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## Nationalism Rises in Northeast Asia

The job-creating economies of the Northeast Asia Pacific region are the envy of the world. China, Japan and Korea – the world’s second, third and eleventh largest economies, respectively – are significant global economic powers. China, Japan and South Korea are major trade and investment partners, each thriving by embracing economic globalization. But because of historical differences and atrocities, the countries do not trust one another, explains international political economist Jean-Pierre Lehmann. “China, Japan and Korea individually and collectively through the supply chain greatly depend on the global market economy, while the global market economy greatly depends, and increasingly so, on the Northeast Asian economic powers individually and collectively,” Lehmann writes. Confucian values could account for respect for education as a driving economic force in the three nations. Yet nationalism is contributing to a decline in tourism and other cultural connections. Lehmann suggests that global governance could set a better example of confidence and cooperation. Conflict and hatred in that region can only lead to global economic havoc. – YaleGlobal

Territorial fights menace prosperity in Japan, China, South Korea and global interdependence

Jean-Pierre Lehmann

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SEOUL: Since the end of the 20<sup>th</sup> century Northeast Asia has emerged as a central force in globalization of the world. But the specter of rising nationalism in the area now threatens to undo the gains that global interdependence has brought to the region and to the world.

“The most important strategic choice the Chinese made was to embrace economic globalization rather than detach themselves from it,” wrote leading Chinese reformer and economist Zheng Bijian in his seminal article for *Foreign Affairs*, “[China’s Peaceful Rise](#),” [1] in October 2005, a reference to the reform program launched in the late 1970s by Deng Xiaoping. The speed, intensity and breadth of that embrace have transformed the planet.

The first country in Northeast Asia that recognized the imperative of “embracing globalization” was Japan in the late 19<sup>th</sup> century. Detached in the 1930s, by the 1950s and 1960s Japan was reengaged with the global market economy, providing low-cost, high-quality goods and building up well-known global brands.

Then followed South Korea, which under military dictator Park Chung-hee, 1961 to 1979, embarked on a highly successful export-driven growth strategy. South Korea is the only sizeable developing nation to have risen from deep poverty to first world prosperity.

Today, China, Japan and Korea, respectively the world’s second, third and eleventh biggest economies, are significant global economic powers.

Collectively they reflect one of the profoundest changes in the 21<sup>st</sup> century global economy: the emergence of global supply chains. The Apple iPhone, iPod or iPad may be American designs and brands assembled by a Taiwanese company in China, hence labeled “assembled in China,” but the devices also contain vital parts, components and technological knowhow from Korea, Japan and many other countries. Billions of consumers worldwide depend on and benefit from products emanating from the Northeast Asian-based supply-chain.

Similarly, the economic growth of many countries, such as Australia, Mozambique and Peru, is driven primarily from supplying commodities to China, including for the manufacture of products in the supply chains.

China, Japan and Korea are one another’s major trade and investment partners. Japan has been engaged in outward foreign investments since the 1970s, Korea especially since the late 1990s and more recently China has launched what it calls its “going out” strategy. Thus millions of jobs globally are generated by internationalizing Northeast Asian firms. Similarly while Japan has been a significant source of overseas aid for developing countries for the last three decades, more recently South Korea has gone from being a recipient to a donor, while China since 2009 has

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Contest or cooperate? Lee Myung-bak, former South Korean president, ratcheted up pressure on Japan by visiting contested Dokdo island (top); Chinese and Japanese patrol waters near contested Senkaku/Diaoyu Islands

provided more loans to Africa than the World Bank, and in Central and South America the China Development Bank has given more aid than the Inter-American Development Bank, the Andean regional bank and the World Bank combined.

While the Chinese, Japanese and Korean economies differ in some respects, they also have strong resemblances. Clearly, industrializing Japan provided a “demonstration effect.” The Korean economic structure bears certain similarities with Japan, notably in, for example, the predominance of large conglomerates, with the Korean chaebol modeled on the Japanese *zaibatsu*, subsequently known as *keiretsu*. In launching the reforms in China in the late 1970s Deng urged his countrymen to “learn from Japan.” China, Japan and Korea are also Confucian societies, which scholars suggest accounts at least, in part, for the strong emphasis all three have given to education, widely believed to be a powerful driving force in the countries’ respective economic development.

China, Japan and Korea individually and collectively through the supply chain greatly depend on the global market economy, while the global market economy greatly depends, and increasingly so, on the Northeast Asian economic powers individually and collectively.

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In that context there is a problem, indeed a cause for alarm. While China, Japan and South Korea may have embraced economic globalization, they have emphatically not embraced one another. Occasional attempts at patching old wounds up notwithstanding, the Northeast Asian powers display a tremendous lack of trust. This mistrust can generate what is at times profound hatred manifested in outbursts of violent nationalism and xenophobia.

For the Chinese and Koreans, the suspicions and nationalism are directed against Japan because of past actions for which it has not, they argue, atoned, and currently manifested in acute territorial disputes in the East China Sea. These disputes have escalated in recent months; alarm bells are ringing throughout much of East Asia, especially in respect to the Sino-Japanese confrontation. In reaction, strong anti-Chinese and anti-Korean nationalism has re-emerged in Japan, in good part driven by overt collective amnesia and negation about past atrocities. Recently elected Japanese Prime Minister Abe Shinzo, whose grandfather Kishi Nobusuke served in the wartime cabinet of Tojo Hideki, for example, denies, despite overwhelming evidence, that the Japanese engaged in sexual slavery during World War Two in Korea or elsewhere.

In South Korea there is the legacy of China’s role in the Korean War and support, even if ambivalent, of the regime in Pyongyang. Japan and Korea worry more about China’s future goals.

This anxiety, it must be stressed, is not a Northeast Asian monopoly. Countries in Southeast Asia, especially Malaysia, Indonesia, the Philippines and Vietnam, also worry about China’s apparent nationalist territorial expansion, and India looks upon China’s ambitions suspiciously. China’s “peaceful rise” would appear to be a distant, forlorn dream. Reality is more brutal and ugly. Nationalism is a powerful Chinese political force.

From the viewpoint of global economic interdependence, it is the three economic juggernauts and their collective impact on the global economy through the global supply chain that matters most. Today it must be recognized that while the embrace of globalization have generated great prosperity for all three countries – in stark contrast to North Korea which still rejects globalization and interdependence – by no means has it ensured trust, let alone peace.

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While history does not repeat itself and comparisons are, by definition, odious, it is difficult not to draw parallels between Northeast Asia in the early 21<sup>st</sup>

century and Europe in the first half of the 20<sup>th</sup>. It's probably the case that if the economy seriously deteriorated, as it did in the 1930s, that this would exacerbate nationalist tensions between the Northeast Asian powers, but it is not at all obvious that if the economic situation were to considerably improve, especially in Japan, that this would diffuse nationalist tensions. Economics alone, it seems, cannot trump emotions.

Whereas Chinese, Japanese and Korean tourists once flocked to one another's countries, there has been recently a significant decrease in traffic. Furthermore, while the "pop-scene," encompassing Canto-pop, Mando-pop, J-pop and K-pop, created an increasingly united Northeast Asian regional musical space, nationalist backlashes have also arisen; the Japanese NHK popular new year song festival has this year eliminated Korean singers. That is ominous.

As the forces of xenophobia are irrational, it is difficult to know what measures need to be taken beyond banal platitudes. Perhaps the first step is for the international community to recognize the perilousness of Northeast Asian geopolitics. If the fuse goes off on the Northeast Asia powder keg, the consequences will be immediate, global and dramatic. If, on the other hand, global governance would improve, so might governance in Northeast Asia.

Jean-Pierre Lehmann is emeritus professor of international political economy, IMD, Switzerland; founder of The Evian Group; and visiting professor at Hong Kong University. ***The author will field readers' questions for a week after the publication date.***

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