

poor nations to draw from it to work on projects (and with aid organizations) of their choosing. Or, poor individuals and communities could be given vouchers to use as

they saw fit. That would promote more competition among aid groups and give the poor nations a bigger voice in how aid dollars are spent.

Two Koreas Forever?

“Our Other Korea Problem” by Nicholas Eberstadt, in *The National Interest* (Fall 2002),
1615 L St., N.W., Ste. 1230, Washington, D.C. 20036.

Wouldn't it be great if North and South Korea could end their long, tense standoff, allowing the 38,000 U.S. troops stationed in the South finally to come home? Not according to Eberstadt, a scholar at the American Enterprise Institute.

To begin with, he argues, South Korean president Kim Dae-Jung's determined “sunshine policy” toward the totalitarian North Korean regime might lead to a less-than-genuine reconciliation. If North Korea's Kim Jong-il then tried to reunify the peninsula under his own rule, the stage could be set for “a potentially devastating conflict in Korea,” which might also involve the United States and other regional powers.

“But even presuming genuine rapprochement between North and South and some measure of stability in Korea,” Eberstadt says, a U.S. pullout “would still create a security vacuum and invite a latter-day version of the Great Game of realpolitik the Pacific powers played so roughly in the region a century ago.” Particularly worrisome to many of those powers is the possibility of a more assertive Japan.

If the U.S. forces in South Korea were withdrawn, or even transformed into a neutral peacekeeping force while the two Koreas moved toward unification, only one U.S. fighting force would remain on East Asian soil:

the 40,000 troops in Japan. That would greatly increase pressure in Japan—where the U.S. base in Okinawa is already a sore point—for a reduced American presence.

In public, China and Russia favor a reduced U.S. presence in East Asia, but according to Eberstadt they are privately ambivalent about an American withdrawal from South Korea and an end to “the U.S.-dominated security order in East Asia.” It's hard for Eberstadt to see who would benefit, except for North Korea.

South Koreans, however, seem to see both the military threat from the North and the need for a U.S. garrison as diminishing. Forty-two percent of South Koreans surveyed in 2000 wanted the U.S. presence reduced; 15 percent wanted it ended.

Much may depend on what happens this December, when South Koreans go to the polls to choose a new president. Roh Moo-hyun, the candidate of Kim's ruling party, called as recently as 1990 for the ouster of U.S. forces. His opponent, Lee Hoi-chang, favors a tougher stance toward North Korea. In parliamentary by-elections held this August, Lee's party won 11 of 13 seats in the National Assembly, gaining control of the 273-member body—a major defeat for the lame duck Kim and a possible sign of what's to come for his “sunshine policy.”

ECONOMICS, LABOR & BUSINESS

Seeds of Scandal

“Perverse Incentives” by Edward Chancellor, in *Prospect* (June 2002),
4 Bedford Sq., London WC1B SRD, England.

Plain old greed may go a long way toward explaining the past year's rash of spectacular corporate meltdowns and accounting scandals, but they also have

their genesis in a flawed idea.

That idea is shareholder value, a product of the early 1980s, when American investors finally lost patience with a long