

*Special Contribution*

**NORTHEAST ASIA IN THE MULTIPOLAR  
WORLD-SYSTEM\***

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The period of United States hegemony in the world-system is now definitively at an end. The slow decline since the 1970s was transformed into a precipitate decline brought about by the self-defeating tactics of the presidency of George W. Bush.<sup>1</sup>

We are now living in a world-system in which there are emerging eight to ten centers of relative geopolitical autonomy. The word “relative” should be underlined. The four strongest such centers are located in what is sometimes called the global North. They are in my opinion the United States (which continues of course to be an extremely strong power center, if far less powerful than previously), Western Europe (based on the critical France-Germany tandem), and Russia. The fourth such center is Northeast Asia, by which I mean China, Korea, and Japan, the group meeting here as the Asia Economic Cooperation Forum.

The strength of these four centers can be measured by the overall combination each one has assembled of military strength, economic strength, and political/ideological strength. The proportion of each of these factors is of course different for each of the four, but each combination adds up to considerable strength.

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\* Keynote address at the 2nd Asia Economic Cooperation Forum, Incheon, Korea, November 7-9, 2010.

1. See my “Precipitate Decline: The Advent of Multipolarity,” *Harvard International Review*, Spring 2007, pp. 54-59.

The relatively autonomous centers in the global South are no doubt less strong overall than these four. Nonetheless, the geopolitical power of each is not negligible. And together, even without any collective organization, they are likely to play an increasingly important geopolitical role.

A world of eight to ten relatively autonomous geopolitical centers is, almost by definition, chaotic. In such a situation, no one center can thrive in isolation or in arrogant disregard of the others. Each therefore is forced to seek to maintain and improve its relations with other centers. The question for each is, with which other centers?

We are at the stage where all the centers are seeking to maintain relatively good relations with all the other centers. This is of course impossible in any medium term, but this is a fair description of the current policies of the multiple eight to ten centers. In addition, none of these centers is internally unified in a very stable fashion. All are torn by conflicts, not only about their internal structures but also, perhaps especially, over what they believe ought to be their global strategy.

In this kind of situation, what we are witnessing is a constant zigzagging of these centers, both internally and in their relations with other centers. Indeed, the zigzagging is so intense that those who seek to analyze what is going on are in very little agreement. We are regularly being offered quite opposite and often fast-changing appreciations of the world situation—by the governments, by the media, and by public opinion in general. This is why what is going on merits the label of a chaotic situation.

No one likes a chaotic situation. It breeds intense anxiety and therefore often a quite unreasonable degree of anger and lashing out at scapegoats. How may we expect those in positions of state power to handle this kind of chaotic situation?

Their first consideration will clearly be to look for ways to strengthen their own hand vis-à-vis other centers. This means trying simultaneously to deal with internal divisions and to find the particular paths that will augment their comparative standing in the world-system. This is not at all an easy task for governments. And the missteps of the governments quite frequently

lead to strong reactions from their own public opinion, which expresses itself in different forms in the various centers of geopolitical power. In none of them is it easy to be an incumbent in power because public opinion rapidly blames the incumbents, even for matters beyond the power of the incumbents to control. Worldwide, there is a low level of public tolerance for their own governments.

I propose to discuss the five arenas in which this chaotic turbulence will play itself out in the short run, by which I mean the coming decade: first, internal strains within each geopolitical center; second, economic prospects of each center—growth, employment, polarization of distribution; third, currencies; fourth, the military sphere—war, nuclear proliferation, and extra-national military bases; and fifth, choice of primary geopolitical alliances. I shall here discuss these arenas not from the perspective of each of the centers but primarily as seen from the perspective of Northeast Asia.

### **Internal Strains within Northeast Asia**

I have previously written on this matter in an article I published in a Korean journal in 2007.<sup>2</sup> I will therefore only briefly summarize my position. Of all the four principal geopolitical centers, the situation is most complicated in Northeast Asia. That is because we are dealing with three countries that have as yet no formal common structure, not even a confederal structure like the European Union. Of the three countries, both China and Korea are still trying to achieve national unification. And the degree of unresolved historical angers and grievances among the three countries continues to weigh heavily over the region.

Despite all of this, I am convinced that there exists great structural pressure for far closer relations among the three countries over the coming decade. This is because the medium-run

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2. "Northeast Asia and the World-System," *The Korean Journal of Defense Analysis*, vol. 19, No. 3 (Fall, 2007), pp. 7-25.

prospects for each separately are heavily dependent on their ability to reach viable political compromises among the three. I think it is fairly clear that, absent such political compromises, each of the three will find itself weaker on the world scene and therefore find itself hampered in its ability to achieve better conditions for its citizens and a more stable base for the future.

Nonetheless, achieving a degree of political integration among the three will be no easy task. While relations between the authorities in Taiwan and the People's Republic of China are much better than previously, a full political accord (perhaps mirroring somewhat the accord that was achieved between Hong Kong and the PRC) does not yet seem imminent.

The joining together of the two Koreas seems even more difficult. Both sides want unification—and do not want it, fearing its consequences.

Finally, the bilateral relations of China and Japan, and of Korea and Japan—again while better than previously—remain subject to considerable abrupt ups and downs, which escalate unexpectedly and sometimes with great passion.

What then do I mean by structural pressure to integrate further? There is first of all a strong economic logic to further integration. I believe that, for each of the three, the most advantageous trade and investment partners are each other, and that this is borne out by the economic trends of the last decade. Secondly, nationalism is a potent force that impels opinion within divided China and divided Korea, especially as the ideological differences of the Cold War fade considerably. Thirdly, overcoming the historic angers between China and Japan and between Korea and Japan will become easier as time goes by with the fading of active memories as a result of generational change.

Perhaps I paint too rosy a picture. Perhaps none of these structural pressures will be sufficient to transform the situation by 2020. But if they do not, the geopolitical prospects of Northeast Asia will be less than if they do.

### **Economic Prospects**

I have suggested three different variables to consider: growth, employment, and polarization of distribution. We all know the summary picture of recent economic growth. Japan seemed to be doing phenomenally well in the 1970s and 1980s, and then suddenly slowed down. China has done, by world comparative standards, remarkably well since the 1980s, and particularly in the last decade. Korea never quite matched either of the other two at their height, but on the other hand Korea has consistently done reasonably well throughout the whole period, having weathered the storm of the last three years better than many countries.

So, for the pundits, there was a time when everyone was predicting that Japan would come to dominate the world economically, and now many of these same pundits are saying the same thing about China. I have no doubt that, by comparison with, say, the period 1945-1970, all of Northeast Asia has improved its overall economic strength considerably. The consequences are visible in the construction of infrastructure and buildings, in the stores, and in the standard of living of a large segment of the population—that segment usually referred to as the “middle class” (or “classes”).

Permit me nonetheless to be a bit skeptical of the permanence of the growth rates. Large spurts in growth rates have been a frequent occurrence in the 500-year-long history of the modern world-system. There have always been some countries that profited more than others from the economic expansions and contractions of the world-economy. Still, no country has ever maintained a very high growth rate indefinitely. And many countries that experienced high growth rates during one period came to have serious reversals in these rates in later periods.

Maintaining the high growth rates of the past decade in the next decade is, in my view, dependent on the overall state of the world-economy. Producers need customers. And I do not think that the number of customers (the worldwide effective demand) looks promising at the moment. I think myself, and have regu-

larly argued, that the so-called “great recession” is really a world “depression” out of which we are not going to emerge quickly.<sup>3</sup>

In any case, I think it is a mistake to measure economic health by GNP or GDP or growth rates. Economic health is first and foremost a function of rates of full-time employment at levels of remuneration above so-called poverty lines.

What we need are figures that are not really collected. The numbers of persons who are chronically unemployed are almost always underestimated because we only usually count those who are actively seeking work. Those who are totally discouraged because of chronic lack of success in finding work tend not to be counted. These are to be found in two main categories— young relatively unskilled persons for whom no work is in fact available; and skilled persons over forty years who have lost their employment and cannot find new employment because of their age or who can at best find employment at much lower levels of skill and remuneration.

Then there are the people who are underemployed. And then there are the people who must work 70 hours a week or more in one job or more in order to obtain a minimum level of income. And finally there are the fake employed, who perform little or no work and are in fact thereby receiving financial transfers without contributing to the collective welfare of the community.

You know all of this. But what it adds up to is the fact that the remarkably high worldwide unemployment rates of the moment, which shall probably increase in the next decade, are a vast underestimate of the real numbers of unemployed. Quite aside from the social and political consequences of this worldwide high rate of unemployment, the direct economic consequence reinforces the problem of insufficient effective demand to which I already adduced.

Finally there is the issue of the polarization of distribution. Whether we use Gini coefficients or other measures, it is clear that the polarization has increased considerably since the 1970s,

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3. See my “Structural Crises,” *New Left Review*, No. 62 (March-April, 2010), pp. 133-42.

and is increasing still. This is particularly true of those parts of the world-system that have been showing high growth rates, such as Northeast Asia. Of course, this has not affected only Northeast Asia. Even in those parts of the world-system that have had for political reasons relatively low polarization, such as Western Europe, the pressures on state revenue that have resulted from the depression in which we have found ourselves have led to attempts to curtail the so-called welfare state, and thereby increase the internal polarization of distribution.

Once again, quite aside from the social and political consequences of increased polarization, the economic result is to increase still further the problem of effective demand. In any medium term, less polarization is not only morally desirable but economically efficient. The world has not been moving in that direction, either as a world-system or within the various states.

### **Currencies**

Currencies are a very particular economic problem. For currencies are the one true win-lose relationship. Whatever the merits of revaluing or devaluing a particular currency, these merits only are wins if others are losers. Everyone cannot devalue simultaneously. It is logically impossible and therefore politically meaningless.

Once again, the world situation is well known. We have been living in a world in which the dollar has been the reserve currency. This of course has given the United States a privilege that no other country has. It can print its currency at will, whenever it thinks that doing so solves some immediate economic problem. No other country can do this; or rather no other country can do this without penalty as long as the dollar remains the accepted reserve currency.

It is also well known that the dollar has been losing its value in relation to other currencies for some time now. Despite the continuing fluctuations, the curve has been downward for perhaps thirty years at least.

The countries of Northeast Asia have pursued currency policies that other countries have criticized. Indeed this is the subject of constant media attention. However, to be fair, it is by no means easy to establish the wisest policy at the moment, even from the selfish perspective of each country. The latest issue of *International Relations of the Asia-Pacific*<sup>4</sup> is a special issue whose title is "A Post-American East Asia? Networks of Currency and Alliance in a Changing Regional Context." The authors do not all agree about either the prognosis or the policy recommendations.

I consider the underlying issue simpler than the convoluted explanations of most policy analysts. I start with a few assumptions. The status of the dollar as the reserve currency of the world-system is the last major advantage that the United States has in the world-system today. It is therefore understandable that the United States will do what it can to maintain this advantage. In order to do so, it requires the willingness of other countries (including notably those of Northeast Asia) not only to use the dollar as a mode of calculating transfers but as something in which to invest their surpluses (particularly in U.S. treasury bonds).

However, the exchange rate of the dollar has been steadily slipping. This means that surpluses invested in U.S. treasury bonds are worth less as time goes by. There comes a point at which the advantages of such investment (the principal advantage being that it sustains the ability of U.S. enterprises and individual consumers to pay for imports) will eventually be less than the loss of real value of the investments in the treasury bonds. The two curves move in opposite directions.

The problem is that which is posed in any market situation. If the value of a stock is falling, owners will want to divest before it becomes too low. But rapid divestment by a large stockholder can impel a rush to divest by others, thus causing even greater losses. The game is always to find the elusive moment to divest that is neither too late nor too soon, or not too slowly but not too fast. This requires perfect timing, and the search for perfect tim-

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4. *International Relations of the Asia-Pacific*, vol. 10, No. 3 (2010).

ing is the kind of judgment that quite frequently goes awry.

I see this as the basic picture of what is happening and will happen with the U.S. dollar. It cannot continue to maintain the degree of world confidence that it once enjoyed. Sooner or later, economic reality will catch up with it. This may happen in a five-minute shock or in a much slower process. But when it does, the key question is, What then happens?

There is no other currency today poised to replace the dollar as a reserve currency. In that case, when the dollar falls, there will be no reserve currency. We shall be in a multipolar currency world. And a multipolar currency world is a very chaotic world, in which no one feels comfortable because the constant swift shifts of exchange rates make minimally rational short-term economic predictions very precarious.

The managing director of the International Monetary Fund, Dominique Strauss-Kahn, is at the moment warning publicly that the world is plunging into currency wars, whose outcome “would have a negative and very damaging longer-run impact.”<sup>5</sup> One real possibility is that the world may revert, it seems to me is already reverting, to *de facto* barter arrangements—a situation that is not really compatible with the effective functioning of a capitalist world-economy.

### **The Military Sphere**

My picture of short-term currency chaos is, if anything, less uncertain than the short-term world military picture. Let me start by saying that I see no country interested in starting deliberately a major military conflagration. But local and regional wars can be very draining, especially if they are basically unwinnable, like the U.S.-NATO war against the Taliban in Afghanistan.

What the last decade has demonstrated beyond a doubt is that the United States military machine is at one and the same time fantastically and overwhelmingly strong and essentially

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5. Interview with Alan Beattle in the *Financial Times*, October 5, 2010.

useless for serious military victories. The basic problem for the United States is simple. It can bomb anything anywhere all it wants, but really winning wars is done on the ground with human troops. And there is no way that the United States can politically assemble the necessary number of trained troops to win such wars, even if they have the collaboration, the uncertain collaboration, of allies.

Since withdrawing troops, once engaged, has severe negative consequences, both internally and geopolitically, the wars once launched drag on and on. The costs for the United States are enormous economically, and sooner or later in this world depression will seem too great to American voters and their politicians. Just as currency wars lead to protectionism, so unwinnable, expensive wars lead in the direction of isolationism. There is no obvious way for the United States to resolve its dilemmas without a serious further loss of geopolitical clout.

One major consequence of this decline in U.S. geopolitical power is the undermining of the entire antiproliferation process. When the Nuclear Non-Proliferation Treaty (NPT) was signed in 1968, it was intended that possession of nuclear weapons be limited to the five permanent members of the Security Council. Three countries immediately refused to sign the treaty—Israel, India, and Pakistan—and promptly in the succeeding years, all three countries became nuclear powers.

It is true that, for a while following the signing of the NPT, a number of countries that had previously launched programs did dismantle them. But once the so-called Cold War between the United States and the Soviet Union came to an end, many of these countries began to reconsider their decision. As of today, we know that North Korea has nuclear weapons, and Iran seems clearly en route to obtaining them.

Is this all? I do not believe so. The genie is out of the bottle, and the race is on, first of all here in Northeast Asia. Despite all the public denials, and internal disputes on the issue in each presently non-nuclear state, I believe that within a decade, South Korea, Japan, and Taiwan will all have started such programs, and may indeed have achieved them by 2020. Furthermore, there are other

countries around the globe that will do the same. My guess is that by 2020 or 2025, there may be twenty nuclear powers.

I am neither advocating this nor denouncing it. I am merely predicting it. Indeed, I personally am in favor of total nuclear disarmament, but I see no reason to believe that this is a politically realizable scenario in the short-term or even middle-term.

There is a mild but persistent hysteria about the terrible consequences of such proliferation. I believe the hysteria is much exaggerated. One can make a good case that the mutual deterrence of the United States and the Soviet Union was a stabilizing pillar of the world-system for forty years. I think one can make the same case for the consequences of India and Pakistan both being nuclear powers.

There are of course dangers in proliferation. The one most frequently evoked is that non-state actors might purchase, steal, or otherwise acquire such weapons, and proceed to use them. Perhaps. But even without any further proliferation, this danger exists and I am not sure it becomes greater with further proliferation.

The second danger is that a rogue military figure might launch an attack despite specific orders to the contrary. I do not discount this either. However, I do believe that this danger too already exists, and once again I am not sure that it increases with further proliferation.

We are, I am afraid, destined to live with this proliferation. It does however change the geopolitical scene. It does unquestionably reduce the ability of the United States to pursue wars as it thinks fit. It does the same for other powerful military forces in the world. The link between multipolarity and a chaotic geopolitical scene is displayed in this emerging reality.

Finally there is the issue of military bases outside one's own borders. The United States is of course by far the leader in the number and ubiquity of its bases. But it is not the only country to have foreign bases. One can predict that there will be increasing pressure for all countries to pull troops back from these bases, even dismantle them entirely. The pressure will derive from many different factors. One is the sheer economic cost of these bases, a forceful consideration when the revenue of governments has

become significantly reduced. A second is increased nationalist strength within countries where such bases are located. And a third is a reassessment by the military leadership of the actual strategic value (as opposed to the political value) of such bases.

How much dismantling of foreign bases will actually occur in the next decade is a very murky question. What I feel confident about predicting is that there will be a serious rise in public debate about bases in the coming decade. Foreign bases will come to seem increasingly illegitimate to world public opinion.

Will, however, the result of withdrawal from foreign bases be a reduction in chaos? Or will it mean that internal civil wars can more easily flourish around the globe? This is another very open question at this point.

### **Primary Alliances**

We now come to what I consider the most interesting question about the coming decade, and the most crucial one for Northeast Asia. I argued already that a multipolar world with eight to ten centers of relatively autonomous power is unsustainable. Each of the centers, in its maneuvering for relative advantage, will be forced to consider the question of primary alliances. No center can be equally friendly to all the other centers. It doesn't pay off in the middle run. Centers tend therefore to decide where their primary interests push them.

So let me, somewhat audaciously, outline the choices for Northeast Asia, on the presumption that a Northeast Asian entity is coming into existence via increased coordination of the states and perhaps new interstate institutional structures. Such an entity would have to weigh the advantages for it of closer ties to Russia, to Western Europe, and to the United States.

Let me start with the least likely: Western Europe. The two regions are distant geographically, historically, and culturally. Even more important, it could be argued that, in the drive to advance their economic interests in developing new leading industries, they are direct competitors. If there is, if there were

to be, a race to become the next hegemonic power in the world-system in the next fifty to seventy-five years, the race would be between Northeast Asia and Western Europe. Never mind the fact that I don't believe such a race will ever reach its culminating point. Both of these entities will assume it might. So, politenesses aside, these two centers of geopolitical power are rivals.

What about Russia? In a sense, a Russia-Northeast Asia linkup would be perceived as, and in fact be, an anti-American alliance. It would inevitably reawaken the now weakening alliance between the United States and Western Europe. What would it gain Northeast Asia? Access to Russian energy and minerals? The possibility of profitable investments in Russia? Cooperation in relation to various secessionist threats, particularly in central Asia? Would this be enough for Northeast Asia against what it might lose, geopolitically?

Just to list the advantages for Northeast Asia is to underline the disadvantages for Russia. Russia, above all things, does not want to be cast in the long-term role of a semiperipheral exporter of energy and minerals, which a Northeast Asian-Russian alliance might create or reinforce. Russia wants to promote advanced productive technology inside its borders, while augmenting its military strength. It can make better deals for these two objectives elsewhere, primarily a deal with Western Europe.

That leaves the United States. The world of analysts—in governments, in academia, and in the media—insists on the great U.S.-China split. I see virtually no real evidence of this. On the contrary. I see both countries as having pulled back constantly at every possible moment of real conflict in the last thirty years, under all the successive governments in both countries.

Why should this be? Looked at from the point of view of the United States, what are the real alternatives? The long-standing alliance with Western Europe is wearing thin, largely because of the sense in Western Europe that it is desirable, indeed crucial, for it to reestablish its autonomy, especially in a post-Cold War world.

Western Europeans never inwardly accepted culturally the dominance of the United States, their cultural offshoot. They accepted U.S. hegemony only because they were deeply weak-

ened geopolitically after the Second World War and believed that they needed to rely on the American shield. But geopolitical realities have changed, and so therefore have their own attitudes. If in addition they can collectively make arrangements with Russia, they will want to do so. For one thing, Russia's military in alliance with those of Western Europe adds up to something the world would take seriously.

Now look at it from Northeast Asia's point of view. China and the United States have had increasingly much to offer each other in the economic sphere. This will be all the more true as the bubble of the growth of so-called emerging nations meets the limits of effective demand throughout the world-system.

In addition, the world climate crisis can only be effectively treated if these two countries come to terms with each other in ways that will meet both their interests. The internal pressures on each to do something serious about global warming and the negatives of carbon as a major energy source will only increase. And a *quid pro quo* seems to me not all that difficult to work out.

Finally, if, as I have argued, there is to be an effective collaboration between China, Korea, and Japan in the coming decade, Japan and South Korea will be relieved by the prospect of a closer collective alliance with the United States. It would mean that arrangements with China would not force a geopolitical break with the United States. And China will probably find that this serves China's interests as well by reinforcing the Northeast Asian community in formation, especially as China's military strength increases.

So, despite all the constant brouhaha in the world media about the deep conflicts between the United States and China, I believe that structurally the two countries will move closer, and more overtly so, in the coming decade.

## **Conclusion**

I should conclude these remarks, which perhaps seem to you somewhat going against the stream of current geopolitical

analyses, by emphasizing two points. First, my own analyses derive from what I consider to be structural pressures. They are not policy recommendations but policy predictions.

Secondly, these are analyses of what might happen in the coming decade. Nonetheless, what I see as the geopolitical rearrangements of this coming decade does not augur a new global stability. There is much that I have not discussed in this talk, including what I believe are the long-run structural crises of the capitalist world-economy as an historical system. I have written previously, and in a number of places, of why I do not think that our existing historical system will be able to persist for much longer.<sup>6</sup>

I consider that the chaotic fluctuations we see today will grow stronger, not weaker, in the coming decade. I believe that our historical system has entered into a bifurcation that will culminate in a new world-system (or perhaps multiple world-systems) that will be different from that in which we are presently living.

However, as I have also repeatedly said, we cannot know, in this bifurcation, which of two possible alternate paths the world shall in the end take, and we cannot be sure that what will emerge will be morally and politically better or worse. It may be, at the end of this period, as a new historical system takes form, that the existing states will take on entirely new forms and roles, in which all this talk of geopolitical alliances will seem much less important.

A decade from now, the political leadership of the Northeast Asian countries—and indeed of the rest of the world—will almost certainly be different. I do not know if leaders will be wiser, but they will be different. So will be the expectations of the populations. We are living amidst the greatest possible global uncertainty, and we must tread our paths cautiously, but hopefully intelligently.

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6. See one major statement in *Utopistics, or Historical Choices of the Twenty-first Century* (New York: The New Press, 1998).