

THE PROMISE OF THE PACIFIC

by Frank B. Gibney

In his pioneering work on the Mediterranean world in the age of Spain's Philip II, historian Fernand Braudel claims that the Mediterranean region lacked any unity apart from that "created by the movements of men, the relationships they imply and the routes they follow The whole Mediterranean," Braudel continues, "consists of movement in space. Anything entering it—wars, shadows of war, fashions, techniques, epidemics, merchandise light or heavy, precious or commonplace—may be caught up in the flow of its lifeblood, ferried over great distances, washed ashore to be taken up again and passed on endlessly, maybe even carried beyond its shores."

The Mediterranean world that Braudel evokes, with its trading galleys, Phoenician and Greek alphabets, colonizing Crusaders, Venetian merchants and their fleets, Byzantine and Arab scholars, and Renaissance bankers, took centuries of commerce and communication to develop. All the more remarkable, then, that in a mere 30 years a similar evolution has taken place among the peoples of the Pacific Basin.

Of course, it is now commonplace to note how the jet aircraft, the TV screen, and the semiconductor have transformed our old ideas of geography, how technology has compressed time and space. But living with these new realities is not so easy as talking about them. Braudel's Mediterranean peoples had many generations in

which to get used to their neighbors across the water. By contrast, Japanese and Americans, Australians and Indonesians, Chinese and Canadians are learning Braudel's unities in a hurry—almost by the hour.

Like the postmedieval Mediterranean, the Pacific Basin came to life as a marketplace. Some Americans regarded it as such during the last century. Yet even those Yankee traders of the clipper-ship era considered Pacific commerce little more than a footnote to the main action in the continental United States and across the Atlantic in Europe. Now the scenes have shifted. By 1979 American trade with Pacific Rim countries had grown greater than that with Europe. By 1989 our \$297 billion commerce with the East Asian countries was more than one-third heavier than our total trade with Europe—and growing. It has become exceedingly complex as well. Besides the flood of automobiles, textiles, microchips, and electronic gear coming in from the Pacific, as aircraft, agricultural commodities, and computer software go out, an interlocking network of investments, joint ventures, and offshore manufacturing has grown up among the Pacific countries. For better or for worse, we are becoming part of a vast shared economy in which it is increasingly hard for individual countries to legislate or otherwise enforce protective barriers, or for that matter to retain their economic sovereignty.

Japan's postwar success story was what first made people contemplate a Pacific

flowering, but the rise of Japan as an economic superpower was not an isolated phenomenon. It was followed during the 1970s by the meteoric growth of the Republic of Korea, Taiwan, Hong Kong, and Singapore as trading and manufacturing powers. Now Indonesia, Thailand, and Malaysia are registering similar gains in exports and gross national products (GNPs). Even mainland China, for all its post-Tiananmen political posturing, has irrevocably shattered its old Maoist command economy, with Guangzhou (Canton) and the free economic zones as virtual capitals of a new free market. The absorption of free-wheeling Hong Kong in 1997 is likely to further loosen China's economy. The huge changes, social and economic, taking place along the western shores of the Pacific amount to modern Asia's jet-age version of the Industrial Revolution. Such changes are having an impact on the United States—and Europe—comparable to the 19th-century assault of Western colonialism on Asia.

The impact transcends the expansion of trade and investments. Asian-Pacific people are now America's fastest-growing source of immigrants, and a large proportion of them are skilled. (More than 2.6 million came here during the 1980s, comprising almost half of the U.S. immigration in that period. By the 1990 census fully eight percent of California's population was of Asian descent.) We are importing the cultures and philosophies of Asians along with their goods. The growth of Chinese and Japanese language study in American high schools and universities during the last 15 years has exceeded all expectations. Translations of Japanese and Chinese books are finally being widely

and seriously reviewed. The very word "Confucian," once a virtual synonym for obscurantism, is now used admiringly to describe the cohesiveness of group-minded Asian capitalists.

The Asian-Pacific take-off did not happen by accident. Following Japan's example during the 1960s, but with marked individual variations, East Asians threw out the self-defeating import-substitution policies and command economies so favored by Third World countries elsewhere. Taking advantage of traditional reliance on group loyalties, plus an almost religious regard for education, they showed themselves willing



If current patterns continue, says the Economist, by the mid-21st century the locus of global economic power will shift from "Europe and North America to the western side of the Pacific Rim."

to work hard and save for the prospect of long-term gain. Although keenly competitive in head-to-head struggles with rival companies, East Asian businessmen were willing to take direction from their governments. (They generally had little choice.) In a sense, engineers and economic planners played the didactic role that Confucian mandarins had played in an earlier day, leading their countries in intensive export drives, based on extraordinarily high levels of personal savings and capital investment.

One newly industrializing country learned from another, in what Saburo Okita, the doyen of Japan's official develop-

ment economists, called the "flying geese" pattern of shared growth. Borrowing the term from the writings of another Japanese economist, Akamatsu Kaname, Okita used the image of the V-formation of geese to demonstrate how an economic latecomer adopts the techniques of more advanced countries to catch up, in the process using its own distinctiveness to support itself. As Okita has pointed out, this is neither the horizontal-type integration of equals of the European Community nor the classic vertical relationship between industrialized countries and the underdeveloped commodity-suppliers. It is often unapologetically imitative. Witness the similarities between Japan's redoubtable Ministry of International Trade and Industry (MITI) and similar government organs in Korea and Taiwan.

Almost all of the Asian economic upsurges were directed by authoritarian regimes, albeit enlightened ones (at least in economic affairs). However politically repressive, these governments gave private business every possible support. Business and finance worked closely with government to expand existing markets and promote research and development. They were all well-advertised market economies, answering to the name of free enterprise. Yet the "guidance" that governments imposed on their manufacturers and traders made for a unique version of capitalism, worlds away from the adversarial free enterprise of American definition. The political economist Chalmers Johnson has very aptly categorized these economies as "capitalist development states." They represent a new kind of capitalism indeed, which in its progress has already stood Adam Smith,

David Ricardo, and today's neoclassical economists on their collective head.

The model for these burgeoning Asian economies was Japan's Meiji Restoration of 1868. More properly called a cultural revolution, Meiji was Japan's self-propelled drive to modernize itself and become, economically as well as politically, an East Asian version of the 19th-century European nation-state. To succeed, the Japanese had to play "catch-up" ball all the way. Lacking modern banks or capitalists, the new Meiji government privatized industries after it developed them but continued to be supportive—lest the new Japanese businessmen be swallowed up by their more experienced European competitors. The resultant capitalist development state was the unique amalgam of microeconomic free enterprise and macroeconomic government guidance that Japan largely remains today.

As other East Asian nations gained their independence, Japan's business-government symbiosis served as an obvious economic model. South Korea's dour dictator, President Park Chung Hee, made clear his debt to this model when he announced his first economic Five Year Plan in 1962: "The basic economic system . . . respects as much as possible the freedom and creativity of private individuals With regard to key industries, however, the government must take a direct or indirect part [I]n other words an enterprise leadership system has been adopted."

Under the watchful eyes of the new Asian bureaucracies, the free enterprisers of the capitalist development states expanded according to government plan—and had their domestic markets protected while doing so. Their technology was bor-

Frank B. Gibney is president of the Pacific Basin Institute and adjunct professor of Far Eastern Studies at the University of California, Santa Barbara. A former correspondent and editor of Time, Life, and Newsweek, he is vice-chairman of the Board of Editors of Encyclopedia Britannica. Gibney is the author of 10 books, including the forthcoming The Pacific Century, on which a PBS series of the same name is based. Copyright © 1992 by Frank B. Gibney.

rowed mainly at bargain prices from the United States, where most of the Asian technocrats had earned their advanced degrees. For their markets they also looked eastward. Without the combination of American invention and American buyers, the Pacific recovery would have sputtered out shortly after it began.

American military power guaranteed the security of postwar East Asian polities. As Lee Kuan Yew, Singapore's leader from 1959 to 1990, acknowledged, even the ultimately disastrous American intervention in Vietnam kept his and other Southeast Asian countries safe from threats of conquest or subversion during a critical period of economic growth.

More immediately, American aid and commercial loans—not to mention U.S. offshore military spending—were key factors in building up the economies of Japan, Taiwan, and many of the Southeast Asian nations. The motive for such aid was far from altruistic. Throughout East Asia—from the 1960s to the late 1980s—American policymakers winked at these countries' economic protectionism and turned a blind eye to their political repression, in return for their loyalty in the Cold War struggle against communism.

The real hero of the Pacific economic take-off was the American consumer, who bought and bought and bought. The huge trade imbalances that resulted surely gave the lie to the old dependency theory, according to which developed capitalist countries inexorably turn the underdeveloped nations into helpless raw-material suppliers and markets for their own manufactured goods.

Quite to the contrary, American consumers readily bought the manufactures of their Asian trading partners, while the U.S. government erected only minimal tariff barriers against the endless flow of goods.

Similarly, American businesses, little concerned about their own work forces, were quick to build their plants offshore, wherever labor was for the time cheap. Any thought of reciprocity was long delayed. Thus the United States became quite literally the engine of growth for the whole Pacific area. From textiles to high-tech, the huge Asian GNP rises were generally based on expanding sales to North America.

In a wider sense Americans have been the leading instrument of the Asian-Pacific world's political and cultural modernization. If Japan was the working exemplar, the United States was the teacher. Asian students have assiduously studied English and many have gone to America to earn degrees in science and engineering. (Only recently has Japan's xenophobic university system opened its gates, ever so slightly, to other Asian students.) In their modernization efforts Asians have been guided, for better or worse, by American pop culture—fashions, movies, and music. More seriously, they have studied American ideas of law and democratic government.

Here, in the realm of political ideals and practice, American influence has proved effective in the long run, despite the egregiously uncritical U.S. support of despots who dutifully toed the anticommunist line. Economic success brought rising social and political expectations with it. This in turn brought pressure for greater political and social freedom, pushed by an emerging new middle class, confident and increasingly self-assertive. Even to those Asians who as students denounced U.S. "imperialism," America remained a powerful model of a working democracy. In the late 1980s popular movements toppled authoritarian regimes in South Korea and the Philippines, and the United States played a vital, if belated, role in both countries' move toward greater democracy. Increasing popular pressure is at last forcing the democrati-

zation of rich Taiwan, again with U.S. encouragement.

Not even Asia's communists are impervious to change. In Vietnam and even in Kim Il Sung's Stalinist satrapy in North Korea, as in China itself, the police rule of old ideologues cannot indefinitely dam up a rising tide of popular aspiration and discontent. As Japan's socialist leader Eda Saburo said prophetically in the 1970s: "The age of ideology is dead." To which one might add that an age of democratic political pragmatism is dawning.

Modernization and democracy, however, do not automatically mean "Americanization" or even "Westernization." A knowledge of the Federalist Papers, John Dewey, the *Divine Comedy*, or Kant is not necessary for learning the computer—still less for running the new business collectives of the capitalist development state. Nevertheless, the Greco-Roman and Judeo-Christian traditions, the optimism of the Enlightenment, and the empiricism of the scientific method are legacies available to all of mankind. The Japanese, among others, have shown that they can be grafted onto older Asian thought and culture without doing much damage to the intellectual ecology.

Influences flow in both directions, of course. New Asian ideas and adaptations in business and the arts are being studied and followed by many Americans, as this Asian Industrial Revolution swings back full circle. With this has come a healthy, if sudden, appetite for traditional Asian culture, among at least some in this society. The influx of Asian immigrants has added a new element to American culture—and not just in California. Cars, sushi bars, television sets, Buddhist philosophy, *tai chi* exercises, tennis rackets, video games, financing for new factories and U.S. government bonds, and new Asian entrepreneurs in the Silicon Valley—all these come to us from across

the Pacific. They contribute to a dawning sense of Pacific community.

But when we speak of a Pacific community—present or future—what do we really mean? Physically speaking the Pacific Basin includes all those countries bordering the Pacific littoral—from the United States, Canada, and Mexico and the Pacific Latin American countries on the eastern shore to the Asian nations on the western, from Japan and the Soviet Union in the north to Indonesia in the south, with the significant addition of Australia and New Zealand farther south. As distinguished from the oft-used "Pacific Rim," however, the Basin also includes the Pacific island nations scattered across the ocean and, at least in prospect, the significant if untapped resources of the ocean floor—which remain a subject for international discussion and cooperation.

If we go back to Braudel's idea, however, that a civilization is based on the movements of people and their relationships, the number of significant players in the Pacific drastically diminishes. The United States and Japan are of course most prominent in the economic and, to a great extent, the political intercourse of the entire area. China is inevitably part of Pacific "movements"—as are Korea (both North and South), Taiwan, Hong Kong, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Brunei, and, perhaps in the near future, Cambodia and Vietnam.

The Soviet Union—or at least the Russian Republic—must now be counted a participant. In fact, Russian economists and new businessmen of both the Gorbachev and Yeltsin persuasions are doing their best to interest Asian nations in the development of Siberia. Here the Republic of Korea has been a particularly active player; Japan may soon follow. The triangular trade between Southeast Asian

countries, Japan, and the United States is constantly expanding.

Australia and New Zealand also play significant roles here. Prime Minister Bob Hawke was not indulging in hyperbole when he repeatedly claimed during the 1980s that Australia is an "Asian country." (His pronouncements met with some understandable skepticism: "They don't look much like Asians to me," said one Japanese economist.) The Anglo-Saxon commonwealths "down under" have done their best not merely to keep up trade relationships—Australia, rich in oil, iron, and other commodities, is one of the few countries to enjoy a favorable trade balance with Japan—but have also increased Asian immigration, once prohibited, and shown themselves to be promoters of Pacific cooperation.

Of the Latin American nations, Mexico has shown by far the most interest in the Pacific connection. It has played an increasing role and will continue to expand. This is true not only of direct trade and investments: Mexico is also the active host to a variety of *maquiladora* companies, mostly Japanese and American, which operate across the border and export to the United States and to Asia—even back home. (The local Sanyo company in Mexico, for instance, is now exporting vacuum cleaners to Japan.) Chile and Peru—the latter with a president of Japanese descent—have also expressed considerable interest in the transpacific connection.

The first real thinking about Pacific economic cooperation came from Japan. The distinguished Japanese economist, Kojima Kiyoshi, set forth the idea of an emergent



On the New Guinea island of Manus, tribesmen ride in a Toyota truck. Asia finds its biggest new market is Asia itself—and the western Pacific. Will the eastern Pacific stay in the game?

Pacific community in a series of essays that first began to appear in 1967. In that same year, primarily for security reasons, five Southeast Asian nations—Singapore, Malaysia, Thailand, the Philippines, and Indonesia (later to be joined by Brunei)—formed the Association of East Asian Nations (ASEAN). Given urgency by the intensification of the Vietnam War, the ASEAN group later turned more to economic cooperation. Even with their own communication difficulties—they have yet to iron out a welter of intramural trade restrictions—the Southeast Asian nations' working partnership showed how people of very disparate cultures, races, and political make-ups could get together in the common interest.

In 1978, Japan's newly installed prime minister, Ohira Masayoshi, became the first statesman to promote the ideas of economist Kojima. Ohira found a strong supporter in Australia's prime minister, Malcolm Fraser. At a 1980 meeting in Canberra, sponsored chiefly by the Australians and Japanese, the backers of the Pacific-community concept formed what is now called the Pacific Economic Coopera-

tion Conference (PECC), an organization that today includes 20 nations.

The United States joined the Canberra Conference and subsequent meetings with enthusiasm. By the early 1980s, in fact, American academics and businessmen were active in two organizations, PECC and the Pacific Basin Economic Council (PBEC). While PBEC consists entirely of businessmen, the national delegations of PECC contain equal numbers of businessmen, academics or professionals, and government officials.

To be sure, the Pacific Basin community is no Organization for Economic Cooperation and Development, and it is doubtful that it will ever become a counterpart of the European Community. In part this is because the peoples of the Pacific nations exhibit the widest disparities of history, race, and background. And radically different stages of development exist not only among Pacific nations but also within them. Several historic "time zones" separate businessmen in the luxurious corridors of the White Swan Hotel in Canton (Guangzhou) from the impoverished peasants in the communities of Guizhou a few hundred miles away.

All of Okita's "flying geese" in East Asia have moved at different paces and in different ways. The Japanese example is, of course, preeminent—with its purposeful coordination of government, finance, and business. Others are equally interesting, however. The Koreans produced their own catch-up device of economic expansion in large *chaebol* conglomerates, which concentrated from the first on export business—beginning with overseas construction work and reaching a higher level of sophistication with electronic and automotive exports. Their ascent involved a high-risk policy of accumulating heavy foreign debt, gambling that their industry could export enough to pay it off in the end. The

gamble paid off when the Korean balance of payments went over into the black in the late 1980s (although there has been slippage since then).

In Singapore and Taiwan more reliance was put on attracting foreign companies—American, European, and Japanese—to build offshore plants. The idea was to offer cheap labor and facilities provided by the government to get foreign companies to create the nucleus of a local industry. Indonesia, on the other hand, offers the classic example of a single-commodity economy purposefully changing to reliance on exports in other fields.

It is precisely because of all these differences among Basin nations that some sort of Pacific economic organization was necessary. With all the countries on the rim of the Pacific practicing vigorous aggressive export-led economics, the United States, along with mercantilist Japan, has been moved to retaliate with its own form of protectionism. There was clearly a need for some kind of organization to play international traffic cop or at least to advise all these different economies of some general rules of the road.

PECC set out to do just this, and it has met with some success. With its member governments cooperating at the foreign-ministry level, PECC created various task forces to deal with matters such as energy resources, science and technology, transportation and communications, and trade problems throughout the Pacific Basin. These have proved to be indispensable forums where people from different countries with vastly different backgrounds and problems can meet to discuss the inevitable collisions that occur among them. The more such forums proliferate, the less chance that these lumbering economic recovery buses will run into each other—or at least end up in serious gridlock.

The great cities of the Pacific littoral have their similarities. Tokyo, Los Angeles, Seattle, Seoul, Singapore, Shanghai, and Sydney are big, brash trading cities. They have much in common—not least a general veneer of American-type pop culture. But the hinterlands behind them are far different. The job of organizations like PECC is to bring the people of the hinterlands—and the politicians who reflect their concerns—ever closer together.

Although there is little possibility of cultural homogenization with so many strong local cultures involved, there is good reason to hope that such regional organizations can promote at least a general internationalist view among businessmen, statesmen, and academics throughout the Basin. Starting with trade, these networking bodies have made people aware that they have to think on a multilateral, rather than a merely bilateral, basis.

Some say that these groups have no real muscle, that the agreements they reach have little binding effect on the governments, even though one-third of the representatives in PECC are government people. Nevertheless, the process of multilateral consultation has mitigated many problems that would have become impasses in bilateral dealings. (A largely bilateral approach is, in fact, one of the reasons for the bitterness on both sides of the Japanese-American conversation.) By and large, multilateralism in the Pacific has been encouraging. As a former U.S. trade negotiator observed a couple of years ago at a PECC conference, "There is really much more of a discussion process on Pacific trade problems than there is in Europe. When we go to Europe, we are almost immediately involved in confrontational tactics with the EC people. In the Pacific we can talk things over first. This paves the way for some reasonable solutions."

One fruit of Pacific multilateral dealings

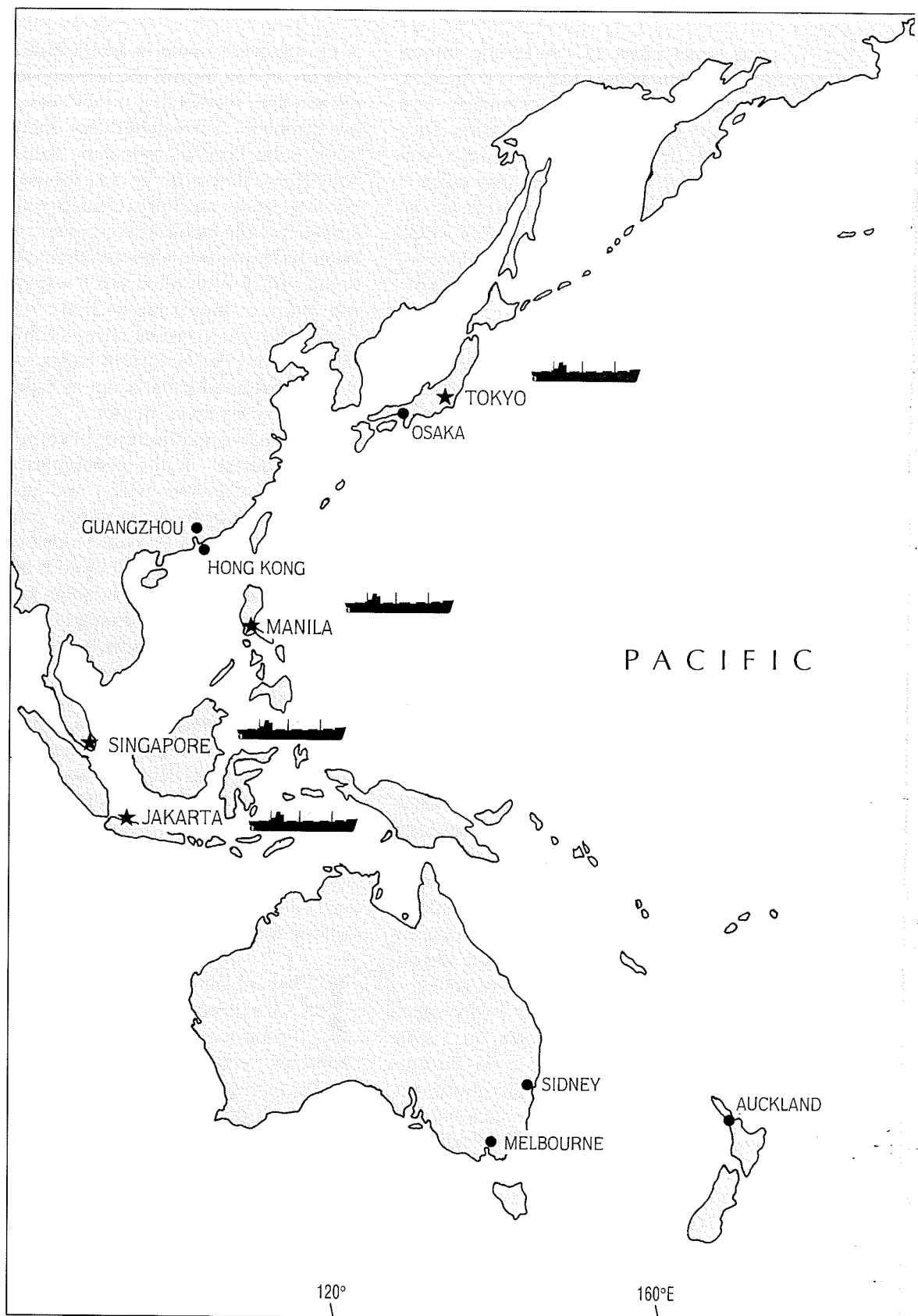
is the progress made in intellectual property protection during the last few years. A decade ago, intellectual piracy was a serious problem. It occurred not merely in book publishing or videotape sales—the Jolly Roger flew proudly over thousands of bootleg stores in Taipei and Seoul—but spread into the high-stakes business of computer software. Some governments winked at this piracy. After all, it was a way of helping many of their citizens make windfall profits. But the constant airing of this matter in various Pacific forums began to make it clear that intellectual property rights protection was a serious matter.

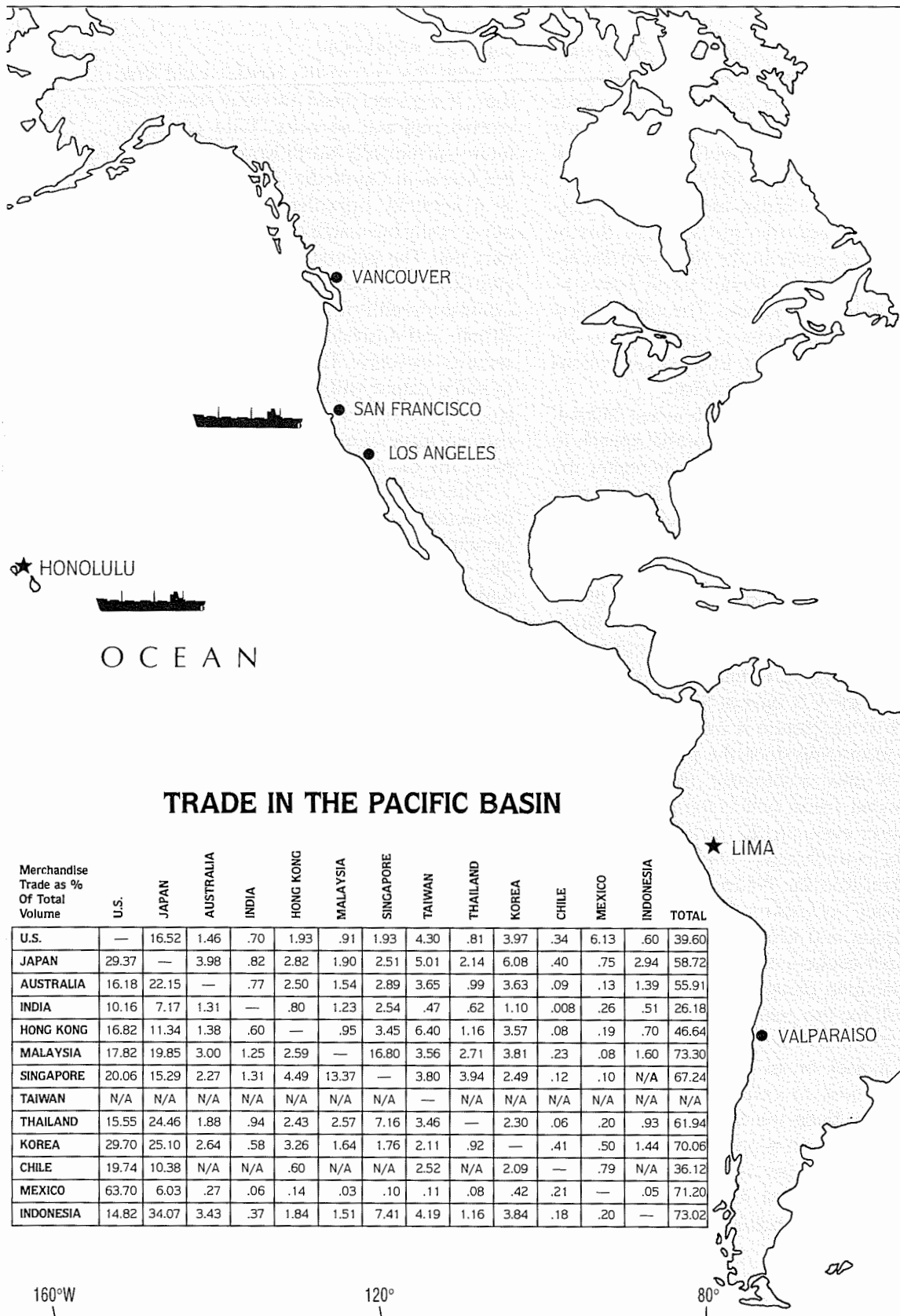
Regional organizations become even more important as the economies of the Asian-Pacific nations widen and diversify. Many of the newly industrialized countries of the Pacific Basin have developed considerable domestic demand for goods and services. This includes more imports. In countries such as Korea, for example, domestic demand is now very heavy. A great deal of the economy is devoted to satisfying it, including much production that was previously concentrated on exports. This comes just in time. Not even the American consumer would have been able to support the continuing flow of products making its way eastward across the ocean. As trade and investments increase in other Pacific countries, a leveling takes place—and this leveling demands discussion and arbitration among the parties involved.

For all the promise of a coming Pacific Century, two major problems continue to trouble the Pacific relationships: security and trade imbalances.

During most of the postwar era, the Soviet Union or its communist surrogates remained the region's major security threat (although for the past 20 years, the People's Republic of China has been more of a paper tiger than a real menace). Not only did

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Moscow put the starch in Kim Il Sung's aggressive posturings in North Korea, but its constant fleet and air activity off Japan's sea lanes—plus the occupation of Japan's northern islands since World War II—continued to worry the world's new economic superpower. American bases seemed necessary as a counter not only to Soviet home-based power in the Northeast Pacific but to such huge Soviet naval bases as Camranh Bay in Vietnam. Through the first half of the 1980s, Soviets continued to denounce various Pacific Basin organizations as fronts for "U.S. imperialism."

All this changed in 1986, when Mikhail Gorbachev made his memorable speech in Vladivostok, announcing that hereafter the Soviet Union wanted "in" on Pacific economic cooperation and hoped to play a constructive and cooperative role. Now, as the Cold War becomes a thing of the past, both external and internal pressure grows on Americans to cut back on their military strategic investment in the Pacific. The Philippine Senate's refusal to renew the leases for the U.S. base at Subic Bay merely served to accelerate a tendency that had been developing since the perestroika era.

It is now quite clear that the Soviet Union and Japan will reach some accommodation even on the vexed issue of the "northern territories," while South Korean president Roh Tae Woo's successful "northern policy" of making friends with the Soviet Union and China has moved the two principal backers of Kim Il Sung's aggressive one-man dictatorship in North Korea to work for the peaceful unification of the divided nation. The United States inevitably will cut back on its military expenditures, which served to counter a threat that is now gone. Even the Security Treaty commitment to Japan is no longer as certain as it once was. Many argue that, from the standpoints both of Americans and Japanese, it would be better if U.S. forces in Ja-

pan were withdrawn.

With the end of the bipolar Cold War, there is a greater need for some sort of collective regional security. Wild cards remain—principally North Korea and the Pol Pot forces in Cambodia. Although founded as a security organization, ASEAN has never really been able to develop close military ties. The interest with which Malaysia and Singapore have kept up long-standing Commonwealth military relationships with Britain and Australia suggests a continuing security concern. The American presence to some extent will remain, but a consensus is growing that some sort of regional security force or alliance is necessary to replace the old superpower confrontation.

The problem of trade imbalances and protectionism is more immediate. Here the principal complainant is the United States. The chronic \$40–50 billion trade deficit with the Japanese has grown little better. As of this writing there is something over a \$7.2 billion deficit with China. U.S. negotiators continue to press South Korea, Taiwan, and, increasingly, the Southeast Asian nations both to open their markets and to put teeth into some regional trade reciprocity agreements.

American pressure here cannot be ignored. On the average, the United States absorbs more than 23 percent of all exports from the East Asian nations. Thus the engine of growth, although sputtering in protest, continues to service these developing economies. By contrast, Japan, although a huge exporter to the United States, South Korea, and the Southeast Asian countries, absorbs on the average only about 16 percent of other Asian nations' trade. There is a growing demand from such countries as South Korea that Japan let their exports in. Only rarely can one find a Hyundai or Daewoo car on Tokyo's streets.

It is too late in the game, even with recession-inspired political pressures, for the

United States to adopt outright protectionism. The Pacific economies are far too closely linked for that. For one thing, close to 50 percent of the exports from Singapore and Taiwan to the United States are made by offshore branches of American companies. Both the Japanese sales and profits of American companies such as IBM are most impressive. And then, of course, we have the swollen U.S. budget deficit, propped up by Japanese lenders.

The close integration of Japanese *keiretsu* conglomerates with Southeast Asian companies has caused considerable worry, especially when maverick statesmen like Malaysia's Mahathir Mohamad frankly suggest a genuinely "Asian-Pacific" trade block without American participation at all. For that matter, Asians in their turn are worried about the new North American trade bloc, with Mexico joining Canada and the United States.

Most of these trade issues are many-sided. It is hardly the best policy for the United States to continue operating on a bilateral basis, invoking the punitive "301" clause against single countries which seem to be abusing the trade relationship. It is better to put teeth into existing economic organizations like PECC—of which both China and the Soviet Union are now members—and the new official Asia Pacific Economic Cooperation (APEC) association. The Japanese themselves are nervous about appearing to promote a new Greater East Asia Co-prosperity Sphere. Ever more aggressive activity is serving to provoke anti-Japanese rather than pro-Japanese reactions among many smaller countries. If Americans have been less economically competitive than the Japanese, Americans are regarded as politically safer.

Although the new Asian economies are developing consumer societies of their

own—spending a lot of money on infrastructure and domestic demand—and showing increasing receptivity to American imports, we can hardly expect them to change their idea of the capitalist development state to fit American standards. It would be healthier and more productive in the long term for America to get its own act together, reduce its vast deficit, and think of an industrial policy with the same intensity that it devoted to military planning during the past 50 years. If the United States expects the Asian-Pacific countries to unlock some of their remaining protectionist doors, it must also establish for itself a new set of national priorities in which economic security and the development of living economic relationships, rather than the building of Star Wars and stealth systems, become the primary goals of American policy. Japan in turn must behave more like an engine of growth than a hungry predator, for the United States can no longer sustain the locomotive function all by itself.

During the last quarter century of Pacific cooperation we have watched a steady widening of educational, cultural, and technological interchange among the Basin nations. The revolution of rising expectations is well on its way among the Pacific nations, China included. As prosperity is distributed, purchasing power will increase with it. The trading cities of the littoral—Los Angeles, Tokyo, Vancouver, Shanghai, Sydney, Seattle, Hong Kong, and Singapore—will become less national ports than regional capitals of an expanding Pacific economic community. This community—unique in its growth attainments over the last 30 years—can well become, as Saburo Okita has suggested, "the driving force for dynamism in the world economy."

THE HALF-EMPTY BASIN

by James Clovis Clad

I was born in New Haven, Connecticut, scarcely a year after World War II ended, a child of the G.I. Bill that financed my father's education at Yale. Soon afterward my parents moved to California, taking me along at the tender but obliging age of two years. My earliest memories therefore hang on Pacific horizons—glimpses of beach cliffs from toddler's eye-level just above the back seat of a 1940 Ford.

Westward movement was to become the constant of my life, a journey ever farther into what we now call, with practiced ease, the "Asia-Pacific." My family pulled up stakes after my father died suddenly, and my mother ventured yet farther from her roots in Westchester County, New York. She took us to another New World land having another recycled Old World name.

New Zealand became our new home. My three younger sisters, all California-born, and I trekked off to school in blazers and ties, carrying hockey sticks and cricket bats. We each went on to have careers in Asia and the Pacific, in my case as a diplomat and journalist.

Grappling successively with Malay and Tagalog, Chinese and Hindi, I have lived, worked, and (at times) run for my life in Asia during the last 20 years. Watching the wash of money, I have spent much time writing about Asian economies, trudging through more financial and trade data than I ever thought digestible.

Now living once more in America, I

look back perplexed at this maze of experience, loyalty, and affinity. I feel more at home in Southeast Asia's tropical cities than I do in Washington, D.C., where I now live. Even New Zealand's antipodean flag—a Union Jack facing a red-starred Southern Cross in a field of deep Pacific blue—still elicits emotions close to those stirred by my native country's broad stripes and bright stars. As much as anyone, I feel plausibly well primed for the coming "Pacific Century."

There is just one problem: I don't believe in it. To be more precise, I distrust the hyperbole surrounding this heavily anticipated era-to-be. That immense economic changes have occurred in some countries riparian to the Pacific cannot be denied; that these necessarily portend a chummy, free-marketeering "region" reaching from Mexico to Thailand and preeminent in the world is by no means settled.

Such dissent may strike many as needlessly cautious, even a bit mean-spirited. It certainly runs counter to nearly three decades of sedulous insistence that in the huge expanse of Asia and the Pacific Rim there exists very much (with apologies to Gertrude Stein) a "there there." Rather than tilt foolishly against the incontrovertible evidence of Asian success, however, I would simply urge more circumspection. If my picture of the Pacific region-to-come is less glamorous than that of Pacific Centurians in the business and academic communities, it is, I think, more plausible.

At the very least, it leaves room for surprises, failures, and reversals of fortune.

Sounding a tardy reveille to America's slumbering national consciousness, the U.S. House of Representatives' Ways and Means Committee conducted a workshop in June 1988 to discuss the East Asian competitive threat. Out of these sessions came a report entitled "East Asia: Challenges for U.S. Economic and Security Interests in the 1990s."

The document opens by announcing that "it has become commonplace to say that the world is on the verge of a Pacific Century." It then proceeds to survey East Asia's commercial dynamism, concluding that all the financial and technological indicators now show the "fulcrum of world business activity increasingly shifting toward East Asia."

The congressional report added yet more paper to an already sizeable mountain of books and articles dealing with East Asian success. For over a decade, books such as Ezra Vogel's *Japan As Number One* and Kent Calder and Roy Hofheinz, Jr.'s *Eastasia Edge* have focused on East Asia's export-oriented policies, especially those of Japan, South Korea, and Taiwan. Other titles have emphasized the motivated and skilled workforce in those countries, or their characteristically close business-government linkages. Still other articles and books dwell on thrifty habits which subordinate the instant gratification of consumerism to the discipline of saving and long-



The Pacific Basin, merging the economies and cultures of the Occident with those of the Orient, is a notion as bewildering to some as it is attractive to others. Painting by Nagatani/Tracey.

term investment. Add to all these widely celebrated virtues yet another ingredient—the receptivity to foreign investment displayed by the smaller East Asian economies—and you have the makings of a breathtaking success story.

The numbers cited to support the story are indeed impressive. During the last 20 years, annual growth rates in Hong Kong, Japan, Indonesia, Malaysia, Singapore, South Korea, Taiwan, and Thailand have only rarely slipped below five percent; in the light industrial and service economies of Hong Kong and Singapore, the rates have sometimes surpassed 10 percent during the last decade.

The longer view is just as compelling. Since the 1960s, the Japanese, South Ko-

rean, and Taiwanese economies have averaged some 7-9 percent annual growth in gross domestic product (GDP). Manufactured exports have long achieved preeminence in the export "spread" of these economies, and they are now doing so in tropical Southeast Asia, where an equally impressive spread of commodities, ranging from oil to rubber, adds to the export profile. Per-capita income has soared. The middle classes have grown. Industrialization has accelerated. And now even Western-style consumerism is booming.

Much writing about the Asia-Pacific in America puts a strong, even alarmist emphasis on the competitive challenge posed by Asia, particularly by Japan. But growing attention to the trade success of so-called newly industrialized economies (NIEs) has also spawned books and articles anticipating an inconceivably rich region-in-the-making, one from which America stands to gain if it becomes a shrewder, more decisive player. The notion of an impending if still inchoate Pacific Region also picks up speed from books of the "gee-whiz" genre, including Joel Kotkin and Yoriko Kishimoto's *The Third Century*, which describes America's transformation into a Pacific country.

Optimism about a new Asian-Pacific era received a strong boost during the Reagan era, when confidence in pure market methodology soared. The economic dynamism in East Asia reflected, for some, the Universal Truth of market capitalism and the abiding wisdom of free trade. James Riedel of Johns Hopkins University has described how the "superlative performance" in East Asia, "combined with the relatively poor record of other countries adhering more closely to inward-looking policies,

[prompted] a 'new orthodoxy' in development economics"—an orthodoxy which Riedel says amounts, "in essence, to mainstream, neo-classical economics."

Whatever their emphasis, nearly all accounts of the looming Asian-Pacific era carry a heavy economic accentuation. This bias also colors the popular treatment in press and film about the impending "Pacific Century." "Western companies will have to hurry to catch up in Asia," says a breathless but illustrative piece of prose in the October 7, 1991, edition of *Fortune* magazine.

It is easy to be dazzled by the parade of figures. After all, nearly all the graphlines plotting the growth of East Asia's GDP, capital flows, direct foreign investment, trade volumes, air-passenger miles, cross-Pacific business migration, banking, trade surpluses, technological prowess, or telecommunications show ballistic trajectories. Because the point of intersection of these lines lies in Asia or, more generally, within the Pacific Basin, the resulting web provides conclusive evidence that an epochal region is in the making, one which will have the same effect on world history as the Mediterranean once had on the late medieval world.

Or so the argument goes. In support of such views, we often hear that the overall volume of foreign trade among countries bordering the Pacific now exceeds the volume exchanged among those riparian to the Atlantic. Intra-Asian trade is also rising. More anecdotally, we learn from State Department officials that the volume of telephone traffic between the United States and Malaysia has grown by 69,000 per cent since 1975. With such figures, the case, apparently, is made.

James Clovis Clad is a senior associate at the Carnegie Endowment for International Peace in Washington, D.C. A former diplomat in the New Zealand foreign service and a journalist for the Far Eastern Economic Review, Clad is the author of *Behind the Myth: Business, Money, and Power in Southeast Asia* (1989). Copyright © 1992 James Clovis Clad.

But do dynamic growth patterns, on their own, make for an automatic regional temperament and inevitable association? As far as I can tell, they do not. I cannot equate what is happening around the Pacific Rim to the wide, full-bodied civilizations or cultural coherence of Europe or North America.

The more thoughtful Pacific Centurians, such as Mark Borthwick (who directs the U.S. National Committee for Pacific Economic Cooperation in Washington, D.C.), accept that incremental politics among the Asian-Pacific countries must fashion this diffused economic achievement into a truly regional reality. But even a glance at the extent and record of existing pan-Asian institutions suggests we must drastically scale down our expectations.

For an area to which the world's center of gravity has already shifted, East Asia is puzzlingly slow to behave regionally. Far fewer regional organizations exist in East Asia than elsewhere on the globe. Those with real influence are fewer still, while those with even a hint of supranational authority do not exist.

Because Pacific Rim optimists ground their argument in commercial affairs, Asia's lack of serious transnational economic institutions is telling. No mechanisms even remotely similar to the European Commission exist in Asia. The North American free-trade association between Canada and the United States remains light years ahead of Asian economic collaboration. Whether in financial matters or in broader commercial concerns, regional collaboration in East Asia remains fitful.

For almost 25 years now, the six-nation Association of Southeast Asian Nations (known as ASEAN and grouping Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) has been promising ever more ambitious re-

gional economic collaboration. The results, as I recently argued in *Behind the Myth: Business, Money & Power in Southeast Asia* (1989), have been disappointing. I am not alone. Most descriptions of ASEAN focus on what the group has *not* achieved. As vocal as the six member nations have been about the importance of their association, their intragroup trade amounts to no more than 17 percent of their total external trade. Take away large, single-deal sales of oil and rice, and this drops below 10 percent.

Much is made of ASEAN's clout in trade diplomacy. Yet "the ASEAN countries have been free riders," as the economist R. J. Langhammer writes, referring to their habit of "receiving concessions negotiated by [bigger countries] rather than by their being equivalent negotiators" in the international trade system. Numerous ASEAN plans for industrial complementarity have gone nowhere. Likewise nearly all the grouping's joint industrial projects. In December 1987 the ASEAN heads of government (who have managed to meet at summit level just three times in 25 years) announced plans for a trading community by 1995. Next to nothing has happened. Similar plans to be implemented by the year 2000 won endorsement this year from ASEAN foreign ministers meeting in Kuala Lumpur. It might be unwise to bet on any real outcome.

The Manila-based Asian Development Bank (ADB) remains one of the oldest pan-Asian groupings. It has over 40 members, including the United States. Proud of its position as the world's richest regional multilateral financial institution, it also remains one of the world's most hidebound and bureaucratic organizations, criticized by its own staff as "intellectually sterile." Over the years, the bank has been used most successfully by Japanese construction and heavy-industry contractors who garner new contracts through its aid projects.

Private business groupings in Australia, East Asia, and North America are the more vocal and diligent exponents of the coming era-to-be. Most prominent among them are the Pacific Basin Economic Council (PBEC) and the Pacific Economic Cooperation Conference (PECC). After years of maneuvering, the diplomats have responded by creating, in November 1989, an even wider group, the Asia-Pacific Economic Cooperation (APEC) initiative.

APEC groups the United States, Canada, China, Japan, South Korea, Australia, New Zealand, and the ASEAN states as well as Taiwan and Hong Kong. Yet APEC to some appears as a loose and woolly forum replete with task groups and committees superimposed upon the insubstantial and more narrowly regional fluff of ASEAN. Discussing the shadow battles among these acronyms, a business editor in Singapore cites an old Chinese adage: "Hollow drums make the most noise."

Most pan-Asian organizations, other than environmentalist groups, steer well clear of such hard issues as runaway demographics, creation of a customs union, free movement of labor, or rationalization of such services as air and shipping lines. Only collective efforts to address such problems would mark the emergence of a truly embryonic region.

Although cultural explanations for some of East Asia's success stories have recently become fashionable among writers stressing the implications of pan-Pacific migration, the possibility that culture might serve as a glue for our common Pacific Destiny receives far less attention. Several factors account for this timidity. Throughout East Asia, the linguistic, migratory, and commercial trends appear to show as much divergence as convergence. As the Australian writer William O'Malley observes, "Culture has not been

popular in recent years in explanations of development. Culture, after all, is a soft concept, neither easily pinned down nor absolutely distinguishable in its workings."

True enough, but the almost organic "fit" of Northeast Asian institutions with business and export policy has attracted much interest. For example, the Confucian explanation for Northeast Asian success has received convincing support from journalists and academics.

As a code of social conduct stressing ethics and hierarchy, Confucian principles exert most influence in the societies of Japan, Korea, Hong Kong, Taiwan, and Chinese-dominated Singapore. The family itself becomes a guiding metaphor for political and economic relationships within the wider society. Respect flows upward from the youthful to the old, and from female to male.

Marry this system to the ingrained, consensual habit within powerful bureaucracies and (the theory goes) we soon reach a point where, as Chalmers Johnson says of Japan, "the state needs the market and the private enterprise needs the state; once both sides recognized this, high speed growth occurred." Yet O'Malley and other commentators are rightly skeptical about any deterministic Confucian causality running effortlessly from the cultural milieu straight to export-orientation and on to government-guided, corporation-led economic success.

The Confucian temperament, moreover, animates only the northern angles of the Asian-Pacific arc. Southeast Asia's many cultures display Buddhist, Hispanic Roman Catholic, Hindu, and Muslim influences. Yet this diversity may count less than a common Southeast Asian habit of patrimonial commerce. Traditions inimical to indigenous technological innovation flourish in Southeast Asia, coexisting comfortably beside often dizzying economic expansion.

The two phenomena are not incompatible. The dynamism of the world economy (rather than Southeast Asia's own dynamism) has delivered Southeast Asia's success: Outsiders' markets, outsiders' ideas, outsiders' capital, and outsiders' skills still account, in large part, for the economic "miracle" in Southeast Asia, much as they have for nearly five centuries.

Despite hopes for the transfer of technology, the dependence of Southeast Asian economies upon foreign skills has never been greater. Efforts to lift the technological competence of local populations earn little praise—as surveys of Japanese and Korean managers based in Southeast Asia reveal. Major projects remain turn-key in nature, and resource extraction and commodities still account for a large percentage of foreign earnings. The value-added in much of Southeast Asian production comes to far less than in Japan or South Korea. This technological gap *within* Asia is growing mightily.

Indeed, signs abound that the "easy" phase of Southeast Asian growth may be ending. In the October 13, 1991, edition of the *New York Times*, correspondent David Sanger describes how footloose foreign investors are now seeking less costly places than Singapore to conduct their assembly operations. One remedy: develop "growth triangles" involving adjacent areas in Malaysia and Indonesia, which both have cheaper labor and raw materials. Singapore would supply managerial expertise.

"Singapore is hardly alone in facing these problems," Sanger says. "They echo throughout the 'Four Dragons,' the name

attached to the world's fastest-growing economies in the 1980s: Singapore, Hong Kong, South Korea and Taiwan." Sanger reports that there was once much talk about the Little Dragons soon "replicat[ing] the success of postwar Japan, a goal that always seemed . . . over-ambitious. Now, none of the four is so new anymore, and growth rates, while still impressive, are not likely to see the pace of the 1980s return."

Many of the Southeast Asian nations have something else in common: a highly secretive business culture, in which public



In Shanghai, a billboard advertises a video system that few mainland Chinese can afford. The economic dynamism of the Asia-Pacific may not offset abiding political obstacles to regionalism.

and private interests mix as effortlessly as the shuffled halves of a deck of cards. The habits of Southeast Asia's rulers rest upon centuries of experience by petty kings and sultans, who levied tolls on river or seaborne commerce. Governance in countries such as Indonesia, Malaysia, the Philippines, and Thailand still mirrors these passive wealth-generating habits.

To dismiss this as "corruption" misses the point. Patrimonial politics are intertwined with protected monopolies for favored cronies. Those so privileged carry different names in each country: Indonesians

call the local Chinese middlemen benefiting from patronage *cukongs*. In Malaysia, the word *towkay* is more often heard.

The Malay scholar Shaharuddin Maaruf, in his 1984 book *The Concept of a Hero in Malay Society*, has scathing words for the type of ruler exemplified in his country's past and still honored today. "Among the negative ideals of the dominant Malay elite," Shaharuddin says, "is the love of gain, the desire to get rich at all costs, a craving for material comfort and easy living, regardless of ethics."

Even in India, the phrase *baboo-neta raj* (literally "bureaucrat-trader rule") sums up both a type of economy and a frame of mind just as prevalent among Southeast Asian nations. The only difference is what economists call a far better "efficiency factor" among the latter: Most investors in Thailand or Malaysia face a one-time, factorable cost of corruption, not continuing demands on the purse.

These practices are not simply hiccups in an otherwise smoothly running capitalist engine sweeping all before it across East Asia. In his recent book, *God's Dust: A Modern Asian Journal*, Ian Buruma addresses a wider, more perplexing set of "cultural" questions. In Asia, Buruma explains, "modernity came from the outside, imposed by or imported from an alien world." Discussing eight countries, he describes how the apparent modernity in Asia may disguise as much as it reveals. Most of East Asia's Western admirers see the window dressing of central-business-district modernity adorning Kuala Lumpur, Bangkok, Seoul, or dozens of other Asian cities. But the rhythms of commerce, and the unobserved decision-making which determines its conquests, have no convincing parallel with what we find familiar. For example, during the 1980s governments in Malaysia, Indonesia, and elsewhere in Southeast Asia privatized many of their public corporations, a move

that won praise from the Western business press. Yet the effect was rarely to widen the ambit of "popular capitalism" by spreading share-holding throughout the population. On the contrary, insider advantages favored the politically powerful, reinforcing their position. "Crony privatization" might be a better description of what really happened in these countries.

Just as we must qualify such words as privatization, so must we ask whether "entrepreneurship" or the "market economy" mean the same thing to Asians as they do to Americans or Australians—or, for that matter, whether they mean the same thing to all Asians. Clearly, they do not. Japanese and Koreans make little effort in private to disguise their contempt for the "soft" cultures to their south; the Northeast Asians recognize free riding when they see it.

Beyond such intraregional cultural differences lie larger issues that run counter to a fully shared Pacific Identity. Examine the varying interpretations given to the word "democracy" and "human rights," for example. In the August 27, 1991, edition of the *Los Angeles Times*, Jim Mann describes a sharp dividing line between European and American dismay over human-rights abuses in Burma (and in other Asian countries such as Indonesia) and attitudes among Asian countries. Most Asian leaders fear and resent Western moves to devise a doctrine justifying intervention in a country's domestic affairs if minimal standards are not kept. Japan more often tries to equivocate rather than take a position on these questions.

Early in 1991, the European Community's foreign ministers collided with their ASEAN counterparts over the Burmese leadership's disgraceful human-rights record. This disagreement reflects a sharp divide over the permissibility of criticizing even the most repressive Asian regimes.

In Asia, economic and political plural-

ism do not necessarily go together. Consider Thailand, which enjoys an altogether too benign image in the West. In 1991, the Thai military overthrew a corrupt but democratic government. The Thai generals are perfectly content to deal with Burma's rulers. With Rangoon's acquiescence, Thai generals connive in logging the remaining stands of Burmese tropical timber. Many among the Thai military happily traffic in endangered species of wildlife, despite international conventions against such trade. They also traffic in heroin, and for more than a decade they have been indifferent to the Khmer Rouge's controlling and terrorizing a string of camps housing Cambodian refugees along the Thai-Cambodian border. All of this coexists perfectly well with Thailand's economic miracle.

As these and other examples show, the Asian-Pacific region contains a mixture of confusing or countervailing trends. We see liberalizing economies but few truly liberal political systems. We also see persistent ethnic strife and authoritarian temperaments. Beneath the easy slogans of common economic purpose lie old enmities. Koreans of whatever allegiance distrust Japan. Chinese hegemonism is feared throughout Southeast Asia. Unresolved territorial disputes remain an irritant, while ethnic separatism still plagues a wide swath of territory from Burma to eastern Indonesia.

Many southern Thais remain Malay Muslim in orientation and identity, resentful of Thai overlordship. Some of the East Timorese forcibly incorporated into Indonesia during 1975-76 still resist Jakarta's occupation, while ethnic Melanesian separatists continue a lonely struggle in the western half of New Guinea which passed in 1963 into Indonesian sovereignty. The Malaysian state of Sabah remains disputed by the Philippines. None of the claimant

countries to islands in the South China Sea accepts the others' claims. Hostile armies face each other on the Korean peninsula, always a hair-trigger's pull from war.

In far too many "miracle economies," deep social conflicts could quickly eliminate our confidence that the East Asians are securely on track. Even in the best years, ethnic Chinese in Southeast Asia remit billions of dollars to outside havens in Perth, Vancouver, San Francisco, and other favored abodes. Just one serious anti-Chinese riot in Malaysia—say, a repetition of the May 1969 Kuala Lumpur disturbances—would puncture Singapore's bubble of confidence. Similar anti-ethnic Chinese pressures exist in Indonesia.

Diplomatically, the ASEAN countries wonder how to contain Vietnamese dynamism after Hanoi's reintegration into the world economy. Taiwanese separatism could become a flashpoint in Taipei's ties to Beijing. Centrifugal tendencies are on the rise in south and west China. Australia and New Zealand are having Eurocentric second thoughts about the desirability of their East Asian future, as resentment against Asian immigrants and investment rises. And these are only some of the obvious political question marks hanging over East Asia and the Pacific.

But aren't such difficulties likely to be smoothed over as economies become more diversified and as Asians fan out along the Pacific Rim? Writers such as Norman Palmer chart a "mounting tide of contacts among officials, businessmen, professional people, scholars, students, tourists and others [which] is reaching new heights with every passing year." After all, China now deals routinely with South Korea, while Vietnam could soon re-enter world commerce.

I would still argue that this range of people-to-people contact owes more to the

globalization of Asian economic interests and less to an emerging regional mentality. Choice of language, choice of tertiary education, choice of popular culture, choice of intellectual inspiration—all these still point Westward. Indeed, one of the more damaging rebuttals of the touted Asian-Pacific regionalism is the very narrow appeal that Japan or South Korea have for the privileged youth of the rest of Asia. Despite huge investment by Northeast Asian firms throughout Asia, the lifestyle preferences of urban youths in Asia (including Japan and South Korea) remain fixed on American or European trends. Nor do Asians (other than poor migrant workers) clamor to move into Northeast Asia's homogeneous and often xenophobic societies. In Southeast Asia, both capital and the cream of cosmopolitan-minded people (particularly ethnic Chinese) head instead for havens in Europe, Australia, and North America.

Pacific regionalists counter by saying that the creation of Asian migrants' enclaves in Vancouver (now known among some Canadians as "Hong-couver"), Perth, or Los Angeles simply adds to regional momentum. Watching the gathering reaction to Asian migration and its isolation from the rest of the host economy in countries of migration, I am not so sure.

Because the Japanese understand regional limitations far better than Americans do, their trading houses and firms have played a better hand in their Asian-Pacific investments. Japan's Confucian mix, its convergent governmental and corporate policies, and its geographical proximity to the rest of Asia all "work" within an environment which, moreover, has one immense, extra benefit—American security.

If we take Japan's heavy emphasis on domestic economic rehabilitation, its impressive capital and research investment, and its careful cultivation of external markets during the past 45 years, it should not

really surprise us that Japan has become the preeminent trading partner and source of direct investment in all but a very few Asian economies.

The extent and pace of Japanese investment in countries as far apart as Pakistan and Australia have attracted much attention since the yen dramatically appreciated against other traded currencies after 1985. Yet several earlier phases of Japanese investment had also made a mark: Beginning in the 1950s and '60s, the Japanese invested in natural resources and fisheries. In the 1970s, this emphasis shifted to investing in consumer durable manufacturing, especially in motor transport, for the domestic Asian markets. Some labor-intensive industries also moved out of Japan into other Asian locales to export their product to the North American and European markets.

Now Japan's grip is well cemented. Throughout Asia, Japanese influence extends into commercial banking, real estate, resorts and hotels, and into more sophisticated assembly operations. Given such trends, does this ascendancy by Japan prefigure the shape of things to come—a new and improved version of Tokyo's hoped-for Greater East Asia Co-prosperity Sphere, with Japan, of course, at the center?

It is here that we must confront an important question: What exactly is our region-in-waiting? Is it, in the widest sense, the "Asia-Pacific" including South Asia? Or the "Pacific Rim"? Or perhaps East Asia without North America? Or even a narrower slice of East Asia without the Russians at the north or the Australians, New Zealanders, and assorted Pacific islanders at the southern extremity? If it is to be the "Pacific Rim," should we err on the side of inclusiveness, and bring in Mexico, Peru and Chile? Why not all the South Pacific microstates? And what about Burma?

This is not merely an academic exer-

cise: The future direction of APEC, PBEC, and other Basin organizations turns on such questions. Much energy goes into wrangles over which country comes next, if at all, into APEC. The United States favors the inclusive approach. So also, for the time being, does Japan. But others want a stiffening of the East Asian backbone and eschew a woolly, Pacific-wide grouping embracing English-speaking settler nations, transplanted European Latins, Polynesians, Andean Indians, and Mexican Latinos. To some Asian nostrils, such inclusiveness carries an unpleasant, mongrel scent.

Those who feel this way would position the six ASEAN nations as the core of an "East Asian Economic Caucus" within APEC. They would expand their caucus to include Japan, South Korea, and China, but would exclude the North Americans, Australasians, the Latin Americans, and others such as Papua New Guinea.

A lot of heat arises from this debate, but it receives little mention in even our major metropolitan press. The small slice of official Washington that pays attention to the matter is grumbling more and more audibly over the behavior of Mahathir Mohamad, Malaysia's prime minister and chief proponent of the Palefaces-Out School. Mahathir is the author of the caucus notion (itself a spin-off of a plan for an altogether separate East Asian grouping); before the United Nations General Assembly in September 1991, he asked whether "racist" reasons might lie behind Washington's objections to his plan. This was an interesting reaction from the premier of a country that institutionalizes separate treatment for non-Malays and other ingeniously defined "indigenous people."

Quite apart from diplomatic tempests, it is hard to discount the enthusiasm many Americans show for a coming Pacific Century, and harder yet to predict the consequences of such zeal. Not surprisingly,



Samurai businessman: *All the talk about Pacific regionalism, some skeptics say, is only a cover for Japan's economic ambitions.*

American West Coasters, geographically distant from the conceits and preoccupations of effete easterners and living chock-a-block with Asian migrants, feel much more acutely the tug of the transpacific promise.

This, in itself, has a long history. At the beginning of the 20th century, a number of California railroad magnates, newspaper proprietors, and West Coast politicians espoused the notion of a continuing westward destiny. "The Atlantic is the ocean of the past," declared Los Angeles developer and railroad man Henry Huntington in 1912. "Europe can supply its wants; we shall supply the wants of Asia." With changing demographics and rising transpacific business, the West Coast's peculiar tone has grown even more optimistic. David Rieff, in his recent urban profile, *Los Angeles: Capital of the Third World*, captures this promotional fervor in the words of a California political consultant:

"...Business looks to the Pacific here. They know that's where the real growth is going to be in the 21st century. With Europe uniting, they'll have everything they need, whereas Asia...." His voice trailed off. "Did you know there are a hundred million middle-class people in India?" he asked me.

In rethinking my own Pacific journey, I have tried to understand why we in the United States have become so receptive to the vague goal of a Pacific Century. We have, I think, partly because of West Coast enthusiasm and partly because of our anxieties about economic decline and competitiveness. Partly, too, we yearn for the stability of clearly defined regions in a time of unnerving change, when the very notion of national sovereignty is coming under sharp challenge. But I also believe we are now in a bit of a typically American muddle.

Large numbers of articulate Americans now pretend that they do not, after all, inhabit a relatively new settler nation that owes its creation and abiding temperament to European expansion and European ideas. Like it or not, in public discourse, in attitudes to authority, or in notions of aesthetic appreciation and justice, we are still children of the Occident. And that is just as true of Australia, Canada, and New Zealand, where similar soul-searching is going on. (In more complicated ways, Latin American nations are having to find their own identities in relation to the Old World; few, if any, see the solution to their search in the Pacific horizon.)

Ultimately, I find, in my own journey home, a uniqueness to America that I would not like to see lost. Our urge to dip into the Pacific Basin is, after all, rather an old idea, driven by the dynamic of westward expansion and Manifest Destiny. But to discard the "Atlantic" and to embrace instead the "Pacific" results only in further

misunderstanding about our special place in the world. As Daniel Hamilton and I recently argued in the *Washington Quarterly*:

[T]remendous possibilities of leverage await the United States: Despite talk of U.S. decline, the nation remains the principal partner for both Europe and Japan. It retains better ties with each than they do with each other. Americans find themselves courted by Europeans to join an "Alliance of the Occident" against the economically menacing Orient. At the same time, the Japanese and Northeast Asians talk about *Nichibei*, or a type of condominium in association with the United States that will dominate the world economy. Either way, the broker is being wooed.

The broker should continue to keep his distance from both suitors. If we are primarily Western in outlook, we are Westerners who can turn our national visage in more directions than any other Western country. But it is quite enough for us to recognize East Asia's competitive challenge, to learn from it what we can, and to do our best to encourage the security and prosperity of the Pacific nations; we need not buy into the notion of the Pacific region as our salvation and future.

Placing too much credence in the Pacific Century could even distract us from addressing problems at home—rebuilding our infrastructure, educating our young, retraining our workforce, paying off our huge national debt. (Is it really wise to keep expecting the Japanese to underwrite the U.S. deficit?) Basin fever could also interfere with efforts to forge regional ties with our closer neighbors to the north and south. It would be foolish indeed, for the sake of a dawning Pacific Century, to abandon the idea of a new American Century, in a more inclusive, continental sense of the phrase.

By all means, applaud the Pacific momentum, but steer clear of the propaganda.

BACKGROUND BOOKS

PACIFIC PROSPECTS

Just 15 years ago, readers interested in contemporary affairs would have been puzzled by any reference to the "Asia-Pacific," let alone to an anticipated "Pacific Century." In the late 1970s, repercussions of the American defeat in Vietnam, uncertain prospects for stability elsewhere in Southeast Asia, and the still mixed record of industrial growth in many Asian economies scarcely portended a tidal shift in world trade toward the countries arrayed about the Pacific Rim. Few statesmen, and only the rare economist, harbored notions of trans-pacific collaboration.

Today, the number of books dealing with the Asia-Pacific and the Pacific region-to-come is steadily growing, although it still lags behind the journalistic coverage of *Fortune*, *Business Week*, the *Wall Street Journal*, the *Economist*, and other business-oriented newspapers and magazines.

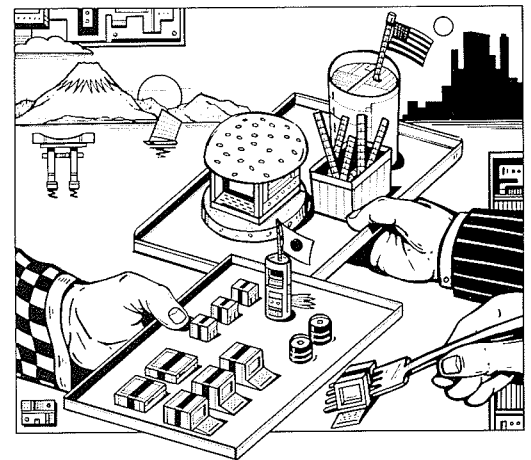
The reason for the interest of the business press is obvious. Just as the term "Southeast Asia" emerged during World War II to denote a theater of military operations, so the phrase "Asia-Pacific" has come to have an equally narrow meaning: a theater of economic operations. In almost Marxist fashion, economics has been the engine behind the regional dynamism.

The locomotive was Japan—fueled by U.S. assistance in the early postwar years. Sociologist Ezra Vogel's *Japan As Number One: Lessons for America* (Harvard, 1979) and Frank Gibney's *Japan: The Fragile Superpower* (Norton, 1975) stand out among the explanations of the defeated Axis power's postwar ascent. "The spectacular rise of 'Japan, Inc.' in 35 years from postwar destitution to a gross national product of more than \$1.2 trillion will go down," Gibney writes, "as the world's fastest-moving, if not its greatest, economic success story."

Soon to follow Japan's example were the newly industrialized economies of Hong Kong, South Korea, Taiwan, and Singapore, a group that journalists dubbed variously the "Four Dragons" or the "Four Little Dragons." Among the better group portraits of these fast-learners are Kent Calder and Roy Hofheinz, Jr.'s *The*

Eastasia Edge (Basic, 1982) and Ezra Vogel's more recent *The Four Little Dragons: The Spread of Industrialization in East Asia* (Harvard, 1991). Questioning, though not rejecting, the Confucian factor in these countries' industrial development, Vogel places equally strong emphasis on "situational factors," including land reforms that weakened the grip of traditional rural elites who stood in the way of economic transformation.

Noteworthy studies of the individual "Dragons" include Alice H. Amsden's *Asia's Next Giant: South Korea and Late Industrialization* (Oxford, 1989), Thomas Gold's *State and Society in the Taiwan Miracle* (M. E. Sharpe,



1986), Kevin Rafferty's *City on the Rocks: Hong Kong's Uncertain Future* (Viking, 1989), and R. S. Milne and Diane K. Mauzy's *Singapore: The Legacy of Lee Kuan Yew* (Westview, 1990). The point Amsden makes repeatedly about Korea—that it was an industrial "learner" rather than an innovator—holds for the other "Dragons" as well.

The four largest countries in the Association of Southeast Asian Nations (ASEAN)—Indonesia, Malaysia, Thailand, and the Philippines—earned the epithet "Four Farms" because of their commodity-based exports. More recently, because of their expanding spread of manufactured exports, three of the "Farms" have been renamed. In *Asia's New Little Dragons: The*

Dynamic Emergence of Indonesia, Thailand, and Malaysia (Contemporary, 1991) business consultant Steven Schlossstein points to the impressive strides made by the "New Little Dragons," but he does not gloss over the corruption and political instability that still plague these newly industrialized nations.

Other observers are far more pessimistic about this sub-region. Kunio Yoshihara in **The Rise of Ersatz Capitalism in Southeast Asia** (Oxford, 1988) and James C. Clad in **Behind the Myth: Business, Money and Power in Southeast Asia** (Unwin Hyman, 1989) see patrimonial business practices and the lack of technological innovation as clouds on the Southeast Asian horizon.

The question, of course, is whether East Asia's economic dynamism will lead to strong ocean-wide affiliations (for security as well as for trade) or even to greater regional consciousness among the Pacific peoples. Although often informative, the books that announce an emerging regionalism tend to disappoint in two ways. Either they do little more than recapitulate the East Asian success stories, or they wander anecdotally throughout the wider Pacific Basin and come to hopeful conclusions. Robert Elegant's **Pacific Destiny: Inside Asia Today** (Crown, 1990) exemplifies the former tendency; Simon Winchester's **Pacific Rising** (Prentice Hall, 1991), the latter. That said, Winchester's vision of Pacific unities—including his depiction of the overseas Chinese communities as the "silken web that holds together the edges of the new Pacific"—is often persuasive.

Gerald Segal's **Rethinking the Pacific** (Oxford, 1990) is perhaps the best scholarly assessment of the region. His goal is to integrate "the narrower aspects of culture, ideology, economics, and military affairs into a wider appreciation of the patterns in the international politics of the region." Segal, a fellow at the International Institute for Strategic Studies in London, is thorough and cautious: "On the balance," he notes in his discussion of Basin geography, "the size of the Pacific remains more a barrier than a binding force for states along its rim." And he believes that even "if there was once a chance for a Pacific Economic Community, the time has now certainly past."

That may be too dire, but Segal's views are informed by a strong sense of history and comparative politics. Harvard historian Akira Iriye displays the same strengths in **Across the Pacific: An Inner History of American-East Asian Relations** (Harcourt, 1967), a lucid survey of American-East Asian relations from the late 18th century up to the Vietnam War. Despite the idealism of early American missionaries and of later Wilsonian internationalists, Iriye believes U.S.-Asian relations have been repeatedly marred by mutual misapprehensions. Nevertheless, he holds out hope that greater "intellectual communication" across the ocean will create at least a "peaceful Pacific."

Iriye takes his survey up to more recent times in his contribution to **The United States and the Pacific Basin: Changing Economic and Security Relationships** (Woodrow Wilson Center, 1991), edited by Mary Brown Bullock and Robert S. Litwak, program directors at the Woodrow Wilson Center. Several essays in this collection look at the U.S. role in the Pacific from the perspectives of Japan, Korea, and the Philippines. Philosopher Yersu Kim, as well as sketching a fascinating history of Korean perceptions of America, points to current sources of tension between Seoul and Washington: "Many Koreans see Korean exports to the United States as carefully tailored to the needs of the American consumer market, while the goods the United States is promoting for import to Korea are largely irrelevant to the needs of the Korean market and sometimes even harmful to the well-being of the Korean people."

Considering the larger Pacific future—and America's role in it—Iriye perorates with a blend of realism and optimism: "Economically, if a Pacific common market is premature, at least efforts should be made to facilitate the movement of people, goods, and capital across national boundaries. Culturally, the United States should continue to exercise leadership in promoting democracy and human rights. All this will be an enormous undertaking, but the visions underlying it are those that inspired traditional American-Asian relations as well as Wilsonianism."

Modest as it is, this view of Pacific possibilities is not a bad one on which to build.

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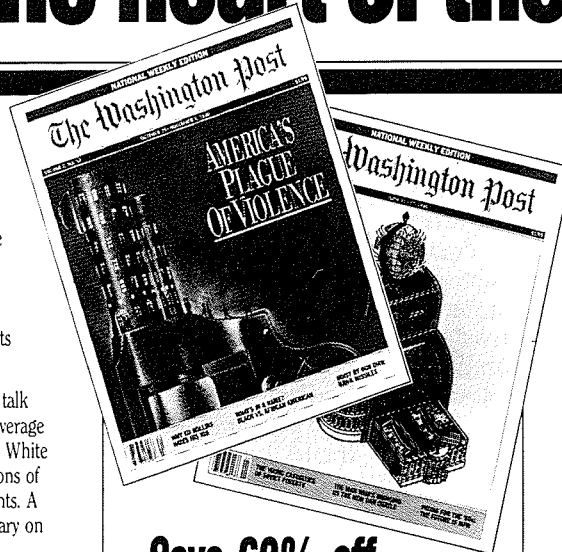
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