

# Economic Nationalism and Regionalism in Contemporary East Asia 現代東アジアの経済的国家主義と地方主義

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## Introduction

Regions are socially constructed areas defined by state, supra-state, and societal agents, with shifting territorial, economic, and socio-political parameters. In contrast to the dominant literature, which has focused on states and state-constructed regions, we assess multiple forces in defining, constructing, and deconstructing regional formations in an epoch in which competing definitions of, and approaches to, region and nation challenge the reigning order (Katzenstein and Shiraiishi 1997; Gamble and Payne 1996; Hamanaka 2009). Political, geostrategic, economic, social, and cultural factors may all shape a regional order and its position in the world economy. In light of competing claims of national, regional, and global forces, we inquire into the possibility of contemporary region formation that does not rest on the hegemony of a single nation or power, that is, an imperium whether formal or informal, and which serves, in varying degrees, the interests of the nations and peoples that comprise it. In particular, consider the interplay between economic nationalism and region formation, including China, Japan, Korea, and the United States.

Given competing definitions of East Asia's emerging regionalism, spatial conceptions of the region remain contested. While it is obvious to discuss the East Asian countries, especially in the context of the region's economic dynamism and China's economic might and growing political influence, why include the US? The relationship between East Asian regionalism and the continued salience of American power or Pacific Ascendancy—as

Bruce Cumings observes, the US is the first world power to exploit the fact that it borders both the Atlantic and Pacific—is a defining question for the emerging regional and global conjuncture and a direct challenge to the economic nationalism that shapes important outcomes (Cumings 2009). In short, given competing definitions of East Asia and the East Asian region, our approach, which weds geopolitics and political economy, highlights the tensions among them.



The territories that comprise East Asia as defined here are China, Japan, the Koreas, North and South, and Taiwan. Our focus is on the burgeoning economies, and the deepening economic interpenetration of all of the above with the exception of North Korea, which alone has been excluded from the regional growth and economic interpenetration of recent decades. In geopolitical terms it is important to include North Korea since Korea's division, together with the China-Taiwan division and the geopolitical dominance of the US in East

Asia and the Asia Pacific, are the heart of regional and global tensions that both define the region and drive economic nationalism. Above all in geopolitical terms, but also in economics, regional dynamics cannot be grasped without due attention to the role of the United States.

East Asia as a region is notable because of its recent resurgence to a position at the center of the global economy following a protracted decline from the heights achieved during a previous period of regional peace and prosperity under the China-centered tributary trade system of the eighteenth century (Arrighi, Hamashita and Selden 2003; Hamashita 2008). Following a brief survey of East Asia in the era framed by the Sinocentric tributary trade system (sixteenth-eighteenth century), I show how the stage was set for the decline and subsequent resurgence of East Asia and how the character of regional geopolitics and political economy changed in the current epoch of economic nationalism, region formation, and globalization (Yoshimatsu 2008; Beeson 2007; Sugihara 2005; Wang 2007; Duara 2010). This historical survey permits consideration of whether economic nationalism should be understood as a specifically modern concept or whether its roots can be traced to earlier dynamics.

The interaction and tension between economic nationalism and regional and global forces that are integral to the resurgence of the region have deepened linkages among the nations that comprise the region and fostered growing bonds with neighboring regions including Southeast Asia, Northeast Asia, South Asia and the global economy. However, such links do not imply the demise, or even a reduction of economic nationalism. Rather they point to the changing character of economic nationalism, which may be pursued through policies that are statist, collective, and autarchic, but can also be directed in ways compatible with an expansive market and wide scope for domestic

and international capital. China, as we will see, well illustrates the range of possibilities.

However, in contemporary East Asia an array of historical legacies including territorial and cultural conflict, war, and international geopolitics drive economic nationalism and threaten to undermine regional harmony. In recent years, sharply juxtaposed images of the regional future have surfaced: including deepening intraregional economic and financial ties on the one hand and on the other, renewed geopolitical challenges that pose mounting risks of war in the wake of clashes involving Japan and South Korea over the Dokdo/Takeshima islands, North and South Korea at sea near the Northern Limit Line, the China-Japan imbroglio over the Senkaku/Diaoyu islands, and clashes involving China and various nations in the South China Sea. In each of these, geopolitical conflict is intertwined with economic conflict, notably issues of oil and fishing. A central fact pertaining to these clashes is that they are not merely bilateral. The United States, and to a lesser extent Russia, play a major role so that the arena of conflict extends to the Asia-Pacific and the world.

The paper is divided into three main sections. In section two I show that East Asia was already an economic and geopolitical center and a major actor in the global political economy from at least the sixteenth to the eighteenth century. In section three I examine the interplay and tensions between economic nationalism and regional and global forces in driving the economic resurgence of East Asia since the 1970s, with an eye to defining distinctive features of the region and the interplay of economic nationalism, regional, and global forces. Section four shows that the historical legacies including territorial and cultural conflict, war, and international rivalry in the context of economic and financial integration of the region continue to fuel economic nationalism and geopolitics that

threaten to undermine regional harmony. Today several emergent clashes over competing claims over neighboring islands pose new geopolitical challenges for the Asia-Pacific, including the US.

### Historical perspectives on East Asian regionalism

Throughout the nineteenth and well into the twentieth century, the dominant view in both East and West privileged a dynamic Western world order over a weak, inward-looking and conservative East Asia that collapsed in the face of an expansive Western capitalism cum imperialism. This Eurocentric world vision reified the perspective of the colonial powers and their successors and ignored the substantial long-term developmental trajectory of East Asia and its parity with Europe as recently as the eighteenth century (Landes 1969, 2003; Rostow 1962). The essentialist presumption that continues to pervade a substantial literature—that Western superiority is a historical constant, once and forever immutable—is now being tested.

An alternative paradigm recognizes East Asia as an economic and geopolitical center and a major actor in the global political economy from at least the sixteenth to the eighteenth century or even the mid-nineteenth century. Interestingly, the avatars of this approach, frequently framed as a China-centered perspective on East Asia and the world economy, emerged not primarily from Chinese scholarship but from the writings of Japanese and American researchers (Grove and Daniel 1984; Wong 1997; Pomeranz 2000; Frank 1998; Hamilton 2006; Yoshimatsu 2008; Beeson 2007; Brook 1998; Bray 1985; Reid 1988 and 1993; Sugihara 2005; Wang 2007; Duara 2010). China's economic strides of recent decades, and, above all, the resurgence of East Asia with China, Japan, and Korea as an expansive regional center of the capitalist world economy in the final decades of the long twentieth

century, lend plausibility to this perspective.

Between the sixteenth and eighteenth century, at the dawn of European capitalism, East Asia was the center of a vibrant economic and geopolitical zone with its own distinctive characteristics. Among the most important linkages that shaped the political economy and geopolitics of the East Asian world was the China-centered tributary trade order,<sup>1</sup> pivoting on transactions negotiated through formal state ties as well as providing a venue for informal trade conducted at the periphery of tributary missions. The system was also sustained by a wide range of legal and illegal trade, much of it linking port cities that were beyond the reach of the Chinese imperial state. Korea, Vietnam, the Ryukyus, and a number of kingdoms of Central and Southeast Asia actively engaged in tributary trade with China.

East Asian linkages with the world economy from the sixteenth century forward, via both the land silk road and the sea, transformed East-West trade as well as the domestic Chinese and regional economies. Silver flows, to pay for tea, silk, ceramics, and opium among other products, bound Europe and the Americas with East Asia, particularly China, with Manila as the key port of transit. Indeed, the large-scale flow of silver from the Americas to China beginning in the sixteenth century and peaking in the mid-seventeenth century linked major world regions and transformed both intra-Asian trade and China's domestic economy. If the dominant scholarship on world capitalist development from the sixteenth century—both its celebratory and its critical strains—has emphasized overwhelmingly the outward thrust of European military and economic power, it is more fruitful to recognize a two-way flow of resources and people (Gresh 2009). Reid, for example, writes of Chinese-Southeast Asian-South Asian trade in global perspective in the years 1450-1680:

The pattern of exchange in this age of

commerce was for Southeast Asia to import cloth from India, silver from the Americas and Japan and copper cash, silk, ceramics and other manufactures from China, in exchange for its exports of pepper, spices, aromatic woods, resins, lacquer, tortoiseshell, pearls, deerskin, and the sugar exported by Vietnam and Cambodia (Reid 1993: 33).

The result was massive silver flows into China from other parts of Asia, Europe, and the Americas in exchange for silk, tea, porcelain, and other manufactures. Takeshi Hamashita shows how the articulation of Asian silver markets with Euro-American silver dynamics shaped world financial flows and facilitated the expansion of trade that took place in the sixteenth and seventeenth centuries (Hamashita 2008: 39-56; Frank 1998: esp. 131-64; Pomeranz 2000: 159-62, 267-74). China's domestic economy was simultaneously transformed as silver became the medium for taxation in the Ming's single whip tax reform, which mandated that all land taxes be paid in silver. This stimulated commodification of the agrarian economy and rural-urban exchange. Silver also provides a thread to link Europe, the Americas, and Asia as well as a means to deconstruct Eurocentric history and to chart profound changes internal to Chinese and Asian regional economy and society.

We cannot limit discussion of intra-Asian trade to the formal parameters of the tributary order or discipline that the imperial Chinese state sought to impose. Consider, for example, the fact that, while the Ryukyus actively participated in tributary relations with China, in order to obtain pepper and other products that were mandated by the Chinese tributary relationship, Ryukyuan merchants traded far and wide throughout Southeast and Northeast Asia and the Pacific Islands from at least the fifteenth century. Likewise, Nola Cooke and Tana Li highlight the autonomous trade patterns that gave rise to the "water frontier" linking southern coastal China and Indochina in

the eighteenth century, thereby contributing to the transformation of the domestic economies of the Mekong region and their links to regional and global markets, much of the trade independent of tributary missions (Cooke and Li 2004).

Asia, like all world regions, was subject to periodic wars and conquests. At its height in the eighteenth century, however, in the wake of the Manchu conquest of China, and the expansion of the Chinese empire into Inner Asia, large regions of East Asia experienced a long epoch of peace and prosperity on the foundation of a tributary trade order. The contrast is striking to a Europe that was perpetually engulfed by war and turmoil.<sup>2</sup> If tributary and private trade lubricated the regional order, so too did common elements of statecraft in the neo-Confucian orders that linked China, Japan, Korea, the Ryukyus, and Vietnam. In contrast to European colonialism in the eighteenth and nineteenth century, it might also be argued that this Manchu-Mongol-Sinic order placed fewer demands for assimilation on China's neighbors when contrasted with European conquerors, was less exploitative in economic terms, and displayed a capacity to secure general peace throughout large areas of East and Southeast Asia for protracted periods.

Indeed, at the height of its power, China subsidized regional stability through the tributary trade order. This meant investing the regimes of favored local rulers as well as assuring a sustained transfer of resources to them via direct subsidies and guaranteed access to lucrative trade with Korea, Vietnam, and the Ryukyus among others. Even Japan, which sent no direct tributary missions to China during the Tokugawa period (1600-1868), bought into the system through trade with China at Nagasaki as well as through covert domination of Ryukyu tribute missions that enabled Japan to secure lucrative trade with China while subordinating the Ryukyus to its own tributary order during the

seventeenth and eighteenth centuries. Similarly, Vietnam implemented a sub-tributary order with Laos. In other words, the tributary model extended beyond China's own framing of that order.

In these and other ways, a distinctive regional geopolitics and political economy emerged in a prosperous East Asia whose population far exceeded that of Europe and North America, whose wealth in core areas was comparable to that of leading Western nations, and was linked to other parts of Asia, Europe, and North America in the world economy of the sixteenth to eighteenth centuries. That order anticipated certain elements of modern economic nationalism: Chinese rulers in particular sought to order geopolitical and exchange relations across a broad region and invested favored rulers with power and authority. Yet, following the literature on nationalism that privileges state and societal responses to imperialism and dynamic state efforts to promote and shape economic development, I emphasize the fact that the earlier tributary trade order, while serving Chinese state interests, differed in fundamentals from modern and contemporary incarnations.

### **Economic resurgence, complementarity, and the sprouts of regionalism in East Asia**

Contemporary East Asian development is best understood not as a series of discrete national phenomena but as a regional and global process whose distinctive feature is economic integration and the growing economic role of the region in the world economy. Within the processes of global and intra-regional integration, the practice of economic nationalism has varied in part due to persistence of divided nations and intranational conflict notable in the case of the two Koreas, China and Taiwan, as well as in mutual suspicion between Japan and China and between Japan and the two Koreas. The economic rise of China and the attendant

conflictual geopolitics has added layers of complexity to the region, including US engagement or, as the Obama administration puts it, re-engagement with East Asia, in this instance, a code term for China.

If East Asian regionalism has advanced impressively since the 1970s, it differs in fundamentals both from historical patterns of East Asia and the European Union variant that has dominated contemporary global understanding of regionalism. Given the fact that Europe has been free of major wars for two generations, while East Asia has been relatively peaceful only since 1975, in light of the fact that China and Korea remain divided two decades after German reunification transformed Europe, and given continued territorial and historical memory conflicts dividing China, Japan, and Korea, the lack of institutionalization underpinning East Asian regionalism should come as no surprise.<sup>3</sup> There is, of course, no East Asian Union, no common currency, parliament, or high court. Nor do we find a military equivalent of NATO or other effective security structure. In East Asia and the Pacific, the character of regionalism is conditioned simultaneously not only by the economic dynamism of the nations and their deepening ties with neighboring states, but also by the position and policies of the United States, which continues to exercise geopolitical domination.

The stage was set in 1970 for new East Asian regional possibilities and a global reconfiguration of power with geopolitics in command: in the wake of the China-Soviet rift of the 1960s and the looming US defeat in Indochina, the US-China entente and a burgeoning economic relationship opened the way for ending the bifurcation that had characterized not only postwar Asia but East-West global relations. The end of China's isolation and pariah status from 1970, its assumption of a UN Security Council seat, above all its accelerated economic growth

fueled by expansive markets, foreign trade and investment, and wide access to US markets, capital and technology, opened the way not only to China's economic rise but also to the re-knitting of economic and political bonds across Asia and strengthening intra-Asian linkages with the global economy. Specifically, Japan and China quickly established diplomatic relations following the US opening, South Korea-China economic relations grew rapidly in the 1980s, with diplomatic ties established in 1992, and Taiwan-China relations similarly warmed in the 1990s. This emphatically did not bring about the demise of economic nationalism, specifically of national economic, financial, and technology policies designed to boost the competitiveness of national economies. Rather, competing nationalisms and the development paradigms to which they gave rise, remain strong in an epoch characterized by growing interpenetration of East Asian and Asia-Pacific economies, politics, and cultures and the expansive role of the region in global perspective.

### **China's reintegration in the world economy**

China's reintegration into Asia and the world economy is central to defining the character of East Asian regionalism, both in light of China's primacy in historical patterns of Asian regionalism and the geopolitics of the post-World War II international order in Asia, particularly of the long-term clash between the US and China spanning the Chinese civil war, the US-Korean War and the US-Indochina War. Among critical developments since the 1970s were China's full engagement in, indeed, its eventual emergence as the motor driving the Asian and world economies. At a time of growing regional development, economic nationalism has remained powerful across East Asia in three important respects. Not only has each nation sought to maximize its economic position vis-à-vis others, but the role of the state in directing economic development trajectories remains striking while mass

nationalism remains a force that states can manipulate, but which can also threaten the state. This is most evident in the case of China, but it applies to Japan, the two Koreas, and Taiwan as well. For China, the role of both national and local (provincial, city) governments has been and remains critical, or, stated differently, it has been the symbiosis of private and international capital with government, that is pivotal in defining China's trajectory (Huang 2011; Lee and Selden 2007). This continues to hold in a period in which the direct control of the state over industry and agriculture has been reduced as private (including international) capital is regulated and markets replace collectives and state enterprises as the local engine of economic growth.

Regional development has been spurred by the expansive trade and investment role of overseas Chinese who have linked China with Asian and other economies, China's entry into the World Trade Organization in 2001, and its emergence as the world's leading trade surplus nation. In effect, China has become the banker to the US, the world's leading deficit nation. This reminds us that throughout the long twentieth century, no country approaching China's size has succeeded in moving from the periphery to the semi-periphery (in world-system categories), or from the ranks of the poor to middle income countries, in standard parlance. What has made this possible in geopolitical terms is the extraordinary symbiosis of the Chinese and US economies, what I call codependence to emphasize both the distinction from classical dependency theory and to highlight the fact that the economies of the two nations are so deeply imbricated.

One distinctive feature of economic and geopolitical nationalism in East Asia is a product of the national divisions of the post-World War II and post-colonial eras. With the reunification of Vietnam (1975), of Germany

(1989), and subsequently of China with Hong Kong (1997) and Macau (1999), only the two Koreas and China-Taiwan remain divided among the major national ruptures that were the legacy of World War II and subsequent conflicts in Asia and Europe. With the active role both of China and the Chinese overseas, with economics and finance as the driving force, the China-Taiwan division would narrow sharply from the 1990s. These changes illustrate the interface of geopolitics and political economy both in global (particularly US-China) and regional (China-Japan-South Korea as well as mainland China-Taiwan) terms, making possible the emergence of regional bonds spanning East Asia.

Among the remarkable geopolitical and economic changes in the wake of the post-1970 US-China opening has been the emergence and deepening of China-Republic of Korea (ROK) relations. From an anti-communist mecca, a South Korea that fought China in the US-Korean War and then joined the US to fight in Vietnam, would emerge, to the chagrin of the rival Democratic People's Republic of Korea (DPRK), as one of China's most important trade and investment partners beginning in the 1980s. Within a few decades, Japan, China, and South Korea would become closely linked by trade and investment, surpassing in significant ways even their bonds with the United States. For example, in 2010, China was South Korea's largest trade partner, accounting for 30 percent of its exports. Korea's total trade with China of 152 billion euros exceeded that of the combined totals with Japan and the US. In addition, by 2009, more than 41,000 Korean enterprises operated in China (South Korea Main Economic Indicators (2010); Snyder and Byun 2010).

In 2010 China, Japan and Korea were the world's second, third, and fifteenth largest economies by IMF reckoning measured by nominal gross domestic product (GDP).<sup>4</sup> All were closely linked with not only one another

but also with the economies of Taiwan, Hong Kong, and Singapore in particular, and Southeast Asia in general. China, moreover, also displaced the US as India's leading trade partner from 2008 (Financial Express 2009).

One development strengthening regional bonds has been the trade, investment, technological partnership, and associated movement of people that links Taiwan and mainland China. In less than two decades, the core of Taiwan's high-tech production migrated across the Straits. Approximately one million Taiwanese workers, engineers, managers, and family members presently work and live on the mainland, most of them in Guangdong, Fujian, and especially the Shanghai-Suzhou corridor, the center of Taiwan's high-tech export-oriented enterprise in China. Taiwanese capital and technology are central to China's industrialization and export drive, and increasingly to domestic consumption in China. Taiwan's Foxconn, with more than one million mainland employees, dominates production of the leading electronic products for Apple, Nokia, HP, and other leading global brands whose production in China has fueled Chinese growth and super profits for multinational corporations. In addition, other leading multinationals in China are based in Taiwan and South Korea (Zhou 2008; Chan and Pun 2010). In turn, Taiwan's economic future rests firmly on the performance of mainland industry, both its exports and increasingly the expansion of China's domestic market. The political gulf between the two claimants to the Chinese mantle has not substantially slowed their economic integration.

Taiwan-China relations, and the role of the global Chinese diaspora, offer insight into questions of economic as well as geopolitical nationalism. The 2008 electoral victory of the Kuomintang's Ma Ying-jeou as president strengthened cross-straits ties as indicated by the initiation of regularly scheduled flights as well as direct shipping and postal links

between Taiwan and mainland China, the signing of oil development agreements, and China's offer of a US\$19 billion loan package to Taiwanese enterprises in China—all factors suggestive of further possibilities for economic, social, and political integration (Sun and Tang 2008). With both China and Taiwan entering the World Trade Organization (WTO) in 2001 (the latter, with PRC support, as Chinese-Taipei), China swiftly became Taiwan's leading trade partner, a position that has steadily strengthened thereafter. Taiwanese firms invested more than US\$150 billion in the mainland between 2001 and 2008 while a US\$13.3 billion investment in 2010 marked an increase of 120 percent over the preceding year (Roberge 2009). The memorandums of understanding between China and Taiwan that went into effect in January 2010 extended the scope of economic and financial interpenetration to the insurance, banking, and securities sectors (Yadav 2010).

The issue of economic nationalism is characteristically posed in terms of state policies geared to competing *national* interests. In East Asia, however, in both China and Korea, the issues are exacerbated and given distinctive form by the existence of divided nations with competing claims of sovereignty rooted in wars and revolutions that a century, or have roots in economic and geopolitical conflicts involving external powers, notably Japan and the United States. The Taiwan case illustrates important facets not only of deepening economic ties across the Straits but also regional development. There, what is perhaps most notable is the economic interpenetration of China and Taiwan facilitated by a worldwide Chinese diaspora linking the two and creating economic and financial ties to Southeast Asia, the US, Europe, and beyond. At play is simultaneously competing Chinese nationalisms, as well as Taiwanese nationalism, and attempts to overcome political divisions through appeals to common goals based in culture and shared

economic interests with China's Confucius Institutes framing the mainland's bid for global cultural hegemony in the Sinic world using the twin tools of cash and culture.

China's reentry in the world economy and the formation of a dynamic interconnected East Asian economic zone from the 1970s coincided with, and was made possible by, two developments of global significance. First, the primary global war zone, which had centered on East and Southeast Asia since the 1940s—the Pacific War followed by Chinese, Korean, and Indochinese revolutionary wars as well as independence struggles in the Philippines, Malaysia, and the Dutch East Indies among others—shifted to the Middle East and Central Asia. If intra-Asian politics has remained contentious, the growth and deepening of the Asian regional economy since the 1970s has taken place in the midst of a general peace, widening cultural and economic exchange, and easing of tensions throughout East Asia.<sup>5</sup> Second, China's full entry into the world economy occurred at precisely the moment when the postwar global economic expansion came to an end, the B-phase in the Kondratieff cycle began, the dollar plummeted in value, and the US sought to prevent economic collapse through the expansion of a world economy that included China. Indeed, in subsequent decades the US would shift substantial sectors of its industry to China, while its domestic economy became ever more dependent on finance and services (Wallerstein 2009; Brenner 2009; Murphy 2009; Arrighi 2010).

In the years 1988-2004, as world trade expanded at an annual rate of 9.5 percent, intra-East Asian trade grew by 14 percent per year, compared with 9 percent for that of the European Union. East Asia's share of world exports increased by 6 percent in the course of those years, while that of the European Union decreased by 3 percent (Brooks and Hua 2008: 10). In contrast to the autarky of East Asia at



the height of the Japanese empire between 1931 and 1945, since the 1970s, the region, this time with the inclusion of China and Greater China (Hong Kong, Taiwan, Singapore) as well as Vietnam (but not North Korea), has been fully enmeshed in global trade and financial and investment networks.

The interplay of national economies and economic nationalism is both intensified and made more complex by the role of international diasporas, notably in the cases of China, Japan, Korea, Taiwan, Vietnam, and India. It is a story that is deeply influenced by the era of European and Japanese colonialism and its aftermath. We focus discussion on the Chinese diaspora, the most important of these, because of its centrality to the performance and character of East Asian economies as well as its complex role in mediating between China and Taiwan and between China and the US. The role of Chinese diaspora capital, technology, and labor, including a major role for returnees from North American and European graduate schools and corporations, has been large, multidirectional, and embracing the full range of activities spanning investment, technological transfer, networking, and labor migration back and forth across the Pacific and throughout Asia. The US, Taiwan, Hong Kong, and Singapore are among the most important interlinked sites for movement of entrepreneurial capital, researchers, and intellectuals from and to Chinese cities, suggesting that while each of these Chinese communities bids for capital, technology, contacts, and contracts, the contrast to decades of deep divisions across Cold War lines, and earlier across colonial divides, is striking.

One important dimension of the multidirectional and multidimensional flow of Chinese diasporic people, capital, and technology, is the large and growing numbers of Chinese, Hong Kong, Taiwan, and Singapore undergraduate and graduate students studying abroad, particularly in the US, Canada, Europe,

and Australia, but beyond the Anglophone world, particularly in Japan. Together with numerous technologically advanced students graduating from Chinese universities, these are among the most geographically and upwardly mobile groups in the world system, with South Koreans following closely. Many now pursue careers that take them in and out of China and across the Asia-Pacific, moving back and forth between universities, government, and the private sector, organizing and leading their own enterprises and creating cross-national networks. Simultaneously internationalists by education, lifestyle, and movement, Chinese diaspora nationalism has been striking, as in the rallying in Taiwan and Hong Kong in support of Chinese positions on Diaoyutai/Senkaku islands, and in criticism of Japanese wartime atrocities.

Economic nationalism and developmental strategies in the early postwar years frequently took distinctive shape in East Asia. They were predicated on state-led accumulation and investment, social change strategies that pivoted on land reform, and a host of protectionist measures that blocked takeover by international capital while seeking to create firm foundations for the domestic economy. The developmental state model that Chalmers Johnson etched for Japan applies, albeit with significant variations, for China, North and South Korea, Taiwan, and Singapore. In no other region of the world economy did the state so effectively capture the surplus and direct it toward capital construction (roads, railways, dams, irrigation systems) and heavy-industry-led industrialization (Johnson 1982; Selden with Ka 1993). In the case of China economic nationalism has continued but with important new features from the period of revolution to the era of markets, mobility, and capital's ascendance since the 1970s.

In recent decades, China has both strengthened and deepened economic and financial ties with neighboring countries

throughout Asia and the Pacific and spearheaded important regional initiatives: these include efforts to bring about an ASEAN + 3 arrangement involving China, Japan, and Korea to unify East and Southeast Asia, and an agreement on an ASEAN-China Free Trade Area which, at its inception in January 2010 created the world's third largest Free Trade Area. Here, too, we note a new phase in the playing out of economic nationalism with regional characteristics. It is occurring, moreover, at a time of continued economic strength in East Asia in striking contrast to the economic and financial woes plaguing the European Community in 2012.

It is interesting to note that in contrast to China's centrality in the tributary trade order of the eighteenth century, Southeast Asian nations, through ASEAN, have come to play a proactive role in the emerging regionalism in the new millennium. Nevertheless, China has again emerged as the largest regional power, arguably the driving force behind such regional initiatives as ASEAN +3 and, above all, in its expansive bilateral trade relations throughout the region. Geoffrey Wade has documented the powerful economic and geopolitical thrust of a resurgent China in its relations with its major Southeast Asian neighbors, a pattern that is likewise evident with respect to East, South, and Inner Asia (Wade 2010).

Surveying China's expansive relations with the major ASEAN nations, Wade shows that for most nations in the region, and indeed all those with shared borders with China, economic ties with China now overshadow those with ASEAN, and in almost every instance, with other East Asian nations as well as the US and Europe. In some instances, new economic subregions promote vibrant but sometimes one-sided bonds. For example, the Greater Mekong Subregion (GMS), comprised of Cambodia, Laos, Myanmar, Vietnam, Thailand, and the two Chinese provinces of Yunnan and Guangxi, was initiated and led by the Asian Development

Bank in 1992. The Bank continues to provide an important source of funding, including for infrastructure development in China. However, regional outcomes are now significantly shaped by Chinese planners and technocrats, Chinese-supported infrastructure development, and the infusion of Chinese capital, labor, and expertise, with projects ranging from roads and railroads, hydropower dams and ports, to resource and industrial development. Some of these, however, as in China's dam building on the Mekong, are contentious: threatening, for example, the flow of water downstream in Indochina (Hirsch 2011; Osborne 2007).



Wade, for example (2010: 3), talks about

China's "bridgehead strategy" of building transportation infrastructure linking to Southeast Asia, a course that is producing myriad roads, railroads, and harbors. Precisely such a bridgehead strategy can be seen on numerous Chinese borderlands, notably in the Northeast (Russia, North Korea, South Korea, and, across the sea, Japan), in South Asia (India, Pakistan, Bangladesh), and Central Asia (Kazakhstan, Russia, and other former Soviet territories).<sup>6</sup> The economic and geopolitical implications of the expanded transportation links on China's borders are profound.

Consider China's impoverished neighbor, Cambodia. A Cambodia-China economic agreement signed in December 2009 involved agreements valued at US\$1.9 billion. By November 2010, more than US\$9.4 billion worth of deals had been signed in infrastructure construction, communication technology, and energy exploration, and China waived US\$4 billion in Cambodia debt. Chinese firms now dominate Cambodian oil exploration, highway construction, and hydropower projects and Chinese banks have made large inroads. The Chinese government, moreover, has reportedly pledged to provide US\$600 million to finance a railroad from Phnom Penh to the Vietnam border. Within a brief period of time, China has become the major trade and investment partner for many ASEAN countries, including those such as Laos, Cambodia, and Burma that are relatively poor and isolated. Its infrastructure projects, pivoting on rail transport and port construction, will connect China and ASEAN countries including Laos, Vietnam, Burma, and Thailand and further boost their burgeoning trade. In short, even as it cooperates with ASEAN, China threatens to overshadow the smaller and weaker ASEAN economies, with the GMS countries constituting a direct challenge to the regional group. Wade concludes (2010: 13) that "Myanmar, Cambodia and Laos are already virtual client states of China, and Vietnam and Thailand are increasingly tied (and in some

ways beholden) to the economic giant to the north."

For all its dynamism and growing power, arguably, in contrast with the eighteenth century, China has not, or not yet, achieved regional dominance, still less hegemony. This is both because of the continued (if declining) geopolitical primacy of the United States in the region, and because of the fact that both Japan and South Korea, the other two leading East Asian nations, are allied with the US even as their economic and financial ties with China grow.

As China's power has grown in regional and global affairs, Japan, the world's second economic power, and the motor that drove region-wide economic growth in the 1960s and 1970s, has virtually disappeared from much analysis of Asian regionalism and global geopolitics. In the 1970s, Japan played a critical role in stoking global overproduction posing a fundamental challenge to the global economy, as China does in the new millennium. Indeed, analysts find it all too easy to ignore the wealth and technological edge that Japan maintains over other regional states. It cannot be emphasized too strongly that Japan remains a powerful regional economic, technological and financial force.

In the course of the postwar era, Japan promoted no less than thirty regional projects in the realms of finance, trade, and summitry, notably in the founding and leadership of the Asian Development Bank in the 1960s (Hamanaka 2009: 6). Yet Japan no longer is the leader in East Asian trade or in promoting major regionalism projects. Above all, this is because of the surge in China's economic and financial strength over the last two decades, with China's economy outstripping the size of Japan's in 2010, as Japan has never recovered momentum since the bubble burst in 1990 resulting in the collapse of stock market and real estate values and more than a decade of

stagnation followed by slow and sporadic growth. Viewed from another angle, as Andrew Kennedy points out, “Between 2000 and 2008, China’s demand for energy grew so quickly that it single-handedly accounted for 51 per cent of world demand growth,” and in 2010 it overtook the US as the world’s largest energy consumer and the number two economic power measured by GDP (Kennedy 2010). The result of this Chinese dynamism is that the US-China relationship has become the single most important in the world, China’s role is equally evident in regional initiatives, and increasing US-China and Japan-China geopolitical tensions are patently evident.

In recent years East Asia has taken steps toward interregional cooperation in such areas as economic and financial security, nuclear nonproliferation, resource management, fishing, counterterrorism, drug, smuggling, piracy, human trafficking and organized crime control, disaster relief, environmental degradation, and container security. The 1997 Asian financial and currency crisis provided impetus for regional responses, the most important of which was the currency swaps starting with the Chiang Mai initiative of May 2005 to help shore up nations facing currency and financial crises (efforts to do so at the time of the 1997 Asian financial crisis were blocked by the United States), an initiative reinforced in 2008 (Beeson 2009). Clearly, major obstacles challenge the further development of East Asian regionalism, obstacles that are in part a result of the region’s rapid growth and interpenetration, which has transformed not only East Asia, but the nature of the world system. They are also, however, a product of historical legacies and conflicts that challenge a system-in-formation that extends from economics and finance to nascent yet frequently contested geopolitical arrangements.

### **Geoconflicts: Challenges to East Asian regional development political and**

### **historical**

If economic change has come swiftly to shape an emerging region since the 1970s, and if the protracted wars that took so heavy a toll over the preceding century have ended, the challenges of bridging such divides as China-ROK, China-Japan, ROK-Japan and China-Taiwan, remain formidable. This is among the reasons why region-wide institutional frameworks to mediate political and economic conflict have been slow to form. We consider the geopolitics of the region in light of three intertwined sets of issues: 1) history and memory conflicts; 2) territorial conflicts; and 3) the role of the US in shaping regional outcomes.

China since the 1970s has set out to resolve or defuse important territorial disputes including border disputes with India, Russia, Japan, Vietnam, and the Philippines, some involving disputes over potentially oil rich islands and fishing grounds, such as the Spratlys and Paracels, by multiple nations. Illustrative of the possibilities for adjudicating conflict is the vision advanced by Zhou Enlai in 1972 and by Deng Xiaoping in 1978 that for a time provided a basis for China and Japan to defer permanent resolution of territorial issues involving the Diaoyutai/Senkaku Islands and Okinotorishima, while cooperating in the region in fishing and joint oil exploration (Zhao 2008: 207-27). Despite resolution or partial resolution of a number of these issues, including China-Russia and some China-India border issues, many border and territorial issues remain contentious, and in recent years, some have become volatile. Below we consider some of these and their implications for economic nationalism.

First, however, consider a number of regional initiatives. The first summit of the three East Asian nations, China, Japan, and South Korea, held in Fukuoka, Japan on 13 December 2008 constituted an effort to frame a common policy

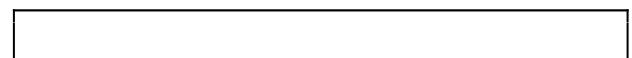
in response to the world recession. The brief meeting was indicative, however, of the obstacles to framing common policies at a time when world recession presented severe challenges to their high-flying economies with heavy reliance on export markets and foreign investment. It also illustrated competitive Chinese and Japanese positions concerning the summit including identification of the participants and the nature of the meeting, which would determine the ability of China or Japan to lead. China insisted that it be no more than a forum for dialogue, and it succeeded in bringing in countries such as Russia (as an observer) that it anticipated would be supportive of its agenda. For its part, Japan proposed inviting the US in an observer status. In this as in much else, the divide of the postwar, enacted in the US-Korean War and since, reveals its imprint. Both the East Asian Summit and the ASEAN +3 summit became arenas for contesting Chinese and Japanese leadership, displaying features of economic and geopolitical nationalism during an era in which regional economic penetration was rapidly deepening (Hamanaka 2009: 70-6).

At the ASEAN meeting in Hanoi in July 2009, Japan met separately with five Mekong delta nations, deliberately excluding Beijing, at a time when tensions were high over competing claims to the Spratly Islands and Chinese arrest of Vietnamese fishermen. That month the US angered China when Secretary of State Hillary Clinton attempted to shape regional outcomes by expressing US concerns over Chinese claims to special interest in the South China Sea. In September 2010, when Japan arrested the captain of a Chinese fishing trawler near the Senkaku/Diaoyu islands, Clinton stated that the US would support Japanese claims under the Ampo treaty while calling for peaceful resolution of the dispute. The incident revealed not only tensions involving conflicting territorial claims to the islands, but undermined attempts to resolve both oil and gas drilling and fishing rights conflicts in the

region (Acheson 2011; Wada 2010; Bland 2010). In 2011, however, China and ASEAN reached agreement to develop an approach to resolve the territorial impasse (Quijano 2011; cf. ASEAN and China 2002).

By 2010, the East Asian Summit had increased to two days and the primary agenda was preliminary discussion of the thorny issue of a free trade agreement (FTA) among the three nations of China, Japan, and South Korea, a forum that excludes North Korea (Xetrade 2010; Agence France Press 2010). To date, however, there has been little indication of progress toward such an agreement and the accomplishments of the summit pale not only compared with those of the European Union and NATO, but even with those of ASEAN. This despite the fact that the economic interrelationships among China, Japan, and South Korea far surpass those among the ASEAN states and rival those of the most closely intertwined members of the EU. By contrast, the ROK entered into an FTA with ASEAN in July 2009. Their trade, which had doubled between 2004 and 2008 to US\$90 billion, is projected to reach US\$150 billion by 2015 (The Nation 2009).

One important reason for lagging regional political achievements or institutionalization of the relationships binding the East Asian powers, is interstate tensions whose origins can be traced in some instances to territorial and cultural conflicts of the dynastic period, exacerbated by unresolved issues from the period of colonialism and war, particularly those associated with the rise of the Japanese empire in the years 1895-1945, as well as the legacies of the US-Korean War, US-Indochina War, and the international Cold War.





Despite such signs of progress toward framing a common future as a joint China-Japan textbook commission charged with writing a common modern history of the two nations, intra-Asian issues, historical memories associated with the Asia-Pacific War and colonial rule, continue to surface, poisoning interstate relations and fueling nationalist conflicts. That was the case for China-Japan relations in the tenure of Prime Minister Koizumi (2001-6) as a result of his annual visits to Yasukuni Shrine, preeminent symbol of Japanese war making and emperor-centered nationalism. These conflicts were intensified by numerous territorial conflicts discussed below. However, perhaps the most important challenges pertain to the role of the United States in East Asian and Asia-Pacific geopolitical outcomes. To the extent that the US, whose empire of bases and alliance politics incorporates both Japan and the Republic of Korea, dominates the geopolitics of the region, high-level cooperation among China, Japan, and

ROK are likely to remain limited to the economic sphere while geopolitical divisions rooted in the alliance structure of the US-Korea and US-Indochina wars dominate (deLisle 2011). Some nationalist acts, like Koizumi's annual Yasukuni Shrine performance may be good theatre and good politics at home but inflame tensions with China, Korea and other former victims of Japanese colonialism and have the effect of impeding economic advance.

The rudimentary institutional arrangements among East Asian states contrast with a preponderance of "US-led security architecture across Asia. This system includes five bilateral alliances in East Asia; non-allied security partnerships in Southeast Asia, South Asia and Oceania; a buildup of US forces in the Pacific; US-India and US-Pakistan military relations; and the US military presence and defense arrangements in Southwest and Central Asia" (Shambaugh 2004). That formulation needs supplementing with reference to the network of US military bases throughout the region and beyond, encircling China and with plans for the expansion of the US military presence on Guam, a new base in Okinawa, the militarization of space where the US has a virtual monopoly, and the predominance of US sea-launched ballistic missiles and aircraft carriers deployed in the Pacific maritime region, another US monopoly. Equally important is the expansive conception of the US-Japan Security Treaty (Ampo), which has led Japan to extend its naval reach to the Indian Ocean and its military involvement in the service of the United States to the Iraq and Afghanistan Wars. Japan has also explored security arrangements with India, Australia, and South Korea designed to shift the center of its defense from Hokkaido in the North (directed toward the Soviet Union) to the South, among many moves in the years 2008-12 to target China (Katzenstein 2008; Tanter 2008; Gurtov 2008; McCormack 2008). For its part, China has no comparable alliance structure or effective network of military bases.

And despite its rapidly growing military budget, its military spending remains a small fraction of that of the US and its air and naval power is still rudimentary compared with that of the US.

In spring 2009, China, Japan, and South Korea all responded to Somalian piracy with the dispatch of ships to patrol off the coast of Africa, involving a major expansion of the military trajectory of each of these nations. In April 2010, Japan announced establishment of a US\$40 million military base in Djibouti, its first military base abroad since the dismantling of its empire in 1945 (Yu 2010). The base opened in July 2011 (Farah 2011). Most important, perhaps, have been the South Korean and Japanese responses to the conflicts of 2010 involving the China-Japan dispute over the Senkakus/Diaoyu, and North and South Korean clashes involving the sinking of the South Korean warship Cheonan and the Yeonpyeong Island shelling in the contested area around the Northern Limit Line dividing North and South. In both cases, the US responded with massive military exercises involving Japan and South Korea, with the US battleship George Washington sending powerful warning messages to China and North Korea and indicating the fragility, in geopolitical terms, of East Asian regionalism. Viewed from another angle, the conflicts mirrored the alliance structure of the US-Korean War of 1950, with US allies rallying to the ROK-US position to pin responsibility on North Korea, with China and Russia opposing UN sanctions on North Korea. All of these incidents reinforce nationalist response and challenge the emerging East Asia region-in-formation, or confine it to the economic realm.

We have located the reemergence of the East Asian region from the 1970s in the context of US-China entente. Was the shift emblematic of US weakness at a time of looming defeat in the Indochina Wars, the collapse of the dollar, the end of the postwar boom, and growing recognition of multipolarity? Or was it a

brilliant US-China strategic move to isolate the Soviet Union, one that would simultaneously secure Chinese access to US markets and bring the Chinese economy within the purview of the capitalist world economy? It was in fact each of these. A critical point is that then, as now, US initiatives would substantially shape regional outcomes even as they opened the way for the resurgence of China and East Asia that could eventually challenge US supremacy.

Forty years later, signs abound of the further weakening of American power in East Asia and globally. The economic surpluses generated by China, Japan, and South Korea account for the largest part of the massive US trade deficit, yet in turn, these nations have made it possible for the US to continue to live beyond its means as dollar surpluses are recycled back to the US, primarily in the form of Treasury bonds but also as direct and indirect investment. As of April 2011, according to the US Treasury Department, China with US\$1,153 billion and Japan with US\$906 billion in US treasuries ranked first and second in the world, accounting for nearly half of the US\$4.5 trillion total (US Treasury Department 2011). Chinese, Japanese, and Korean purchases of treasury bonds over the last decade have helped to hold down US interest rates and the yuan-dollar and yen-dollar ratio, boosting the trade and growth of all three economies. This has helped the US to finance the Iraq and Afghanistan Wars at the same time that US manufacturing jobs continued their inexorable migration to China and elsewhere, leaving some fifteen million Americans unemployed by official figures in 2010, figures last seen in the Great Depression of the 1930s (Landler 2008; Murphy 2008; Takahashi and Murphy 2008; Fallows 2008; Bureau of Labor Statistics 2011). In this way, too, East Asia plays a systemic regional role in the world economy, though not one that is premised on cooperation of the East Asian nations. In the case of China and the US in particular, we note the extraordinary level of codependence—all the more intriguing as the

US narrowly averted default in August 2011, a prospect that threatened the value of China's US\$2 trillion investment in Treasuries—at a time of widespread recognition that the world's two largest and now intertwined economies are geopolitical rivals (Barboza 2011; Ewing and Dempsey 2011). In both nations geopolitical and economic nationalisms drive the relationship. In the economic sphere, this has resulted in ever-deepening trade and investment and, at times, even security relations, while each government remains wary.

The collapse of the Soviet Union in 1989 left the US without serious geopolitical constraints. At the same time, fifteen years after East and Southeast Asia ceased to be a major war zone, the rationale for permanent stationing of US forces—in Japan/Okinawa, in South Korea, in Taiwan, and in Guam, for example—was simultaneously weakened. Yet Pentagon planners and weapons and aircraft manufacturers have continued to thirst for an expansive US military presence, smoothly shifting gears from the threat of a Soviet evil empire to the “war on terror” after 9/11, and continuing to press for new base construction in, for example, Okinawa and Guam. While no nation or group of nations has attained the military power to directly challenge US military might or diplomatic clout, US military budgets from the mid-1990s have continued their relentless surge, even excluding the gargantuan costs of fighting simultaneous wars in Iraq and Afghanistan and Pakistan. Indeed, with the US accounting for close to half of global military spending, if no nation can rival its military prowess, its ability to effectively dominate geopolitics has been undermined by successive protracted stalemated wars over six decades. The US now faces the world's largest trade and budget deficits that are in part the product of the attempt to overcome the present economic and financial crisis, while paying for two decade-long wars with an annual cost approximating one million dollars per soldier

and the US military stretched thin, and a political system that is in gridlock over deficits, taxes and job creation to address a double dip recession.

To be sure, the weaknesses of other nations and emerging regional formations including ASEAN + 3 and the Shanghai Group (China, Russia, and four Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, with India, Iran, Pakistan, and Mongolia as observers), and the South Asian Association for Regional Cooperation (with China and the US among the observers) are palpable. New regional bonds, moreover, face demanding tests with the world economy entering its most difficult period since the depression/World War of the 1930s-40s, posing formidable challenges to Asia's high-flying export-oriented economies after several decades of sustained expansion.

## Conclusion

We have reviewed important steps that East Asian nations have taken to overcome the fragmentation and division associated with several centuries of colonial rule and the postwar US-Soviet division to reemerge as a major world region. We have seen the articulation since the 1970s of economic nationalism and geopolitical nationalism nevertheless resulting in a vibrant East Asian economic regionalism. The combination of deepening intraregional economic bonds in the world's most dynamic economic zone, together with region-wide efforts that have begun to confront acute environmental, territorial, and security issues, suggest possible futures compatible with substantially reduced US- and US-Japan-dominated dynamics and momentum toward expanded regional coordination. However, the divisive legacies of colonialism and war, a host of new conflicts rooted in part in economic and geopolitical nationalisms, and the destabilizing and divisive role of a US superpower in decline all challenge the



emergence of an effective regional polity.

Once again China is central to regional outcomes as it has been over the *longue durée*, and its reach is powerful not only in the fourteen nations with which it has common borders and the surrounding seas. This is palpable in China's search for resources and markets in Africa, Latin America, Central Asia, and the Middle East. If its dynamism captures world attention, it is important to recognize also that after decades of high-speed growth, capitalist transition and integration in the global economy, China continues to lag far behind such competitors as Japan and Korea as well as the US in its level of development as measured by per capita income, even in purchasing power parity terms, in its share of global income and its technological level. Equally important, China's continued dramatic rise is far from assured given its own formidable developmental problems, of which the enormous toll on land, water, and air, and profound structural inequalities, of which the plight of rural migrant workers is emblematic, with an export-dependent economy and with domestic consumption lagging, and with internal divisions of region, ethnicity, and class (Selden and Wu 2011; Harris 2005). Indeed, by many measures, Japan and the US remain the major powers in the region, indicative of the fact that, for all its gains in regional and global perspective, notably the expansion of its economic and military reach, China cannot dominate the region. Indeed, China's advance has had the effect of strengthening the geopolitical ties of East and Southeast Asian nations to the United States.

In contrast to realist international relations analysts such as John Mearsheimer, who project the emergence of a hegemonic China in East Asia based on simplistic projections and assumptions about China's economic growth, a more likely prospect for the coming decades is a regional order in which the pace of China's development slows, no single nation reigns

supreme, and the United States maintains an important if declining geopolitical role (Mearsheimer 2001: 402; Beeson 2009: 95-112). Meanwhile, immediate challenges both to national development trajectories and to regional accord will come from economic recession and geopolitical conflicts, of which a divided Korea remains the most dangerous. In these circumstances, American challenges to Asian regionalism, and historical divisions among the nations of East Asia, inflamed by economic and geopolitical nationalism, will continue to divide China, Japan and Korea.

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## Notes

<sup>1</sup> China was arguably the geopolitical center of East Asia in the eighteenth century, but it is important to note that at that time, as during the Mongol dynasty earlier, it was ruled by a steppe people, the Manchus, thereby lending a distinctive character to the Qing empire and its dealings with peoples on its borders, notably the Mongols, Tibetans and Uyghurs of Central Asia, but also the peoples of Southeast and South Asia as well.

<sup>2</sup> This is certainly not to suggest that Asia was free of wars or conquest. China under Manchu, or more accurately Manchu-Mongol rule,

achieved the peak of territorial expansion during the eighteenth century, extending the reach of empire north and west into Inner Asia including incorporation of Tibet, Mongolia, and Xinjiang, and China's informal reach extended into Southeast Asia as well. Most of China south of the Great Wall, and particularly coastal China, by contrast, enjoyed protracted peace together with East Asia writ large.

<sup>3</sup> Katzenstein (2005) emphasizes fundamental systemic differences between the nature of regional development in Europe and East Asia. Yet the question remains: is this systemic, or are the differences in part a product of earlier moves toward regional development in the EU on the one hand and the character of historic patterns of regionalism in the China-centered tributary trade system of the sixteenth to eighteenth century and earlier on the other?

<sup>4</sup> In GDP measured in purchasing power parity (PPP) terms, in 2010 as calculated by the IMF, China ranked first, Japan second, Republic of Korea fourth, and Taiwan eighth among Asian countries with China's US\$8.7 trillion more than twice Japan's US\$4.3 trillion (Wikipedia [http://en.wikipedia.org/wiki/List\\_of\\_Asian\\_countries\\_by\\_GDP\\_PPP](http://en.wikipedia.org/wiki/List_of_Asian_countries_by_GDP_PPP)).

World figures for nominal GDP in 2010 (as calculated by the IMF) show China ranked second and Japan third with South Korea fifteenth, if we exclude the European Union ([http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(nominal\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal))). For per capita GDP (PPP) figures see [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(PPP\)\\_per\\_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)_per_capita). For per capita GDP (nominal) world figures for 2010 (IMF), Japan ranked twenty-fourth, Republic of Korea twenty-fifth, and China ninety-third with US\$7,518 compared with Japan's US\$33,828 (see [http://www.nationmaster.com/encyclopedia/List-of-countries-by-GDP-\(nominal\)-per-capita](http://www.nationmaster.com/encyclopedia/List-of-countries-by-GDP-(nominal)-per-capita)).

<sup>5</sup> This is not to suggest that rapid economic

growth can only occur in a peaceful milieu. Japan's post-WWII recovery and economic growth was in part a product of an industrialization fostered by the US as a means to support the Korean and Vietnam wars. Japan's gain was bought at the price of devastation of Korea and Indochina. Japan itself was not only protected from the devastation of war, but enjoyed economic resurgence as a consequence of massive war procurements and was able to recover from the devastation of the Asia-Pacific War without having to divert substantial resources to its own defense. The price has been a permanent subordinate status within a US-Japan client relationship.

<sup>6</sup> On Northeast Asia (China, North Korea, South Korea, Russia, and Japan), that is, the Tumen river delta region, see Freeman (2010: 137-57). While slow to gain momentum, here too it is China that has led, and continues to lead, the effort, the implications of which the economic and geopolitical.

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