
Takashi Inoguchi argues that Japan's "efforts to accelerate economic development in East Asia and beyond are not only in Japan's business and national interests, but also part of an attempt to achieve two major objectives: to enhance the welfare of the people in the region and to roll back attempts at regionalization and protectionism. Japan's efforts should not be seen as the formation of a Japan-led regional economic bloc or the pursuit of a hegemonic position in East Asia."

Japan's Foreign Policy in East Asia

BY TAKASHI INOGUCHI

Despite the strong continuity of many political arrangements in East Asia at the end of the cold war, many East Asian countries are uncertain about the region's future. It is not quite "a great disorder under heaven," the image often evoked in East Asia during such destabilizing periods as the Vietnam War and the first oil crisis in 1973. Instead, East Asia has also been afflicted by the end-of-the-cold-war syndrome that is most intensely manifested in the Soviet Union's and Yugoslavia's disintegration and the European Community's disarray. The nature of uncertainty is threefold: international security (especially the American component), the global economy, and domestic society.

THE UNDERPINNINGS OF UNCERTAINTY

The United States demonstrated through the Persian Gulf War that it is the only military power able to project massive force abroad. The series of disarmament agreements with Russia and the other former republics of the Soviet Union on strategic and tactical nuclear forces has also demonstrated that the United States holds the upper hand in strategic nuclear forces. Yet America's military superiority, both nuclear and conventional, is not necessarily robust. The Japanese and Europeans are eroding its technological edge, and the technological foundation for advanced weapons has also decayed in many areas such as electronic parts and materials. Furthermore, the American economy has been battered by the federal budget deficit and the foreign trade deficit, and United States manufacturing competitiveness has been steadily undermined by foreign competition. These deficiencies in the bases for United States national security indicate that the United

States might not be able to sustain its current superiority for another half century.

The second element provoking uncertainty is the global economy. Technological progress has made the transmission of information and the transportation of goods increasingly fast and inexpensive. Global economic transactions have thus increased by leaps and bounds. The steady removal of economic regulations in the United States, the United Kingdom, Japan, and other countries in the 1980s and 1990s has made economic transactions far more global than before. It is not farfetched to now say that a world economy has come into full being this decade with these changes and with growing market and trade liberalization.

Yet the global sway of market and trade liberalization has created other kinds of problems. Liberalization means that structural adjustments to a country's economy have to take place intermittently because of changes in comparative advantage; when economic growth is sufficiently high, a country's economy can adapt to structural adjustments with relative ease. If growth is not high, however, the economy can be racked by the pain of bankruptcies and unemployment. Foreign competitors can also make headway more easily in liberalized systems than in others. Voices against further liberalization, with calls for protectionism and regionalism, are then heard more often.

While the process of economic liberalization advanced full swing in the 1980s, its "excesses" have dominated the early 1990s as recession has hit the world. To cope with the problems caused by globalization, some have confined market and trade liberalization to regionally defined spaces while not losing the benefit of liberalization within the region so demarcated. Examples of these are the European Community (EC) and the North American Free Trade Agreement (NAFTA). The increasingly dim prospects for the Uruguay Round of the General Agreement on Tariffs

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