese War, broke out in East Asia. This condition of peace, however, does not mean that the region is extremely stable or devoid of the possibility of future wars. On the contrary, a series of crises have served as a constant reminder to the people in the region that they live in an area where the possibility of war cannot be ruled out. Setting aside some minor conflicts, the region experienced essentially three series of crises in the 1990s: the Korean crisis, the Taiwan Strait Crisis, and the financial crisis. All three have their own historical dynamic and therefore demand a more nuanced treatment to be fully understood. For the purpose of clarifying the international context of U.S.-Japan

relations, however, I would like to focus on explaining each series of events in relation to the structural trends that affected East Asia in the 1990s.

The Korean Crisis

The 1990s saw two periods of crisis on the Korean peninsula: the first in 1993–1994, and the second in 1998–1999. The former was mainly related to suspected North Korean nuclear weapons production, while the latter was concerned both with the suspected resumption of the North Korean nuclear program and the country's ballistic missile production.

North Korea signed the Nuclear Non-Proliferation Treaty (NPT) in 1985, but it did not conclude a safeguards agreement with the International Atomic Energy Agency (IAEA), thereby creating a very strong suspicion from 1989 on that Pyongyang might have extracted sufficient amounts of weapons-grade plutonium to produce a few nuclear bombs.[2] North Korea argued subsequently that it would not accept IAEA inspections as long as U.S. nuclear weapons existed in South Korea. However, the initiative of the Bush administration to withdraw all nuclear weapons from South Korea by the end of 1991 served as an impetus to improve relations between South Korea and North Korea. This paved the way for the signing of the Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation between South Korea and North Korea on December 13, 1991, and the Joint Declaration on the Denuclearization of the Korean Peninsula on December 31, and North Korea's signing of the safeguards agreement with the IAEA on January 30, 1992.

The optimism created by these agreements turned out to be premature; visits by IAEA inspectors to North Korea in 1992 generated more suspicions than reassuring facts. In February 1993, the IAEA demanded a "special inspection" of suspected sites in Yongbyon, which North Korea had not declared as nuclear-related facilities. In response to this demand, North Korea announced in mid-March its intention of withdrawing from the NPT. As a result of last-minute negotiations between Americans and North Koreans in New York, North Korea agreed to postpone its withdrawal from the NPT in return for American willingness to give security assurances to North Korea and to continue official dialogue. Subsequent grueling negotiations, however, did not produce any optimistic signs, and, instead, the Korean peninsula in 1994 faced its most serious crisis since the Korean War armistice was signed in 1953.

It became clear by April 1994 that North Korean obstruction both at the negotiating table and in the field was making the IAEA inspections virtually impossible. In mid-April, North Korea announced that it would remove spent fuel rods from its five-megawatt reactor, thus heightening the sense of crisis. If all 8,000

rods were unloaded, North Korea would be able to erase the past records, thus making it impossible to verify how much plutonium had been extracted in 1989, when Pyongyang stopped the operation of the reactor for a short period of time. In addition, and more seriously, the country would be able to accumulate enough plutonium for several nuclear bombs.

International observers and decisionmakers in Washington were considering strong sanctions to stop North Korea, but the Pyongyang government warned of the possibility that Seoul would be engulfed in a "sea of fire" if measures were imposed. The United States began serious planning for a large-scale military operation on the Korean peninsula. According to a Pentagon estimate made at that time, if a war broke out, "it would cost 52,000 U.S. military casualties, killed or wounded, and 490,000 South Korean military casualties in the first ninety days, plus an enormous number of North Korean and civilian lives, at a financial outlay exceeding [US]$61 billion" (Oberdorfer 1997, 315).

What defused this crisis was a visit by former U.S. President Jimmy Carter in mid-June; Kim Il Sung agreed not to place new fuel rods in the five-megawatt reactor and not to reprocess the unloaded spent rods. Despite the death of Kim Il Sung the following month, North Korea agreed to hold negotiations with the United States on the basis of the Carter-Kim agreement, which led to the Geneva Agreement of October 21, 1994. According to a summary by Don Oberdorfer (1997, 357), the basic features of this so-called Agreed Framework between the United States and North Korea included the following:

- The United States would organize an international consortium to provide light-water reactors (LWRs), with a total generating capacity of 2,000 megawatts, by a target date of 2003. In return, North Korea would freeze all activity on its existing nuclear reactors and related facilities, and permit them to be continuously monitored by IAEA inspectors. The 8,000 fuel rods unloaded from the first reactor would be shipped out of the country.
- North Korea would come into full compliance with the IAEA—which meant accepting the "special inspections"—before the delivery of key nuclear components of the LWR project, estimated to be within five years. North Korea's existing nuclear facilities would be completely dismantled by the time the LWR project was completed, which was estimated to be in ten years.
- The United States would arrange to supply 500,000 tons of heavy fuel oil annually to make up for energy forgone by North Korea before the LWRs came into operation.
- The two states would reduce existing barriers to trade and investment and open diplomatic liaison offices in each other's capitals as initial steps toward eventual full normalization of relations. The United States would provide

formal assurances against the threat or use of nuclear weapons against North Korea.
- North Korea would implement the 1991 North-South joint declaration on the demilitarization of the Korean peninsula and reengage in North-South dialogue.[3]

Based on this agreement, the Korean Peninsula Energy Development Organization (KEDO) was created in March 1995, and after further grueling negotiations over the details, it commenced operation in August 1997. It was hoped that, as a result of the Agreed Framework and the establishment of KEDO, the North Korean crisis would finally be over. Subsequent developments, however, proved that this hope was again premature.

As a result of floods in the summers of both 1995 and 1996, North Korea experienced terrible famines from 1995 to 1997. South Korea, Japan, the United States, and other countries concerned about the North Korean military threat were now confronted with a country that was asking for international emergency aid while at the same time displaying erratic and menacing behavior in a number of instances—North Korean soldiers intruded into the Demilitarized Zone (DMZ) in April 1995, for example, and a North Korean submarine was discovered in South Korean coastal waters in September 1996. Furthermore, in the summer of 1998, serious suspicions of a North Korean violation of the Agreed Framework emerged when U.S. reconnaissance discovered a huge underground facility that could be used for nuclear development in Kumchang-ni, 40 kilometers northwest of Yongbyon. A few weeks after the revelation of that suspicious site, on August 31, North Korea launched a Taepodong 1 missile over Japan. The Japanese media and public were shocked by the revelation that North Korea had developed the capability to attack the entire territory of Japan. Although North Korea had previously demonstrated that at least the western part of Japan was within its range by launching a Nodong missile in 1993, the degree of shock elicited among the Japanese public by the launch of the Taepodong missile was incomparable.

The next year closely resembled the crisis diplomacy pattern of 1994: The United States demanded an inspection of Kumchang-ni while North Korea demanded financial compensation in return for such an inspection. After North Korea allowed a May 1999 "visit" of U.S. specialists to Kumchang-ni, where they found only huge, empty holes, North Korea made preparations to launch another Taepodong missile. However, through a series of negotiations conducted in Berlin, North Korea agreed not to proceed with the missile launch as long as it was engaged in negotiations with the United States.

The end of 1999 saw some signs of greater openness and flexibility on Pyonyang's part. This can probably be attributed to three factors: the review of U.S.

policy toward North Korea that was conducted by former Secretary of Defense William Perry; Kim Dae Jung's policy of "engagement" (known as the "Sunshine Policy"); and successful coordination among the United States, South Korea, and Japan. Nonetheless, given the underlying problems in North Korean society, it would hardly be surprising if another crisis should arise in the near future.

It is impossible in this chapter to fully explain the causes of this North Korean crisis; many complex factors have come into play. But among those various factors, I would argue that the end of the cold war has been the most important underlying structural cause. The end of the cold war in East Asia has not brought about the termination of hostilities on the Korean peninsula, but it has clearly affected North Korea's political and economic conditions. Nuclear development and ballistic missile development programs were conceived of in North Korea before the end of the cold war. But the need for a strategic counterweight against the United States has been amplified with the disappearance of the Soviet security support. Furthermore, the collapse of the Soviet Union and the subsequent termination of economic assistance have created a disastrous economic plight for a country without hard currency or energy resources. Ballistic missile development has undoubtedly also become attractive as a means to gain hard currency. The economic disaster that was triggered by the end of the cold war in turn has heightened the basic instability of the North Korean government. While it may not lead to the collapse of the regime, the economic crisis might tempt them to conduct erratic international actions that could destabilize security conditions in East Asia. In other words, as long as the basic tenets of the North Korean political-economic system created during the cold war— i.e., a highly authoritarian (and feudalistic) political economy that can function only by depending on outside support—do not change, the crisis surrounding North Korea will persist. In East Asia, clearly the legacy of the cold war and the impact of the end of the cold war are nowhere more conspicuous than in North Korea.

The Taiwan Strait Crisis

The Taiwan Strait has been a constant source of international concern since 1949, when the Kuomingtang (KMT) forces under Chiang Kai-shek fled from mainland China after their defeat by the Communist forces there. Following the outbreak of the Korean War, President Harry Truman ordered the Seventh Fleet to the Taiwan Strait to prevent military activity there. In order to dissuade Chiang from taking advantage of the Korean hostilities to reopen the Chinese civil war, and to deter a Communist invasion of Taiwan, the United States declared a policy of "neutralization" of the Strait. This policy effectively succeeded in preventing the Communists and the KMT from launching major attacks on each other.

In December 1954, however, the United States abandoned that policy when it concluded the U.S.-Republic of China Mutual Defense Treaty. By then, it had become clear that the KMT did not have the capability of launching a major attack on the mainland, and thus there was no longer a need for a "neutralization" policy. Instead, the U.S. guarantee of Taiwan's security has prevented any major war over the Taiwan Strait since then.

While military attacks have been avoided, however, the People's Republic of China and Taiwan continued to compete for the position of the sole and legitimate government of China for the more than four decades from 1949 until the early 1990s. Up until 1971, the year of the so-called Nixon shock and the admittance of the People's Republic to the United Nations, Japan had recognized Taiwan as the legitimate government of China, but from 1972 it switched to the People's Republic.[4] The United States made a similar shift in 1979.[5] Although the loss of recognition from Japan and the United States represented a tremendous blow to the Taiwan government, it did not give up its claim of representing all of China. It was in fact this consensus between Taiwan and the People's Republic on the existence of a single China—despite their differing opinions on where the legitimate government of that one China resides—that led the United States to declare in the 1972 Shanghai communiqué that it "acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China" (Kajima Heiwa Kenkyūjo 1985, 534).

Significant changes have taken place in Taiwan since the 1970s.[6] Chiang Ching-kuo, son of Chiang Kai-shek, started a process of gradual democratization in the mid-1980s. The first legalized opposition party, the Democratic Progressive Party (DPP), whose members argued for the independence of Taiwan, was formed in 1986. In 1987, martial law, which had been the legal basis of the authoritarian rule of the KMT, was lifted. After the death of Chiang Ching-kuo in January 1988, Lee Teng-hui, a native Taiwanese (*benshengren*), succeeded him as the chairman of the KMT and the president of Taiwan. The first election of the Legislative Yuan after the lifting of martial law was held in December 1989, at which time the DPP candidates and others who argued for independence won a considerable number of seats. In 1991, the National Assembly undertook an extensive revision of the Constitution to democratize the political system. The revision included the abolishment of clauses that applied specifically to the period of the "civil war," thus formally ending the previous stance that regarded the People's Republic as Taiwan's enemy.

It seems ironic that this change of attitude, which the leaders of the mainland welcomed, turned out to be the beginning of future tensions. As President Lee began diplomatic efforts to cultivate relations with many countries around the world, he applied a new line of reasoning: Taiwan, since it was no longer engaged

in a "civil war," should hold a more normal status in international society. This line of argument eventually led to his description in 1999 of the cross-strait relationship as a "special state-to-state relationship."[7] In fact, since 1991, the opposition DPP started campaigns to rejoin the United Nations, and included in the party charter a platform demanding the independence of Taiwan. President Lee never explicitly mentioned independence as a necessary course of action. But in a democratic society where the Taiwanese people had begun to increasingly demand that their views be heard, he needed to devise policies that would satisfy the people and that would help get him reelected when the first legitimate democratic presidential elections were held in March 1996.

President Lee's attendance in June 1995 at the commencement ceremony of his alma mater, Cornell University, triggered a spiral of tensions between the mainland on the one hand and Taiwan and the United States on the other. As a result of Lee's visit, the Chinese became suspicious both of Lee and the United States. Although the Clinton administration had previously implied to Beijing that it would not grant a visa to Lee, it acquiesced in the end to the demands of the U.S. Congress, both houses of which passed nearly unanimous (non-binding) resolutions to allow Lee's visit. Should it become a precedent, worried Beijing, Lee would be able to travel to any country, including those having no diplomatic relations with Taiwan.

What was even more worrying to Beijing, however, was the potential outcome of the March 1996 presidential election, since a victory by a DPP candidate who argued for a more independent course would be a nightmare. Thus, Beijing launched experimental missiles near Taiwan in July 1995, conducted naval exercises in December when the elections for the Legislative Yuan were held, and conducted major military exercises and missile launches immediately before the presidential election the following March. Alarmed by this significant rise in tensions, the United States sent two aircraft carrier task forces to the vicinity of Taiwan to cope with unexpected contingencies. Thus was created the first serious military escalation over the Taiwan Strait since 1958.

The crisis was primarily a psychological game. Militarily, the Chinese did not have the capability to launch an outright invasion of Taiwan, nor did Beijing have the intention of actually engaging in military combat. The effect of the intimidation, however, was diminished by the presence of the American aircraft carrier task forces. The result of the election was mixed for Beijing; the defeat of the DPP candidate was positive but, as a result, Lee achieved an easy victory. Because the candidate from another opposition party (the New Party) who explicitly opposed independence never really had a chance of victory, Beijing's intimidation in fact helped Lee. It persuaded those voters who might have been uneasy about the radical policy of the DPP to support the seemingly more

moderate Lee, who did not explicitly mention independence. Since his election, however, Lee has turned out to be the prime mover of all sorts of changes that have served to solidify the separation of Taiwan from the mainland.

Sino-American relations, as well as Sino-Japanese relations, became strained immediately after this Taiwan Strait Crisis, partly because both the United States and Japan were very critical of China's military intimidation and partly because President Bill Clinton and Prime Minister Hashimoto Ryūtarō issued the U.S.-Japan Joint Declaration on Security. Although the Joint Declaration was not a reaction to the Taiwan Strait Crisis (it was originally planned to be issued in November 1995, but was postponed when President Clinton cancelled his visit to Japan because of a budget stalemate in the United States), the Chinese became suspicious of the wording in the declaration that specified the possibility of U.S.-Japan cooperation in a contingency in the "areas surrounding Japan." The Chinese constantly asked if the "areas surrounding Japan" included Taiwan. Although there have been some vacillations among Japanese politicians, the position of the governments of both Japan and the United States has been that the phrase was intended as a concept that pays attention to the nature of the situation rather than to any strict geographical delimitation.

Sino-American relations and Sino-Japanese relations have improved in subsequent years. In the process, Beijing insisted that Washington and Tokyo should oppose Taiwan's attempt to expand its diplomatic scope. The major achievement was the "Three No's"—a verbal declaration that President Clinton made during his nine-day visit to China in 1997. While in Shanghai, Clinton stated in a discussion with a group of local intellectuals that the United States would not support the "two Chinas" or "one China, one Taiwan" concept, would not support Taiwanese independence, and would not support Taiwan's participation in an international organization composed of sovereign states. The Japanese government has never made these Three No's explicit, but Prime Minister Hashimoto, when he visited China in September 1997, did state that he did not support the "two Chinas" or "one China, one Taiwan" formula and that he did not support Taiwanese independence.

The Taiwan situation became tense again as the next presidential election drew near. In July 1999, President Lee, in an interview for German television, declared that the relationship between Beijing and Taipei was not one between a central government and a "renegade province" but rather "a special state-to-state relationship."[8] According to Lee, Taiwan has consistently been a "sovereign state," coequal with the People's Republic.[9] Chinese reaction to this statement was severe and quite personal, denouncing Lee as a "troublemaker."[10] Informal contacts between Beijing and Taipei, which had resumed in 1998 through exchanges between the chairmen of the two semiofficial groups assigned to handle contacts

between Taipei and Beijing (Taiwan's Strait Exchange Foundation Chairman Koo Chen-fu and his Chinese counterpart at the Association for Relations Across the Taiwan Strait, Wang Daohan), were virtually suspended. But Beijing this time has not conducted any large-scale military activities.

The degree to which President Lee's statement represented a new stance is a matter of contention. While some in Taiwan have said that the statement was a departure from the government's previous position, others, including Lee himself, argue that the new statement was nothing but an articulation of the position implied by the constitutional revision of 1991.

In any case, tensions over the Taiwan Strait continue to be a source of significant concern for international relations in East Asia, and thus for U.S.-Japan relations. But as the above discussion demonstrates, the overall structural background of such tensions has little to do with the end of the cold war; it has more to do with democratization in Taiwan. To the extent that Taiwanese (*benshengren*), as well as some who fled from the mainland after 1945, develop their own identity as "Taiwanese" rather than "Chinese" and desire to manage their own affairs democratically, the Chinese leaders in Beijing worry that the "unity of China" is at risk. If the prudent management of military balance was sufficient to preserve the status quo over the Taiwan Strait during the cold war, it is no longer sufficient as democratization proceeds in Taiwan. Unless a clever attempt at accommodation can be made between the two sides of the Strait, these tensions will continue to be around for the foreseeable future.

The Financial Crisis

The financial crisis that started in July 1997 was a shock to many Asians. It reminded them not only of the shallowness of their "economic miracle" but also of the political and social fragility of at least some countries in the region. Three countries that suffered the most serious economic damage, Thailand, South Korea, and Indonesia, seem to offer contrasting lessons. The democratic polities, Thailand and South Korea, managed their respective financial crises without major impact on their basic political frameworks, although they were very much resentful of the policy recommendations made and imposed by the International Monetary Fund (IMF). Prime Minister Chuan Leekpai and President Kim Dae Jung, both democratically elected leaders, implemented austerity measures and demanded sacrifice on the part of the people to overcome the crisis. By 1999, their policies of retrenchment bore fruit and the two countries registered a strong recovery by most economic measures.

Indonesia, in contrast, had to undergo a major change in its political system, which had potential implications for its national integration since the assertiveness

of separatist movements in various parts of Indonesia—such as those in Aceh, Irian Jaya, and Moluccas—increased as the political grip of the central government in Jakarta weakened.[11] It was unfortunate for Indonesia that the financial crisis hit the nation precisely at a time when people were tiring of the long and corrupt reign of the Suharto government; the combination of political and economic crises undoubtedly exacerbated the degree of disorder that the country experienced. Anti-Suharto pressures from inside and from abroad took advantage of the financial crisis to make a radical change in the basic polity of Indonesia. Measures recommended by the IMF were supported not only by economic reasoning, at least part of which was later criticized as flawed, but also by the political motivation of ending the Suharto regime. It seems wrong, however, to argue that the Suharto regime was toppled by some outside plan or conspiracy. After the terrible economic shock that occurred when the value of the rupiah tumbled from 2,000 to 15,000 rupiah per U.S. dollar, a mixture of mismanagement and structural problems plunged the Indonesian society into a state of near chaos. It was bad enough that Suharto's illness effectively immobilized the government at a critical period in December 1997, but his appointment of a new cabinet in March 1998 proved disastrous as he surrounded himself with his relatives and those deeply connected with the structural corruption of the regime. The riots of May 1998, which rang the death knell for the thirty-two-year-long Suharto regime, might have been averted if the government had postponed price hikes for gasoline and electricity. But some similar disorder seemed unavoidable in any case.

Indonesia after Suharto proves to be both reassuring and worrisome. It is reassuring because it successfully changed constitutions and conducted the first democratic election of the National Assembly, which helped establish a democratic government led by President Abdurrahman Wahid and Vice President Megawati Sukarnoputri. But the prospects for Indonesia are still worrisome, as the accumulated government debts are staggering and prospects of attracting foreign capital are not very bright (Shiraishi 1999). Furthermore, the independence of East Timor could possibly accelerate separatist tendencies in other areas of Indonesia such as Aceh and Irian Jaya.[12]

In any case, the 1990s have demonstrated that the process of globalization is not at all static; its dynamic character made rapid growth possible, but it also produced a spiraling decline and ensuing social chaos. The recent episodes seem to suggest that authoritarian regimes without transparency, accountability, and a functioning system of the rule of law are extremely susceptible to the wild fluctuations of economic dynamics inherent in the process of globalization. In this respect, Indonesia's crisis of 1998–1999 may not be the last episode of globalization-induced disruptions in East Asia.

Unstable Perceptions in Major Power Relations

Along with the crisis-ridden state of international affairs in East Asia, the end of the cold war created a dangerous fluctuation of perceptions among the major powers of the region—China, Japan, and the United States. The disappearance of the Soviet threat compelled some segments of the influential circles within the respective capitals to search for other "threats."[13] The first major appearance of such a threat that might replace the Soviet threat was a "threat" from Japan. This perception became most apparent in the United States during the late 1980s, even before the collapse of the Soviet Union.[14] Although the cold war was not quite over, most adherents of this school of thought had come to view economic power as more important than military power as a measure of national power and hence of "threats" to the national interest. By the end of the 1980s, articles and books with titles like *Containing Japan* or *The Coming War with Japan* had become popular in the United States (Fallows 1989; Friedman and Lebard 1991). A similar perception of Japan was emerging in some quarters in China, too. In the view of these Chinese, now that Japan had attained a position of economic power, it would next be contemplating ways to become a political power, and then a military power.

In the United States, the basis for such a perceived threat from Japan was the so-called revisionist view, which considered the political-economic system of Japan to be intrinsically different from those of the United States and other Western countries. According to this understanding, in order to resolve economic issues with Japan, simply resorting to policies based upon the functioning of market mechanisms would not work and some kind of coercive diplomacy to impose "numerical targets" was therefore needed. The Clinton administration's negotiations with Japan in the Framework Talks (1993–1995) were largely informed by this type of thinking. An ironical fact is that when the Clinton administration started its negotiations, the bubble had already burst and the foundation of the "threat from Japan" had been largely lost. By the time the Framework Talks ended in 1995, with Hashimoto Ryūtarō, then minister of international trade and industry, saying "no" to U.S. Trade Representative Mickey Kantor, few in the United States worried about the rise of Japan. On the contrary, some were beginning to worry about inept Japanese economic management.

As the perception of the threat from Japan receded in the United States, the "threat from China" began to attract the attention of the media and of decision-making circles in Washington, Tokyo, and elsewhere. The turning point in the development of this perception was sometime around 1992, when China reemerged as an economic dynamo after its virtual isolation following the Tiananmen Square Incident of 1989. After Deng Xiaoping's call for a reactivation

of the open-door policy in 1992, China resumed its double-digit economic growth. The World Bank and the IMF's 1993 estimates of the gross domestic product of the countries of the world in terms of purchasing power parity (PPP) had a significant impact on people's perceptions: The World Bank report predicted that the combined economic power of China, Hong Kong, and Taiwan would reach US$9.8 trillion in terms of PPP by 2002, thus surpassing the U.S. economy (World Bank 1993, 66–67; see also *Economist* 28 November 1992, (survey) 3–6).

The growth of China's defense budget also appeared less reassuring; its annual growth rate was nearly 15 percent—higher than that of the gross domestic product. The purchase of military equipment, mainly from the former Soviet Union, became a source of concern among neighboring countries, and a rumor that China might be buying a full-fledged aircraft carrier, comparable to those of the United States, persisted for several years. Furthermore, Chinese naval activities in the South China Sea fueled the concerns; in 1995, China constructed permanent facilities on the Mischief Reef, over which the Philippines also claimed sovereignty. Certain statements by People's Liberation Army (PLA) admirals and Chinese publications around this time were similarly worrisome, as they emphasized Chinese maritime interests and the new role of the PLA navy as the protector of such interests.[15] Chinese military exercises in the Taiwan Strait in March 1996 further aggravated these concerns.

As a result, lively debates arose in Washington, Tokyo, and various capitals of Asia. A book entitled *The Coming Conflict with China* was published in the United States in 1996, and such leading journals as *Foreign Affairs* and *Foreign Policy* featured articles outlining the pros and cons of the China threat thesis (Bernstein and Munro 1997; Ross 1996 and 1997; Freeman 1996; Mastel 1996). A debate between "engagement" and "containment" advocates was waged in Washington, especially after the 1996 Taiwan Strait Crisis. In Japan, too, various articles were written emphasizing the potential power of China.

The rise of the "China threat" thesis in surrounding countries prompted a strong reaction in China. Chinese officials quickly pointed out that many of the arguments of this thesis were exaggerated. In addition, unofficial and often quite emotional anti-foreign publications appeared in China, including a book entitled *China Can Say No* (Song, Zhang, and Qiao 1996).

While the perception of China as being threatening has not disappeared, the degree to which that perception pertains has fluctuated, particularly in the United States. When President Clinton visited China in the summer of 1997, for example, the sense of a China threat receded, while 1999 saw a resurgence when the so-called Cox report revealed that China has been conducting extensive espionage activities to "steal" American nuclear weapons technology.[16]

Although the Chinese did not propagate their views in terms of an "America

threat" thesis, they have long expressed the view that the United States is the main source of international problems. The Chinese media and official publications are full of books and articles pointing out the "hegemonism" (*baquan zhuyi*) and "power politics" (*qiangquan zhengzhi*) of the United States. There have been two waves in China of increased perceptions of a threat from the United States: The first was the period in the immediate aftermath of the Tiananmen Square Incident and the Gulf War, and the second was in 1998, triggered particularly by the Kosovo crisis and the bombing of the Chinese Embassy in Belgrade by the North Atlantic Treaty Organization (NATO). The basic perception common to these two periods is the current dominance of American power in the post-cold war period. While Chinese leaders often emphasize that the basic trend since the 1990s has been one of "multipolarization" (*duojihua*), which they view as desirable, they also note that the United States is the only superpower (*zhaoji daguo*). Sometimes, Chinese analysts describe this combination as a system composed of one superpower and many strong powers (*yizhao duoqiang*).

This dominant superpower is perceived in China to be threatening in at least two ways: first, in its perceived intentions, and second, in its military capability. The Chinese concerns about the U.S. intentions were most acute in the first few years following the Tiananmen Square Incident. In the eyes of the Chinese, the United States was plotting a conspiracy of "peaceful evolution" (*hepin yanpian*)—a conspiracy to topple communist governments by nonmilitary means, just as it was perceived to have done in the case of communist countries in Eastern Europe. In the late 1990s, the Chinese were no longer concerned about the U.S. intention to topple communist governments, but rather with its intention to interfere in the internal affairs of China—most notably with regard to the Taiwan issue and Tibet.

The U.S. military might was demonstrated to the Chinese first, and most vividly, by the Gulf War and then by the NATO bombings in Kosovo in the late 1990s. The Chinese did not oppose the Gulf War per se, since they were also critical of Saddam Hussein. What worried Beijing, however, was the sheer military might that was displayed on CNN. The Kosovo intervention, on the other hand, was doubly threatening. It indicated the U.S. intention to interfere in the internal affairs of other countries, as well as its capability to conduct highly sophisticated warfare with pinpoint bombing of military targets. The somewhat paranoid reaction to the U.S. bombing of the Chinese Embassy in Belgrade was understandable from this standpoint: It fit very nicely with the perception of U.S. hegemonism threatening China.[17]

All three major powers in East Asia—China, Japan, and the United States—have been perceived by each other as sources of "threats," albeit to varying degrees and with some ups and downs. This is not the emergence of a simple cold-war type of

confrontation among the three major powers. The perceived threats posed by China, Japan, and the United States have been partial. Even at the height of the "Japan threat" thesis, Japan and the United States were the other's most important trade partner. Similarly, during this period, more and more McDonald's restaurants (and Starbucks coffee shops in the late 1990s) opened in China. And, just a few weeks after massive demonstrations protesting the bombing of the Chinese Embassy had surrounded the American Embassy in Beijing, one could see long lines forming in the same spot of people waiting to obtain visas for travel to the United States. It is worrisome, however, that the three powers have not been able to establish more stable mutual perceptions, especially given the various crises outlined above.

The international context of U.S.-Japan relations in the 1990s might seem rather grim if we were to pay attention only to these crises and uncertain mutual perceptions. However, without discounting the seriousness of the problems facing the international environment in East Asia, I would like to argue that the picture is incomplete if we fail to grasp other—in many ways more positive—developments in East Asian international affairs in the 1990s: namely, the rise of multilateralism and the revival of major power diplomacy.

The Rise of Multilateralism

One prominent diplomatic trend that Asia Pacific saw in the 1990s was the rise of multilateralism. It is quite possible that the multilateral networks now proliferating at various levels and on various subjects could introduce a change to international politics in Asia Pacific as significant as the change brought about by the end of the cold war. It should be remembered that Asia Pacific had essentially been a region of bilateralism virtually until the end of the 1980s. Almost all military alliances were bilateral alliances; no significant multilateral economic frameworks existed. There were exceptions, to be sure. The Association of Southeast Asian Nations (ASEAN), formed in 1967, was a subregional success story (Yamakage 1991, 1997). Some nongovernmental, multilateral economic dialogue mechanisms also existed, such as the Pacific Economic Cooperation Council (PECC) and the Pacific Basin Economic Council (PBEC), but they were the exceptions that proved the rule. The creation of the Asia Pacific Economic Cooperation (APEC) forum in 1989 was a watershed in the history of Asia Pacific regional integration. The subsequent decade saw the emergence of increasingly dense and overlapping networks. As will be shown below, by the end of the 1990s, these multilateral frameworks had begun to show their limitations and to cause disappointment. It is nevertheless the case that they provide a new and different environment in which international relations are now conducted in East Asia.

APEC

APEC has been the flagship of Asia Pacific networking activities since it was created. It was the first governmental, multilateral meeting with nearly comprehensive membership in the Asia Pacific region.[18] The original members were Australia, Canada, Japan, South Korea, New Zealand, the United States, and six ASEAN countries (Brunei, Indonesia, Malaysia, Singapore, Thailand, and the Philippines). China, Hong Kong, and Taiwan joined APEC at the Third Ministerial Meeting, held in Seoul in 1991; Mexico and Papua New Guinea became members as of the Seattle meeting in 1993; and Chile became a member at Jakarta in 1994. It was decided in 1997 that Russia, Vietnam, and Peru would join APEC as of 1998.

The creators of APEC conceived of it as a deterrence against a "Fortress Europe," which had become a concern of Asians as well as Americans as they saw Europe moving toward a single market. It was also a hedge against the possible rise of protectionism in Europe and North America.[19] To prevent a self-fulfilling prophecy, APEC itself did not try to create any measures that might be viewed as discriminatory, and hence it adopted the catchphrase of "open regionalism." As the Uruguay Round came to a successful conclusion, and as the "Fortress Europe" specter faded from view, APEC took on more substantive goals. In 1994, APEC members set for themselves the goal of "free trade," which was to be actualized by the year 2010 for developed countries and 2020 for developing countries. An "action agenda" to realize that goal was agreed upon in 1995, and a more concrete "action plan" was adopted the following year.

In terms of the impact on international politics, the evolution of APEC-related institutions seems at least as important as its economic goals. The first significant innovation was the informal Leaders Meeting, created at the initiative of President Clinton in 1993. The Seattle meeting of the APEC leaders that year was in fact the first summit meeting of the heads of government of Asia Pacific nations in history. Second, within the context of the Ministerial Meeting (which is the original body of APEC, participated in by foreign ministers and trade ministers), various specialized meetings, committees, and working groups have been created. As a result, APEC-related meetings have increased tremendously, with fifty to eighty such meetings now held regularly each year.

When APEC was created, it was agreed to avoid too much institutionalization. Thus, it was only in 1992 that the secretariat was created. Obviously, the level of institutionalization of APEC is still far more limited than such full-fledged organizations as the EU Commission; such a path was ruled out from the beginning. But the proliferation of regular committees and working groups is nonetheless an unprecedented phenomenon in Asia Pacific, where the daily contact among working-level officials used to be very limited. In the 1950s and 1960s, a number

of scholars who subscribed to the theory of "functionalism" were arguing about the possible "spillover" effects in Europe as they saw the beginning of European integration (Mitrany 1943; Haas 1964). This school of thought holds that the habits of cooperation formed in such functional areas as technology or trade will "spill over" into more general foreign policy interaction, thereby encouraging peace. Now, Asia Pacific may be witnessing the emergence of conditions that lend themselves to the theory of "functionalism," making the possibility of "spillover" increasingly real. In this sense, although APEC is a forum to discuss economic issues, it also has begun to have at least an indirect effect on the security conditions of Asia Pacific.

The ASEAN Regional Forum

Just as APEC marked a fundamental change in the economic relations of the Asia Pacific region, the creation of the ASEAN Regional Forum (ARF) was a watershed event in the region's security relations.[20] The main initiative came from the ASEAN countries, who felt the necessity to create a security framework in which they could wield power against the major powers in the region. It was a response by the ASEAN countries to various calls for a multilateral security framework, including an Australian idea for a Conference on Security Cooperation in Asia (CSCA) and a Canadian proposal for a North Pacific security forum. The establishment of ARF was agreed upon in July 1993, at the ASEAN Post Ministerial meeting, and the first ARF meeting took place in July 1994. The original members included the six ASEAN countries, as well as Australia, Canada, China, Japan, Laos, New Zealand, Papua New Guinea, Russia, South Korea, the United States, Vietnam, and a representative of the EU. ARF's membership expanded to include Cambodia in 1995, India and Myanmar in 1996, and Mongolia in 1998.

As was the case with APEC, ARF started without any grand design; the purpose was stated vaguely. The first meeting was ridiculed by some as being a mere "talk shop." It was only in the second meeting in 1995 that the medium-term goals were set and the members agreed to gradually proceed with three stages of action: first, confidence-building; second, preventive diplomacy; and third, conflict resolution. In order to promote confidence-building, they agreed to strengthen political-security dialogues, to increase transparency by publishing the member countries' documents on defense policy, to promote further exchanges among the military forces of member countries, and to encourage the members to participate in the UN Register of Conventional Arms.

The initial organizational apparatus of ARF was also minimal, consisting of Ministerial Meetings and Senior Officials Meetings (SOMs). But as was the case with APEC, the number and variety of meetings increased, gradually at the outset

and quite rapidly in subsequent years. In accordance with the medium-term goals described above, at the 1995 meeting ARF's members decided to create various additional "inter-sessional meetings" (ISMs), including the Inter-Sessional Support Group on Confidence-Building Measures, the Inter-Sessional Meeting on Search and Rescue Coordination and Cooperation, and the Inter-Sessional Meeting on Peacekeeping Operations. In 1996, the Ministerial Meeting decided to create another ISM: the Inter-Sessional Meeting on Disaster Relief. In 1997, the Ministerial Meeting also confirmed that the examination of preventive diplomacy should be started at the governmental level.

Obviously, there are many limitations to the activities of ARF. The initial criticism of ARF as being a mere "talk shop" continues to retain some validity. It cannot make any decisions that are opposed by a member state. In terms of being a talk shop, however, its quality has improved. The discussion on the Cambodian situation at the 1997 Ministerial Meeting and the discussion at the 1998 Ministerial Meeting on nuclear tests conducted by India and Pakistan were at least quite frank and active. In terms of institutionalization, the issue of establishing a secretariat remains to be resolved. In contrast to APEC, which as noted above established its secretariat in 1992, ARF still has no secretariat; it is managed by the chair country, which rotates annually among the ASEAN countries. As the issues and meetings multiply, the current management style has begun to show some strains, and not all ASEAN countries may be able to fulfill the roles of chair and host as well as secretariat. On the other hand, some countries such as China are resisting the creation of a permanent secretariat.

Nonetheless, immediate conflict resolution and rapid institutionalization have never been the goals of ARF. Its effect should be judged by its long-term impact on socializing the governing elites in the region who are in control of security affairs. As was discussed in the section on APEC, the multiplication of meetings is in itself important. A significant development in this respect was the participation of defense personnel in Ministerial Meetings and SOMs as support staff from 1997 on. Another positive development has been the increasing willingness and readiness of China to engage in the ARF processes. One of the original goals of ARF was to encourage Chinese participation in multilateral dialogues, and this goal has been more or less achieved, although China's active participation has not yet necessarily led to agreements with other countries.

ASEM and ASEAN+3

In contrast to APEC and ARF, which generally have been welcomed by most countries in Asia Pacific, Malaysian Prime Minister Mahathir bin Mohamed's idea of an East Asian Economic Caucus (EAEC), first proposed in 1991, has been

controversial. The U.S. reaction (particularly from Secretary of State James Baker) was almost hostile, Japan was very cautious, and other ASEAN countries' support was lukewarm. The proposal was seen as an attempt to drive a wedge between Caucasian Asia Pacific and non-Caucasian (or Asian) Asia Pacific. Furthermore, it was interpreted as a movement toward a more "closed" regionalism. As a result, this idea was regarded as more or less dead until, by a certain accident of events, it returned through a backdoor called ASEM (the Asia-Europe Meeting), which was first held at the initiative of Singapore in 1996. The main motivation for creating ASEM was to promote the relatively weaker link between Asia and Europe (as opposed to the Europe–North America or Asia–North America links) in the economic, political, and cultural areas. ASEM itself was not intended as a way of promoting Mahathir's EAEC idea, but when the Asian members of ASEM were selected, it just so happened that those countries regarded as somehow the "natural" choices to represent Asia included China, Japan, South Korea, and the ASEAN members as of 1996. These were in fact the countries that Mahathir had proposed as the members of the EAEC. As it turned out, in the ASEM scheme, it was agreed that the Asian side and the European side would meet separately before all twenty-six members got together. In this way, through the ASEM process, the leaders that Mahathir had wanted to participate in his EAEC met for the first time in history. But the ASEM process in and of itself did not produce a full-blown East Asian framework; it simply introduced an East Asian meeting through the backdoor. The front-door entrance of a new framework had to wait until the following year, when the "ASEAN+3" summit was created through a somewhat unintended initiative.

In January 1997, Prime Minister Hashimoto was on a visit to ASEAN countries when he declared that he wanted to have regular summit meetings between Japan and the ASEAN leaders. The initial response from the ASEAN countries to Hashimoto's idea was rather cautious. If Japan alone were to have a regular summit with ASEAN, what would be the Chinese reaction? This was a real concern for the ASEAN countries. But in due course, ASEAN decided to invite not only the leader of Japan but also the leaders of China and South Korea to the ASEAN summit held in December 1997. Japan's idea of an "ASEAN+" summit was transformed into an "ASEAN+3" summit (which in fact took place as scheduled, despite the absence of President Kim Young Sam, who could not attend because of the South Korean presidential election and the economic turmoil that was occurring; a representative attended on his behalf).

The substance of this ASEAN+3 summit meeting in December was not significant. Even as talk shops go, the meeting may well be regarded as a failure. But the significance of this summit lay not in substance but in form. In contrast to ASEM, where East Asian leaders got together as part of a larger Asia-Europe

framework, the ASEAN+3 summit offered an independent occasion for East Asian leaders to sit around a single table for the first time in history. In December 1998, the second ASEAN+3 summit took place in Hanoi, attended by the ASEAN leaders as well as by Japanese Prime Minister Obuchi Keizō, South Korean President Kim Dae Jung, and China's Vice President Hu Jintao. As it is now expected that this summit will take place regularly, it creates another layer of interaction among the countries involved, in addition to APEC and ARF. Institutionally, this is clearly the most rudimentary—nothing exists other than the summit meeting. But in contrast to APEC and ARF, whose scopes are limited to economics and security respectively, the ASEAN+3 does not specify any subject for discussions, thereby permitting its scope to become most comprehensive.

The ASEAN+3 came perhaps at the right moment. Despite having exactly the same membership as Mahathir's EAEC, the ASEAN+3 was able to avoid the pitfalls of the EAEC as conceived in the early 1990s. As originally proposed, the EAEC was potentially dangerous because it could have become a competing regional scheme with APEC. But by the end of the decade, APEC had established its position as an increasingly solid scheme of cooperation. In addition, ARF has been around for some years with more inclusive membership than the ASEAN+3. There is no possibility that this new grouping will endanger the former two. On the contrary, it could now be argued that, if only to promote the respective cooperative activities of APEC, ARF, and ASEM more constructively, the countries of ASEAN+3 should coordinate their views more fully beforehand.

The Potential for Multilateral Frameworks in Northeast Asia

Northeast Asia is conspicuous for its absence of multilateral frameworks. Although ARF can theoretically cover Northeast Asia, it is still a Southeast Asia–centered scheme. The density of overlapping institutions in Southeast Asia—with ASEAN, the ASEAN Post Ministerial Conferences, ARF, APEC, and more—is much higher than that in Northeast Asia. In fact, the only multilateral governmental framework in Northeast Asia is the Four-Party Talks, which were proposed by President Kim Young Sam and President Clinton in 1996 (Oberdorfer 1997). The main purpose of these talks was to explore a permanent peace agreement on the Korean peninsula to replace the armistice agreement of the Korean War. Official meetings were finally started in December 1997, but the future is still quite uncertain. Some, including Prime Minister Obuchi, have advanced the desirability of expanding the talks to a 2+2+2 format, with the added participation of Japan and Russia. But this still remains just an idea. Although not an intergovernmental organization for the general purpose of either economic or security policy, KEDO may function

as a confidence-building mechanism involving North Korea. Ultimately, however, while the desirability of a multilateral dialogue mechanism in Northeast Asia is clear, as long as North Korea retains its current internal and external policies, the realization of such a dialogue remains difficult, to say the least.

A Revival of Major Power Diplomacy

Potentially the most significant development in international politics in Asia Pacific in the late 1990s was the resumption of major power diplomacy. The four major countries—China, Japan, Russia, and the United States—began to increase meetings of high-ranking officials and politicians from sometime around 1996. As discussed above, the relations among the four were strained until that time. To be more exact, for some time Russia's relations with others were not so much "strained" as they were nonexistent. Relations among the other three were strained not only because of the uncertain dynamics of mutual perceptions, as discussed previously, but also by a number of incidents and developments. For example, Japan's relations with the United States in 1995 were already complicated enough because of the automobile and auto parts talks, but the rape of a Japanese schoolgirl by U.S. servicemen in Okinawa in September placed the U.S.-Japan alliance in a serious crisis. At the same time, Japan and China were arguing with each other over various issues including China's nuclear tests, Japan's history, territorial issues, and Taiwan. And as discussed above, China and the United States resorted to brinkmanship over Taiwan in 1996.

Fortunately, it seems that all four major countries, after these unhappy experiences, have come to realize that the strained relations among them are simply counterproductive for their respective national goals. The first diplomatic attempt to restore stability to bilateral relations was made by Japan and the United States by "redefining" their security relationship. Partly because of the effect of the "Japan threat" debate, partly as a result of truly acrimonious trade talks, and partly because of the delayed articulation of post-cold war security strategy by both Japan and the United States, the alliance was depicted as being "adrift" (Funabashi 1997). This drifting alliance was shaken by the Okinawa rape incident of September 1995. At one point shortly afterward, a Japanese public opinion poll indicated that the level of support for the alliance had dropped to almost the same level as those opposing it—the first such dramatic decline since 1973 (*Nihon Keizai Shimbun* 17 October 1995).[2]

The alliance was saved from this crisis by various factors. The U.S. response to the rape incident, including an immediate apology by President Clinton, was prompt and appropriate. In addition, uncertain developments on the Korean peninsula, increasing concerns about the future of China (including, but not

necessarily limited to, the "China threat" thesis), and a recognition of the limitations of multilateral security frameworks such as ARF brought the security debates in Tokyo back from an emotional reaction to the incident to a more coolheaded strategic calculation. To assuage the people of Okinawa, who are resentful of the disproportionate allocation of U.S. bases to Okinawa (in terms of area, 70 percent of the U.S. bases in Japan are located on Okinawa), Prime Minister Hashimoto personally took the initiative to persuade the Clinton administration to relocate the Futenma Air Base, which was located in a congested urban area of Ginowan City. The U.S. agreement to the return of Futenma in April 1996 ushered in a successful Clinton visit to Tokyo and the general acceptance by the Japanese public of the U.S.-Japan Joint Declaration on Security. The subsequent negotiations between Washington and Tokyo to revise the Guidelines for U.S.-Japan Defense Cooperation solidified security relations between the two. Thus, when Asia was struck by a financial crisis in the summer of 1997, and Japan became the focus of international criticism for its economic management, the basic framework of the security relationship was more or less intact (although there were strains over certain other issues, including the possibility of an Asian Monetary Fund, a Japanese idea that failed to materialize due to the strong opposition of the United States).

Despite the existence of serious issues and mutual threat perceptions, Washington and Beijing also made diplomatic efforts to keep their relations more or less "normal." After the Taiwan Strait Crisis of March 1996, President Clinton and President Jiang Zemin met on the occasion of the APEC Leaders Meeting held in Manila in November 1996 and agreed to mutual state visits in the following years. Vice President Al Gore visited China in March 1997, and President Jiang made a state visit to the United States in late October 1997, which was then reciprocated by President Clinton's state visit to China in June–July 1998. Sino-American relations became strained again after the Clinton visit, however, first by the revelation of the alleged Chinese espionage activities related to nuclear weapons technology, and then by the U.S. bombing of the Chinese Embassy in Belgrade. But diplomatic negotiations such as those over China's accession to the World Trade Organization (WTO) have been facilitated by such occasions as Premier Zhu Rongji's visit to Washington in April 1999. On the occasion of the APEC Leaders Meeting at Auckland, New Zealand, President Clinton and President Jiang had a separate meeting to mend their relations, as well as to agree to accelerate their negotiations on China's WTO accession, on which agreement was reached between the two countries two months later, in November 1999.

Japan's relations with China in the 1990s have experienced ups and downs. After the Tiananmen Square Incident, Japan also imposed sanctions against China, including a freeze on the implementation of official development assistance

(ODA) for fiscal year 1990 to fiscal year 1995, which had already been agreed to in principle. But among the G7 countries, Japan was quickest to resume a normal relationship with China, and it resumed its ODA planning within a year. In the Japanese thinking, a destabilized China was not in their best interest. The official visit by the Japanese emperor to China in 1992 represented a high mark in Sino-Japanese relations. Subsequently, however, relations between Tokyo and Beijing took a turn for the worse. Between 1993 and 1995, several cabinet members in the series of coalition governments in Japan made controversial statements concerning the history of Sino-Japanese wars and Japanese colonization, thus attracting criticism from China and other countries. Conversely, Chinese nuclear tests in 1995 and 1996 elicited critical reactions from Japan, where the public and particularly some members of the Diet viewed the Chinese (and French) nuclear tests as being contrary to the spirit, if not the letter, of the indefinite extension of the Nuclear Non-Proliferation Treaty that was ratified by an overwhelming number of countries in May 1995. As a result, the Japanese government decided to freeze its grant aid program to China, which in turn angered the Chinese. In addition, the construction of a small lighthouse on one of the Senkaku Islands by a rightwing Japanese organization appeared provocative to the Chinese (and to the people of Taiwan and Hong Kong), who believe that the islands belong to China. The U.S.-Japan Joint Declaration on Security also appeared to the Chinese to be an effort to "contain" China. Thus, the summer of 1996 witnessed the low point of the decade in Japan-China relations.

However, strained relations between the two were not perceived in either capital as being productive. In fact, economic relations between Japan and China in 1995–1996 were quite positive. A huge number of direct investment projects were undertaken in China by Japanese firms. Diplomatically, a turn for the better was signaled by a meeting between Jiang and Hashimoto during the Manila APEC Leaders Meeting in November 1996, at which time they agreed to exchange visits. In the fall of 1997, Hashimoto visited China and Prime Minister Li Peng visited Tokyo shortly thereafter. Unfortunately, President Jiang's state visit to Japan in November 1998 was a disappointment to both the Japanese and the Chinese. From the Chinese perspective, the fact that Japan would not agree to insert an explicit "apology" in the joint statement was unsatisfactory, while to the Japanese, Jiang's insistence on repeatedly raising the history issue at almost all occasions while he was in Japan appeared excessive.[22] Nonetheless, relations between Tokyo and Beijing did not deteriorate too much, since Prime Minister Obuchi's visit to Beijing in July 1999 was largely successful.

Russia, nearly absent from the Asian scene in the early 1990s, started to reenter later in the decade, first by increasing contacts with China. President Boris

Yeltsin and President Jiang agreed in April 1996 to call their relationship a "strategic partnership." The year 1997 saw a rapid improvement of relations between Japan and Russia as well. After a short encounter at Denver, Prime Minister Hashimoto and President Yeltsin agreed to mend the almost frozen relations between the two countries, and when they met in November, they agreed to make efforts to realize a peace treaty by 2000. President Yeltsin visited Japan in April 1998 and Prime Minister Obuchi went to Moscow in November 1998. President Vladimir Putin, who won the presidential election in March 2000 after the sudden resignation of Yeltsin, visited Japan in September 2000. It is doubtful, however, that the two countries will reach a mutually agreeable compromise over the territorial issues by the end of the year. Nonetheless, the general atmosphere does not seem to be as chilly as it was in previous years.

It is hard to summarize the full implications of these diplomatic activities of the major powers. But, taken together with the advent of increasingly overlapping multilateral networks, the revitalization of major power diplomacy could dampen the effect of unstable mutual threat perceptions among the major powers. It could also offer possibilities for mutual cooperation in resolving, or at least managing, crises that might be produced by the combined effects of the end of the cold war, democratization, globalization, and various local circumstances.

The experiences of the last ten years seem to indicate that multilateral frameworks alone have not been very effective in coping with the types of serious problems that this chapter has termed "crises." ARF did not play a role in dealing with either the Korean peninsula or the Taiwan Strait. APEC was not particularly impressive in coping with the financial crisis or the Indonesian political turmoil that followed. The roles of major powers are essential in coping with these hard issues that require substantive and quick reactions. The revival of major power diplomacy around 1996 was, in this sense, necessary and understandable.

However, major power diplomacy is not a panacea. Given the essential instability of mutual threat perceptions, major power diplomacy may tumble into a major power confrontation. The development of multilateral frameworks in Asia Pacific, though not very impressive in managing crises, has played a certain role in preserving major power diplomacy. As the previous discussion indicates, the annual APEC Leaders Meetings often provide occasions to resume diplomatic dialogues after some strains in various bilateral relations. The Manila Meeting in November 1996 offered opportunities for both the Sino-American and Sino-Japanese relationships to move back to more normal diplomatic dialogues. The Auckland Meeting in September 1999 did likewise with respect to Sino-American relations. A similar tendency can be attributed to the annual ARF and ASEAN PMC meetings in terms of facilitating dialogues at the level of foreign ministers.

Concluding Remarks

All in all, East Asia in the 1990s has offered a difficult international context for the U.S.-Japan relationship. The Korean peninsula, the Taiwan Strait, and the financial crisis challenged both Washington and Tokyo. The game of major power relations among China, Japan, and the United States has been bewildering, and threat perceptions seem to be constantly in flux. But the overall tendencies seem to force the two allies to cooperate more rather than to tread divergent courses. It is in the interest of both Americans and Japanese to have a nuclear-free and missile-free Korean peninsula. It is in the interest of both peoples to have peace over the Taiwan Strait. And the smooth and safe transition of the political-economies of East Asian countries to systems that can cope with globalization is certainly welcome to both Japanese and Americans, who are increasingly dependent on the prospect of a prosperous and peaceful Asia Pacific.

It was in this sense inevitable and wise for Japan and the United States to reconfirm the importance of their alliance in 1996. That reconfirmed alliance system seems to have worked as glue when the two countries were confronted with the challenge of the financial crisis. Certainly there were strains (for example over the AMF issue, as noted), but the belief that the two countries share more or less identical security interests has prevented the fissures in the economic realm from damaging the overall relationship.

The reaffirmed alliance has a positive function in the overall international relations of East Asia by removing one important element of uncertainty from the game of threat perception. At least from 1995 on, the United States and Japan have no longer suffered from mutual threat perceptions. Put differently, no countries need to contemplate a circumstance where Japan and the United States are fundamentally at odds with each other, and no countries can try to play Japan and the United States off against each other. This significantly increases the level of predictability in East Asia—a virtue for a region so full of uncertainty.

There is, however, one possible disadvantage that could stem from a solidified U.S.-Japan relationship in terms of the overall international relations in East Asia: If China believes that the U.S.-Japan alliance is anti-China in nature, the solidification of the alliance might push East Asia into an arena of confrontation. A series of Chinese expressions of concern over the last several years has indicated that such a possibility does exist. Declarations by Japan and the United States that their alliance is not directed at any single country are important. But, along with such expressions, it seems extremely important for both Japan and the United States to help develop multilateral frameworks in Asia Pacific. The experiences of the APEC Leaders Meetings have proven that such gatherings can serve a very positive function by increasing the venues for communication at the

highest level. Under the current circumstances in East Asia, the more the leaders have an opportunity to see each other, the better. And one important virtue of regular meetings set up by multilateral frameworks is that it is hard to cancel them simply because of a slight downturn in a bilateral relationship.

A bilateral relationship between highly sophisticated countries such as the United States and Japan is molded and affected by various complex factors. Domestic factors are in many ways critical, as is elucidated in the other chapters of this book. But from the perspective of the international context, there is a solid and continuing basis for further cooperation. This is the major conclusion of this chapter. In addition, this examination of the international context also indicates that the two countries need to have much broader perspectives in dealing with international affairs, extending beyond the management of the alliance. If only to preserve the alliance as a positive factor in international politics in East Asia, the two countries need to cultivate healthy multilateral frameworks that can embrace China and other countries.

Notes

1. Some of the theoretically informed treatments of post-cold war international politics in East Asia include Betts (1994), Friedberg (1994), Buzan and Segal (1994), and Tanaka (1994). Tanaka (1996) adopts somewhat novel theoretical categories to describe East Asian international politics.

2. The best account of North Korea's nuclear weapons development program and the subsequent crisis is Oberdorfer (1997).

3. The full text of the Geneva Agreement can be found at <http://csf.colorado.edu/dfax/npn/npn18.htm>.

4. Japan's position with respect to Taiwan was based on the commitment it made in the San Francisco Peace Treaty, in which it declared that "Japan renounces all right, title and claim to Formosa and the Pescadores" (Kajima Heiwa Kenkyūjo 1983, 420). When it normalized relations with China in 1972, Japan's position was expressed in a rather circuitous way in a joint communiqué. Paragraph 2 of that communiqué stipulates: "The Government of Japan recognizes the Government of the People's Republic of China as the sole legal Government of China," and paragraph 3 states, "The Government of the People's Republic of China reiterates that Taiwan is an inalienable part of the territory of the People's Republic of China. The Government of Japan fully understands and respects this stand of the Government of the People's Republic of China, and it firmly maintains its stand under Article 8 of the Potsdam Proclamation" (Kajima Heiwa Kenkyūjo 1985, 593). Article 8 of the Potsdam Proclamation stipulates that "the terms of the Cairo Declaration shall be carried out" (Kajima Heiwa Kenkyūjo 1983, 74). And the Cairo Declaration stipulates that "all the territories Japan has stolen from China," which included Taiwan, "shall be restored to" China (Kajima Heiwa Kenkyūjo 1983, 55–56). Simply put, this indicates that, having given up Taiwan under the San Francisco Peace Treaty, Japan is not in a position to say anything about the current disposition of the island beyond that it "understands and respects" the

Chinese position and that, in accordance with the Cairo Declaration and the Potsdam Proclamation (the acceptance of which was the basis of the settlement of World War II for Japan), it does not oppose the restoration of Taiwan to China. For background on Sino-Japanese relations, see Tanaka (1991).

5. The U.S. position with respect to Taiwan is expressed in the Joint Communiqué on the Establishment of Diplomatic Relations between the United States of America and the People's Republic of China (January 1, 1979), which stipulates: "The United States of America recognizes the Government of the People's Republic of China as the sole legal Government of China. Within this context, the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan." The joint communiqué also stipulates: "The United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China" (Kajima Heiwa Kenkyūjo 1985, 1023–1024). For background on U.S. relations with Taiwan and China, see Harding (1992), Mann (1999), and Tucker (1994).

6. The best short history of Taiwan's transition from authoritarian rule to democracy is Wakabayashi (1997). For a general account in English, see Copper (1996).

7. For a concise review of the relations between China and Taiwan, see Nakagawa (1998).

8. See <http://taiwansecurity.org/TS/SS-990709-Deutsche-Welle-Interview.htm>.

9. A 1999 *Foreign Affairs* article by Lee provides his full justification for this statement.

10. See <http://taiwansecurity.org/AFP/AFP-TaiwanPressidentSaysHeNoTroublemaker.htm>.

11. For a detailed description of political change in Indonesia, see Research Institute for Peace and Security (1999, 16–25).

12. East Timor, a former Portuguese colony, was annexed by Indonesia by force in 1975, when Portugal withdrew. Neither the United Nations nor any country except Australia recognized Indonesia's annexation, because they believed that Indonesia, a country composed of former Dutch colonies, did not have a legitimate claim over the former Portuguese colony. The independence movement in East Timor, which has existed since that time, became very vocal as the Suharto regime went through political turmoil. President B. J. Habibi, who replaced Suharto, allowed a referendum in August 1999 in East Timor to decide its future. That vote clearly showed the desire of the overwhelming majority of citizens for independence. The Indonesian military, which had a strong interest in East Timor, carried out a campaign of harassment and massacre there in the aftermath of the referendum. But as multilateral peacekeeping forces were dispatched to East Timor in late 1999 to restore order, the Indonesian military withdrew and the Indonesian Parliament agreed to the independence of East Timor.

13. Samuel Huntington (1997) once wrote that the United States needs an outside threat to maintain its national identity.

14. The precursor was an article in the *New York Times* by Theodore White (1985).

15. Admiral Zhang Lianzhong said in an interview with the Chinese weekly magazine *Liaowang* in April 1992 that "the Chinese Navy is becoming a 'convoy' of China's reforms and opening," adding that "the wish of the Chinese sailors is to realize a prosperous country and a strong military" (Huang 1992).

16. The Cox report, or the "Final Report of the Select Committee on U.S. National

Security and Military/Commercial Concerns with the People's Republic of China," was issued on January 3, 1999. It was named for Rep. Christopher Cox, who chaired the bipartisan committee.

17. See, for example, various articles in *Pekin Shūhō* (the Japanese edition of *Beijing Review*) 1 and 8 June 1999.

18. Kikuchi (1995) provides a general review of the formation of APEC.

19. For a vivid journalistic account of the formation and development of APEC, see Funabashi (1995).

20. The most detailed chronicle of the formation of ARF is Leifer (1996). See also Yamakage (1997, chap. 9).

21. The poll showed that 40.2 percent were for the abrogation of the security alliance, as compared to 43.5 percent who supported its maintenance. This is in sharp contrast to a poll taken just months earlier, in August 1995, in which only 28.7 percent supported the abrogation of the alliance and 59.8 percent supported its maintenance.

22. The following is the statement issued in the Joint Declaration agreed upon between Jiang and Obuchi: "The Japanese side is keenly conscious of the responsibility for the serious distress and damage that Japan caused to the Chinese people through its aggression against China during a certain period in the past and expressed deep remorse for this." (The text of the statement is available at <http://www.mofa.go.jp/region/asia-paci/china/visit98/joint.html>.) Under other circumstances, these words could generally be taken as a statement of apology.

However, the Joint Declaration between Japan and South Korea, which was issued the previous month stated: "Looking back on the relations between Japan and the Republic of Korea during this century, Prime Minister Obuchi regarded in a spirit of humility the fact of history that Japan caused, during a certain period in the past, tremendous damage and suffering to the people of the Republic of Korea through its colonial rule, and expressed his deep remorse and heartfelt apology for this fact" (<http://mofa.go.jp/region/asia-paci/korea/joint9810.html>). Reading this, the Chinese believed that their document should include the same word, "apology." Therefore, when Obuchi did not agree to use the same word, Jiang felt that he was being unfairly treated by the Japanese. It is reported that Kim Dae Jung insisted that if Japan agreed to include the word "apology," he would agree to put the history issue completely behind the two countries. The Chinese negotiators did not offer such a commitment, and thus the Japanese responded that they would rather use indirect words than an explicit apology. It was unfortunate in any case that these exchanges seem to have degenerated into a political game of symbolic words. As a result, the perception emerged that Japan did not apologize at all. Very few people bothered to read the actual statement.

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