
“Americans expect every society—including their own—to become more free and democratic in tandem with economic modernization. Seen from East Asia, the picture is more complex.”

The Coming Pacific Century?

BY TAKASHI INOBUCHI

In the long process of European capitalism's development, economic dynamism diffused from northern Italy through northern France and the Rhineland to the Low Countries and southeastern England. After World War II, capitalist dynamism spread from the United States to Japan, beginning in the 1950s, and then to other parts of East Asia. It reached South Korea, Taiwan, Hong Kong, and Singapore in the years after the original oil crisis, and transformed them into the “four tigers.” Malaysia, Thailand, Indonesia, and the Philippines were next, and dynamism has finally arrived in China, Vietnam, and Russia's Far East. In succession, after the years of American pre-eminence, Japan in the 1960s, the four tigers in the 1970s, the countries of the Association of Southeast Asian Nations (ASEAN, whose members include Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) in the 1980s, and now China have led the world in annual economic growth. Japanese economists call it the flying-geese pattern of development.

East Asia has come to be regarded as a region to be reckoned with; a 1993 World Bank report on its accomplishments is entitled *The East Asian Miracle*.¹ Increasingly, other regions are attempting to integrate with it, as evidenced by the high percentage of schoolchildren in Australia and the rest of Oceania who are learning Indonesian, Japanese, and Chinese.

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¹World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (New York: Oxford University Press, 1993). See also Tran Van Tho, *Sangyo hatten to takokuseki higyo: Ajia Taiheiyo dainamizumu no jisho kenkyu* [Industrial development and multinational firms: A study of the Asian Pacific dynamism] (Tokyo: Toyo keizai shimposha, 1993).

²“Goodbye GATT, Hello APEC.” *Foreign Report* (London), October 28, 1993, pp. 1–2.

The countries of South Asia, for whom Japan is the largest provider of official development assistance, have been looking east to Japan and ASEAN rather than to the Middle East, eastern Africa, and western Europe, as before. The new countries of Central Asia have been seeking far-off friends, including Japan, along with the United States and Turkey.

Most important, the United States has come to believe it will benefit from closer integration with the Pacific, as its latest call for an enhanced Asian Pacific Economic Cooperation (APEC) conference indicates. Rather than competing with East Asia from outside, the United States seems to be moving in the direction of competing with it from within—integrating with it and gradually forming a Pacific free trade area that would essentially combine the present APEC zone and the North American Free Trade Area. As a matter of fact, Mexico was granted full membership in APEC, and Papua New Guinea and Chile observer status at the group's annual meeting in Seattle in November. Aside from these, half a dozen countries, including Vietnam, Russia, and Argentina, have expressed their desire to become observers and the European Community has asked APEC to allow it to take part in the group's discussions.² The world is jumping on the bandwagon of East Asian dynamism.

It seems now that the Uruguay Round of world trade talks under the auspices of the General Agreement on Tariffs and Trade will not be successfully concluded by the December 15, 1993, deadline and even if it is, GATT's usefulness as a vehicle for global free trade appears to have declined considerably in recent years. In contrast, the Asian Pacific Economic Cooperation conference's potential usefulness in that role is increasing. APEC, with a total population of 1.9 billion, has a 35 percent share of world trade. And direct investment as well as trade has been a major means of transmitting economic vigor throughout East Asia.

THE FLIP SIDE OF DYNAMISM

Yet dynamism is Janus-faced. It means both energy and uncertainty: an energy that can transform economies, and uncertainty and apprehension about what the results of the transformation will be. Rapid growth