

# Nation, Region and the Global in East Asia: Conflict and Cooperation □東アジアにおける国家、宗教、世界性──対立と協力

#### Mark Selden

# Nation, Region and the Global in East Asia: Conflict and Cooperation\*

### **Mark Selden**

I propose to examine the resurgence of East Asia in the final decades of the long twentieth century in relation to three major forces that shape the era and the region: nationalism, regionalism and globalism. I understand contemporary globalism primarily in relation to the US bid to forge a hegemonic order predicated on military and diplomatic supremacy and neoliberal economic presuppositions enshrined in international institutions. "The characteristic policy vectors of neo-liberalism," Richard Falk comments in his critique of the economic and social dimensions of globalism, "involve such moves as liberalization, privatization, minimizing economic regulation, rolling back welfare, reducing expenditures on public goods, tightening fiscal discipline, favoring freer flows of capital, strict controls on organized labor, tax reductions, and unrestricted currency repatriation." It is the sum total of the effects of these measures, from the perspectives of global governance, social justice, and the environment, that drove his conclusions about *Predatory Globalism*, a volume that appeared in the year of the Seattle anti-globalization protests and a decade before the economic meltdown of 2008.2

I am particularly interested in exploring insights that derive from regional as opposed to national and global perspectives. In what ways does contemporary East Asian regionalism, pivoting on processes fostered by state and

non-state actors whose actions construct and redefine the geographical, political and especially the economic parameters of a region, require that we reconceptualize both the national and the global?<sup>3</sup> I reflect on region formation in light of the geopolitics and economics of empire in an effort to gauge what new possibilities regional integration offers for East Asia. To do so, I briefly examine the contemporary region in light of two earlier epochs, the Sinocentric tributary trade system (16<sup>th</sup> - 18<sup>th</sup> century), and the era of system disintegration, colonialism, nationalism, endemic wars, and revolutions (1840-1970).



This study breaks with the standard periodization for the long twentieth century, which stresses two great divides of 1945 and 1990. In the conventional view, 1945 marked the formation of a US-structured yet bi-polar postwar order ushering in the displacement of colonial empires by nationalist-driven new

nations in the wake of the defeat of the old colonialisms, and 1990 the end of the "Cold War" and the inauguration of what some have rushed to style the era of "globalization", or of untrammeled American supremacy. Those were, of course, critical moments in shaping regional and global outcomes. Nevertheless, from the perspective of nationalism, regionalism, and globalism in East Asia, and with an eye to gauging the resurgence of East Asia in general and China in particular, the US-China opening of 1970 and the US defeat in Indochina five years later, I suggest, provide more fruitful framing which highlights the end of a century of war that devastated and divided the region and paved the way for an era of economic complementarity and, perhaps eventually, systemic integration and geopolitical restructuring. This watershed allows us to appreciate the magnitude of changes that made it possible to overcome certain divisions of an earlier colonial era, as well as the legacy of the Asia-Pacific War and subsequent regional polarization associated with the Soviet and American empires. Post-1970 changes have transformed both East Asia and the world economy. Since the 1970s, geopolitical change (centered on the US-China opening but including breakthroughs in ROK-China and Japan-China relations) and domestic socio-political and economic change (notably market- and mobility-oriented developments including decollectivization, mass migration, mega-urbanization and capitalist transformation in China) have led toward rapid interpenetration of East Asian economies with trade, investment and migration playing important roles. Central to this process has been both China's dramatic ascent and the role of major cities, notably Beijing, Shanghai, Tianjin, Guangzhou, Tokyo, Seoul, Hong Kong, Taipei and Singapore in establishing new regional and global networks. In assessing the resurgence of East Asia and emerging East Asian regionalism, a critical question remains: will these foundations for region formation transform the geopolitics of the region in which

a declining US relinquishes its military primacy and the continued divisions among China, Japan and Korea yield to deepening political and cultural bonds?



This is not to suggest the arrival of a postnationalist world. A new regional order is itself the product in no small part of the meshing of diverse national agendas, and in East Asia as elsewhere, it faces challenges from nationalist conflicts exemplified by unresolved tensions rooted in historical experiences of colonialism and war, postwar territorial divisions, asymmetric economic imperatives, among others. Critically important to fueling and sustaining these conflicts have been the territorial outcomes enshrined in the San Francisco Treaty that the US imposed in ending the formal occupation of Japan in 1952. As Kimie Hara has documented through the analysis of successive drafts of the treaty, the US moved from clear specification of boundaries for resolution of territorial issues including Dokdo/Takeshima (Korea and Japan), Diaoyutai/Senkakus (China and Japan), the Kuriles/Northern Islands (Russia and Japan), and Taiwan (China) to vague formulations that left unresolved the legacies of colonialism and war and pose difficult challenges for overcoming national rivalries. The result has

been continuing territorial conflicts over six decades, which have continued to block a Russia-Japan peace treaty in the wake of World War II and to fuel myriad conflicts among regional powers.4 And long-term national divisions—notably China and Taiwan, as well as the Korean peninsula—that reflect not only the results of World War II and postwar independence and revolutionary movements, but above all US military and diplomatic interventions to redraw boundaries throughout the Asia-Pacific. This involved both the empire of bases, in Chalmers Johnson's evocative phrase, the permanent stationing of US troops in Japan, Korea and elsewhere and the securing by the US of Japan's mandate over the Pacific Islands.

Not surprisingly, each of the major players in the integration of East Asia—China, Japan and South Korea—has its own conception of the emerging region formation as well as of the relationship to the superpower. Critical differences hinge on the question of the geopolitical and economic position of the United States in the region, the rise of China, the reunification of China-Taiwan and North and South Korea, and the relationship between the emerging regional order and ASEAN, the Shanghai group, and South Asia.

While noting these and other obstacles to regional accommodation, and the fact that the two great historical examples of East Asian regional order—the China-centered tributarytrade network of the 16-18<sup>th</sup> century and Japan's short-lived but ambitious Greater East Asia Co-Prosperity Sphere of the years 1937-45—were both predicated on empires associated with the supremacy of a single power, I nevertheless emphasize the importance of contemporary momentum toward a more broadly based regional integration. The combination of growing interdependence of strong East Asian economies at a time of waning American power stimulates interest of East Asian leaders in promoting regional

accommodation and overcoming national divisions involving China/Taiwan (substantial integration) and the Korean peninsula (despite the reversal of nearly a decade of progress toward the reduction of North-South tensions since the 2007 election of President Lee Myung-bak).

Signs of region formation abound. They include an explosion of cultural interchanges, rising cross-border tourism within the region, labor migration, joint government-sponsored history projects, and student and scholar exchanges. Importantly, new forms of diplomacy have accompanied China's rise as a regional power, illustrated by the China-ASEAN free trade agreement and the Six-Party Talks centered on North Korea security and nuclear issues, all of which cast China in a leading diplomatic role. The emergence of ASEAN + 3 (China, Japan, South Korea) is perhaps the best example of Southeast Asian nations taking the initiative in promoting regionalism, one in which the Chinese role is again notable. Yet, despite important areas of progress, conflicting approaches to East Asian regionalism and interstate divisions continue to be driven by competitive nationalisms and diverse approaches to conceptualizing the nature of the region and perhaps, above all, the question of the role of the United States as a participant or partner in an emerging East Asian order and conflicts involving North Korea nuclear development, Japan-Korea conflict over Dokdo/Takeshima, and Japan-China conflict over Senkakus/Diaoyutai islands, among others. What can be learned from a brief excursion through earlier regional approaches that might usefully frame understanding of contemporary regionalism or future prospects?

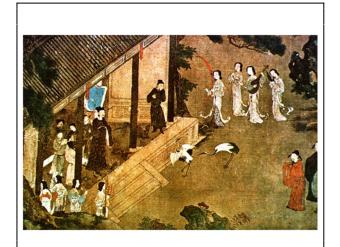
### I East Asian Regionalism: The 18<sup>th</sup> Century

The dominance of the Western colonial powers and the subjugation of much of Asia, Africa and Latin America provided the foundations throughout the 19th and well into the 20th century for essentialist views in both East and West of a permanent state in which a dynamic and aggressive Western world order would invariably predominate over a weak, inward-looking and conservative East Asia that collapsed in the face of Western capitalism and military predominance. This was the foundation for a Eurocentric world vision that reified the perspective of the colonial powers and their successors.<sup>5</sup>

Such a view belies the East-West relationship of earlier epochs. An alternative paradigm that has emerged in recent years recognizes the salience of China not only as the dominant economic and geopolitical center of an East Asian regional order but also as a major actor in the East Asian and global political economy from at least the 16<sup>th</sup> to the 18<sup>th</sup> century and arguably continuing to the arrival of the Western powers in full force in the mid-19<sup>th</sup> century. 6 Interestingly, the avatars of this China-centered perspective on East Asia and the world economy were not primarily Chinese Japanese and American researchers.7 China's economic strides of recent decades, and, above all, the resurgence of East Asia with China, Japan and Korea as an expansive and inter-connected core of the capitalist world economy in the final decades of the long twentieth century and into the new millennium, lend plausibility to an approach that reassesses not only China but reconceptualizes the East Asia region.

The work of Takeshi Hamashita, R. Bin Wong, Kenneth Pomeranz, Kaoru Sugihara, Anthony Reid and Andre Gunder Frank, among others, shows that between the 16<sup>th</sup> and 18<sup>th</sup> century, at the dawn of European capitalism, East Asia was the center of a vibrant geopolitical and economic zone. Two elements of the East Asian order together defined its regional and global features.

First, among the most important linkages that shaped the political economy and geopolitics of the East Asian world was the China-centered tributary-trade order, a regional system pivoting on political and economic transactions negotiated through formal state ties as well as providing a framework for informal trade complementing tributary missions. The system encompassed both principles for governing interstate relations and a robust legal and illegal trade, much of it linking port cities that were largely beyond the control of the Chinese imperial state and other states.



Ming tributary order

Second, East Asian commercial linkages with the world economy from the 16th century forward, mediated by silver exchange, transformed East-West trade relations as well as the domestic Chinese and regional economies. This was not, in short, an insular regionalism. Rather, East Asia was linked to the world economy in significant ways. Silver flows, to pay for tea, silk, ceramics, spices and opium among other high value products, were critical in binding 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 16<sup>th</sup> century and peaking in the mid-17<sup>th</sup> century linked the major world regions and transformed both intra-Asian trade and China's domestic economy. As Reid observes of Chinese-Southeast 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."9 Massive silver flows to China from other parts of Asia, Europe and the Americas paid for silk, tea, porcelain and miscellaneous manufactures. China's domestic economy was simultaneously transformed as silver became the medium for taxation in the Ming's single whip reform, deeply affecting the agrarian economy as well as urban exchange.

Silver provides a thread linking Europe, the Americas and Asia as well as a means to deconstruct Eurocentric history and to chart profound changes internal to Chinese economy and society. Tracing the world-wide flow of silver from the 16<sup>th</sup> century problematizes the unilinear notion of world history as determined by the discovery of the "New World," followed by the flow of silver to Europe, and thence from Europe to Asia. As Hamashita shows, 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 16<sup>th</sup> to the 18<sup>th</sup> centuries, with East Asia a major beneficiary of the vibrant trade. 10

Beyond the tributary system and the flow of silver, trade centered less on states and more on open ports and their hinterlands. This suggests the need for a new spatial understanding of the relationship between land and sea, between coastal and inland regions, and among port cities and their hinterlands.<sup>11</sup>

At its height in the 18<sup>th</sup> century, large regions of East Asia experienced protracted peace and prosperity on the foundation of a tributary-

trade order at a time when Europe was more or less continuously engulfed by war. 12 If tributary and private trade lubricated the regional order, so too did common elements of statecraft and ritual in the neo-Confucian orders in Japan, Korea, the Ryūkyūs, and Vietnam. In contrast to European colonialism in the 18th and 19th century, this Sinocentric order placed fewer demands for assimilation on China's neighbors and on those incorporated within the Chinese empire. Moreover, in contrast with European conquerors, it appears to have been less exploitative in economic and political terms, with tributary trade providing lucrative sources of income for local rulers, as well as the legitimating imprimature of the Chinese court. Tribute, ritual power and diplomacy structured inter-state relations across East Asia.

Chinese recognition frequently contributed to peace through legitimating local rulers in Korea, Vietnam, and the Ryūkyūs among others, as well as assuring a sustained transfer of resources to them via direct subsidies and guaranteed access to lucrative trade. For Chinese rulers, this appears to have been a small price to pay to assure stability on sometimes sensitive borders. While Korea, Vietnam, the Ryūkyūs and a number of kingdoms of Inner and Southeast Asia engaged regularly in tributary and non-tributary trade with China, Japan sent no tributary missions in the course of the Tokugawa era (1600-1868). China-Japan direct trade nevertheless continued through Nagasaki as well as indirectly through the Ryūkyūs and Hokkaidō, in addition to vibrant coastal trade that the Chinese state defined as piracy. Japan manipulated the tributary system by seizing control of Ryūkyū tribute missions, simultaneously securing lucrative trade with China while subordinating the Ryūkyū kingdom. Likewise, Vietnam implemented a sub-tributary order with Laos.



Deshima, 1820, the center of Chinese and Dutch trade with Japan

In these and other ways, a distinctive East Asian political economy and geopolitics was linked by trade and diplomacy to other parts of Asia, Europe and the Americas in the 16<sup>th</sup> to 18<sup>th</sup> centuries. This is particularly significant in light of the general Orientalist slighting of the East within an East-West binary.<sup>13</sup>

The Chinese empire, under Manchu rule, may be viewed as the hegemonic power in East Asia during the long 18<sup>th</sup> century in the triple sense of being the most powerful state presiding over a protracted peace and legitimating selective regimes in wide areas of the region within a hierarchical order; as the leading manufacturing exporter and magnet for the world's silver; and by radiating cultural-political norms as exemplified by the predominance of Neo-Confucian thought and modes of statecraft in Japan, Korea, Vietnam, the Ryūkyūs and beyond.

# II The Demise of the East Asian Regional Order in the Colonial Era, 1840-1970

The disintegration of the Qing in the early 19<sup>th</sup> century set the stage for the onslaught of the Western imperialist powers in China and East Asia, bringing to an end the regional order and the protracted peace that had extended across East and Inner Asia to parts of Southeast and Central Asia.

As the Chinese state crumbled internally and

was battered by waves of foreign invaders, tens of millions of Chinese migrants spread across Asia and the world from the second half of the 19<sup>th</sup> century. The migration of Chinese to Manchuria, Southeast Asia, the Americas, Europe and elsewhere coincided with, and was in part a response to the disintegration of the Qing empire and formation of Western and Japanese colonial empires across Asia and the Pacific. Stated differently, China's disintegration coincided with the global expansion of ethnic Chinese who would redefine China's place in the world in the course of the long twentieth century. And not only Chinese. If the largest number of migrants were Chinese (an estimated 40 to 60 million), significant numbers of Japanese, Okinawans and Koreans, among others, also migrated across Asia, as well as to Hawaii and the Americas. Each group created networks and flows of commodities, labor and capital. As the colonial powers, led by the British, dominated long distance trade across Asia and the Pacific in the 19<sup>th</sup> century, they relied on Chinese, Indian, Islamic and other trade and financial networks to penetrate the societies of the region.14

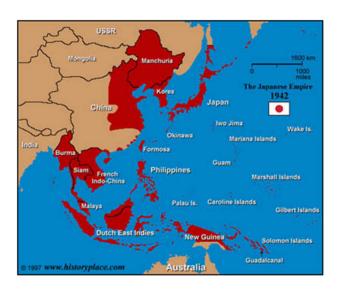
From the latter half of the 19<sup>th</sup> century, with China in disintegration facing invasion and rebellion, and then carved up by the Western powers and Japan, with much of Southeast Asia colonized by the British, Dutch, French and Americans, and with Korea, Taiwan and the Ryūkyūs incorporated within the Japanese empire by the first decade of the 20<sup>th</sup> century, the region experienced a century of intercolonial conflict. In contrast to the East Asian regional order of the eighteenth century Pax Sinica, war and bilateral metropolitanperiphery relations became hallmarks of the new disorder. Through it all, Asian port cities continued to extend their reach through diaspora networks, but these too were absorbed into colonial networks centered on Europe, Japan and North America, with the diaspora facilitating European penetration

throughout the region.

From the final decades of the 19<sup>th</sup> century, Japan and the United States expanded into the Asia-Pacific, inaugurating a process that would lead to the eventual clash of the two rising imperial powers. With Japan's seizure of the Ryūkyūs, the integration of Hokkaidō, the colonization of Taiwan and Korea, the victory in the Russo-Japanese War and the establishment of the puppet state of Manchukuo between 1872 and 1932, and eventually over the next decade the conquest of large swatches of China and Southeast Asia, Japan became the only nation of Asia, Africa or Latin America to join the club of the colonial powers and gain privileged access to land, labor and resources.

But there were other equally important consequences. Prasenjit Duara observes that, "While the British and the Japanese empires were trying to create autarkic, interdependent regions to sustain their imperial power in Asia, anti-imperialist thought linked to rising Asian nationalism was seeking to build an alternative conception of the region." <sup>15</sup>

Let's briefly consider Japan's Asia from three perspectives: first, economic development and social change; second, war, nationalism, and anti-colonialism; and third, regional dynamics and regional ties to the world economy.



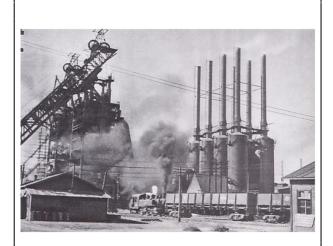
The Japanese empire in 1942 includes the Pacific Island Mandates that Japan secured from Germany after World War I

Like the Western colonial powers, Japan relentlessly mined the colonies for natural resources and human resources to spur Japan's industrialization. At the same time, far more than either the Chinese tributary-trade order or the Western colonial order elsewhere in Asia, Japan fostered colonial agricultural and industrial development through investment in infrastructure as well as large-scale migration, notably involving Japanese and Korean settlers in China, Korea, Taiwan and Manchukuo. 16

Japanese colonialism would have lasting impact on the countries of the region. As Angus Maddison has shown, per capita GDP gains in Taiwan and Korea in the years 1913-1938 were substantially higher than those for all other colonies in East and Southeast Asia, and probably in Latin America, the Caribbean, and Africa. By 1938, per capita GDP in Korea and Taiwan were 53 and 60 percent respectively of that of the metropolitan country, Japan. By comparison, the range was 10-25 percent for British, French, Dutch and US colonies in Asia (Booth Table 2). And Japan would leave an industrial legacy in Manchukuo that would become the core of China's iron and steel

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industry in the early years of the People's Republic. In short, the developmental impact on Japan's colonies, and the degree of economic integration with the metropolis, were far greater than in the case of European or American colonies.



Japan's Showa Steelworks in Anshan would become the core of China's steel industry in the 1950s

Trade between Japan and its colonies and dependencies expanded rapidly. The trade of Manchukuo, Korea and Taiwan were all dramatically redirected (in many instances away from China and toward Japan) between the late 19th century and the 1930s. Taiwan's exports to Japan increased from 20 percent of total exports at the time of colonization in 1895 to 88% by the late 1930s, with rice and sugar the dominant products. 18 Comparable trade dependence on the metropolis in the late 1930s was similarly notable in the case of Korea.<sup>19</sup> Economic bonds among the colonies and dependencies, by contrast, weakened or remained weak. In Taiwan, Manchukuo and Korea, trade with China was redirected toward Japan. Like that of the European colonial powers, Japan's spokes and wheel trade pattern in Asia precluded the development of trade complementarities or other forms of economic integration among the colonies and dependencies.

In contrast to the Qing empire, between 1895 and 1940 imperial Japan directly assimilated colonized and conquered peoples, above all the Koreans, Taiwanese, the peoples of Manchuria (including Chinese, Mongols, Hui (Muslims) and Manchus), Ryūkyūans and Ainu.<sup>20</sup> The colonized were educated in the language of the conqueror and subjected to intense assimilation as Japanese (or Manchukuo) citizens and subjects. In all these respects, Japan broke sharply with patterns of the tributary-trade order in East Asia and also differentiated the Japanese from European and American colonization in the degree of assimilation.

Japan extended its territorial reach with the 1932 incorporation of Manchukuo and its 1937 invasion of China south of the Great Wall, but it quickly clashed with Soviet forces at Nomonhan in 1939, while the two expansive colonial powers, the US and Japan, were on collision course. Indeed, one might say that by Nomonhan, the allied powers that would join forces in Europe in World War II had already begun to crystallize in opposition to Japan's Asian advance.



Japanese infantry march into battle with Soviet forces at Nomonhan

The 1940 US oil and scrap iron embargo led inexorably to the attack on Pearl Harbor in Japan's desperate and briefly successful attempt to supplant the European and American colonial powers throughout East and Southeast Asia and the Pacific. If Meiji Japan had placed its hopes for modernization and prosperity on economic, political and cultural ties with, and emulation of, the Western powers, Japan now found itself isolated from core regions of the world economy while fighting wars against powerful adversaries on multiple fronts and striving to create an autarkic region in Asia.<sup>21</sup>

The colonial era in Asia left three important legacies: first, massive dislocation, destruction and loss of life that were the product of colonial and world wars; second, the stimulus to nationalist and anti-colonial revolutions; third, the spur to economic development and industrialization in Japan's colonies and dependencies, notably Korea, Taiwan and Manchukuo, but also in China to a lesser degree.

Historians of many persuasions have taken World War II as the major watershed of twentieth century Asian and global geopolitics, as indeed it was in so many ways. It marked the defeat and dismantling of the Japanese empire and propelled the US to superpower preeminence, its power expanding most dramatically in the Asia Pacific, and, as the only major power to span the Atlantic and the Pacific, its new found power was also global. The War also spurred waves of nationalistinspired revolutionary and independence movements across the colonized world. If the Chinese, Vietnamese and Korean revolutions were landmark events in postwar East Asia, independence movements in the Philippines, Malaya, Singapore, the Dutch East Indies, Burma, India and elsewhere brought profound change to other parts of Asia, signaling the end of the classical colonial empires and an era of independent states.

From the perspective of Asian regionalism, however, important continuities spanned the 1945 divide. Far from inaugurating an era of peace, East and Southeast Asia became the primary zone of world conflict over the next quarter century. The Chinese, Korean and Vietnamese wars and revolutions—invariably explained as the products of the "Cold War", are equally, perhaps above all, legacies of the colonial era that were played out within the purview of US-Soviet conflict-were the decisive events establishing Asia's division, and indeed national divisions, in the wake of World War II.<sup>22</sup> New nations, or nation fragments (China, Korea, Vietnam), established primary relationships with either the US or the Soviet Union, forging relationships that were paramount in defining each nation's international relations and shaping its developmental and geopolitical trajectory. And each of these wars would be fought out in the post-colonial periphery, the overwhelming casualties being local people with the war scarcely interrupting the pace and mode of life in the metropolitan countries.

As in the century of colonialism, in post-colonial Asia bilateral ties to one of the great powers (generally, of course, the United States) were decisive and multilateral intra-Asian economic and political linkages largely absent. Nowhere was this truer than in the case of Japan, firmly joined at the hip to the US, occupied by American forces, its international relations played out within the purview of the US-Japan Security Treaty, and docilely supporting successive US wars throughout the region, a pattern as true today as it was in the wake of the Asia-Pacific War. But it was equally true of South Korea both during and after the US-Korean War, a war which, in fact remains suspended rather than concluded, and in the US-Vietnam War in which Korea provided the second largest military force behind that of the US.



Prasenjit Duara has argued that, "The Cold War division of the world into two camps controlled militarily by nuclear superpowers seeking to dominate the rest of the developing and decolonizing nations may be seen as a kind of supra-regionalism. While in fact the two camps or blocs represented trans-territorial spaces including non-contiguous nations, the contiguity of core Eastern and Western Europeans nations within each camp served as a stepping stone for subsequent regionalism to develop within Europe."<sup>23</sup>

This formulation seems to me appropriate for Eastern Europe where the Soviet Bloc and Comecon stood against NATO and the European Union. In Asia, however, in part because the Sino-Soviet split led to fierce rivalry by 1960, and because ASEAN, founded in 1967, was long so weak a reed, it is difficult to discern any effective region formation in economic or security terms in the initial postwar decades. That would change from the 1970s.

## III Economic Resurgence, Complementarity and the Sprouts of Regionalism in East Asia

Since the 1980s, China's rapid and sustained economic growth, coming in the heels of the advance of Japan, Korea and the newly industrializing countries of East Asia, has riveted attention. Contemporary East Asian

development is best understood not as a series of discrete national phenomena, but as a regional and global process that encompasses economic development but equally geopolitics, social change and cultural interchange. This is because important facets of national and global development are driven in part by the dynamic interpenetration of Asian economies, polities and cultures, by a changing intra-Asian division of labor, and by urban networks that function largely independent of and transcending national structures. Consider an expansive East Asia in global perspective.

The 1970 Divide and the Resurgence of East Asia

1970 set the stage for new East Asian regional possibilities and a global reconfiguration of power: in the wake of the China-Soviet rift of the 1960s, the US-China entente and burgeoning economic relationship opened the way for ending the bifurcation that had characterized not only postwar Asia but East-West global geopolitics and economics. China's re-entry on the world stage in 1970, its assumption of a UN Security Council seat, its access to US and global markets in the early 1970s, and its eventual position at the center of East-West trade and investment and membership in the World Trade Organization, opened the way to the re-knitting of economic and political bonds across Asia and strengthening Asian linkages with the global economy. Little noted, given the formal periodization of China's Cultural Revolution (1966-76), is the fact that important internal changes including the rapid growth of domestic and international markets and small-scale industry proceeded apace in the final years of Mao's rule (1970-76).<sup>24</sup> Within decades, China emerged as the workplace and motor driving the Asian and world economies, facilitated by the deepening and/or opening of Japan-China and South Korea-China relations, and the expansive trade and investment role of overseas Chinese linking China with East and



Southeast Asian and other economies. With the reunification of Vietnam (1975), of Germany (1989) and subsequently of China with Hong Kong (1997) and Macau (1999), only a divided Korea and the China-Taiwan division remain of the major national ruptures that were the legacy of colonialism, World War II and subsequent conflicts. These profound changes illustrate the interface of geopolitics and political economy both in global (particularly US-China) and regional (China-Japan-Korea as well as mainland China-Taiwan-Hong Kong and North-South Korea) perspective.

Among the remarkable changes made possible by the US-China opening has been the emergence and deepening of China-ROK relations: from anti-Communist mecca, a South Korea that fought China in the US-Korean War and then provided yeoman mercenary service for the US in Vietnam, emerged as one of China's most important trade and investment partners from the 1980s. Within decades, China, Japan and South Korea would become one another's leading trade and investment partners, but also in some fields competitors, surpassing in significant ways even their economic and financial bonds with the United States. In 2009 they were the world's 2<sup>nd</sup>, 3<sup>rd</sup> and 13<sup>th</sup> largest economies by CIA reckoning based on purchasing power parity estimates, and their trade surpluses were among the world's largest.<sup>25</sup>

Another important regional development with profound geopolitical consequences has been the trade, investment and technological partnership 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 in the Shanghai-Suzhou corridor. Taiwanese capital and technology are central to China's industrialization and export

drive.26 With China-Taiwan trade soaring from \$8 billion in 1991 to \$102 billion in 2007, and with Taiwan investors pouring an estimated \$150 billion into the mainland's export-oriented sectors, Taiwan's economic future has become inseparable from that of the mainland.<sup>27</sup> The 2008 electoral victory of the Guomindang's Ma Ying-jeou as president strengthened crossstrait 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 \$19 billion loan package to Taiwan enterprises in China—all factors suggestive of further possibilities for economic, social and political integration.<sup>28</sup> The Taiwan-Hong Kong flight has reportedly become the world's second busiest international route, following New York-London, with many business, pleasure and family/lineage travelers continuing on to complete a Taiwan-mainland trip and vice versa. And in 2009, Hong Kong was the world's second busiest cargo hub. Immediately after China's entry into the World Trade Organization in 2001, Taiwan entered as "Chinese Taipei", one of many signs that China has relaxed efforts to isolate Taiwan diplomatically. A June 2010 Taiwan-China **Economic Cooperation Framework Agreement** strengthens the legal structure of the relationship, lowers tariffs and opens the crossstrait market to services such as banking.<sup>29</sup> While tensions continue to erupt over such issues as Taiwan purchase of advanced US military technology, the China-Taiwan relationship nevertheless appears to have entered a period of stability rooted in economic interdependence and multi-faceted social and cultural exchange.

The role of diasporic Chinese capital, technology and labor, including a major role for returnees from North American and European universities and enterprises, is large, multi-directional, and embracing the full range of activities spanning investment, technological



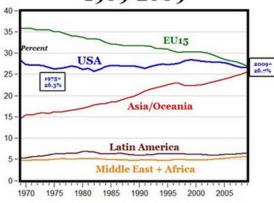
transfer, research and development, networking, and labor migration criss-crossing the Pacific and spanning Asia. The US, Taiwan, Hong Kong, Japan and Singapore are among the inter-linked sites for movement back and forth from and to Chinese cities.

Comparable, but slower and more erratic strides brought the two Koreas closer with the Kim Dae-jung—Kim Jong Il summit of 2000 as the key point of inflection, leading to efforts toward rapprochement and economic integration. The failure, however, of the 6-Party talks and the 2007 election of Lee Myung-bak as president of South Korea, the stroke suffered by North Korean leader Kim Jong Il, and the controversy over the 2010 sinking of the South Korean ship Cheonan all brought to a halt progress toward rapprochement. Deep divisions remain in Korean politics, divisions that could again explode in intra-Korean and international war.

As multilateral intra-Asian trade and investment deepened from the 1970s, so too did the region's ties to Europe and the US. Trade between the East Asian trade surplus nations and the US, the world's leading trade deficit nation, presently comprises one of the signature patterns of the contemporary world economic order. The enormous surpluses generated by China (\$227 billion in 2009), Japan (\$44 billion in 2009) and South Korea (\$11 Billion in 2009) account for the largest part of the massive US trade deficit, and in turn, these nations have made it possible for the US to continue to live beyond its means. This is not only because as the dollar remains the universal currency but above all because dollar surpluses are recycled back to the US, primarily in the form of purchases of US Treasury bonds, but also in the form of direct and indirect investment.31 As of April 2010, according to the US Treasury Department, China with \$900 billion dollars and Japan with \$796 billion in holdings of US treasuries ranked first and second in the world, accounting for more than 40 percent of the world total of \$4.0 trillion.<sup>32</sup> Chinese, Japanese and South Korean purchases of treasury bonds over the last five years helped to hold down US interest rates and the yuan-dollar, yen-dollar and won-dollar ratio, boosting the trade and growth of all four economies. This made it possible for the US to finance the Iraq and Afghanistan Wars at the same time that US manufacturing jobs continued their inexorable flight to China, US manufacturing hollowed out, and the US experienced the most severe unemployment since World War II.<sup>33</sup> If there is anything that is TBTF (too big to fail) it may be the symbiotic US-China trade, investment, and deficit/surplus relationship that has made this the world's most important bilateral economic and geopolitical relationship. Nevertheless, as discussed below, the relationship remains conflictual, above all in geopolitical terms.

Two major developments of global significance facilitated China's reentry in the world economy and the formation of a dynamic interconnected East Asian economic zone from the 1970s. First, the primary global war zone, which had been centered in East Asia between the 1940s and the 1970s—the Asia-Pacific War followed by Chinese, Korean, and Indochinese revolutionary wars and international conflict involving the US and its allies, as well as independence struggles in the Philippines, Malaysia, and the Dutch East Indies among others-shifted after 1975 to the Middle East and Central Asia. If intra-East Asian and Asia-Pacific politics remain contentious, above all in the Korean peninsula, 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>34</sup> Second, China's full entry into the world economy took place at precisely the moment when the postwar global economic expansion came to an end, the B-phase in the Kondratieff cycle began, and the US sought ways to stave off economic collapse and the demise of the dollar as the international currency through the expansion of a world economy that included China even as its own industrial strength and economic growth rates plummeted and its economy became ever more dependent on finance and services.<sup>35</sup>

# Share of World GDP 1969-2009



A number of comparisons to the colonial era in general, and Japan's Greater East Asia Co-Prosperity Sphere in the years 1930-1945 in particular, are instructive. First, the rapidly growing multidirectional flow of trade and investment involving China, Japan, South Korea, Hong Kong, Singapore and Taiwan in recent decades may be contrasted with the predominantly bilateral economic relationships linking European, American and Japanese colonies with the metropolis as well as framing the dependent relationships with the metropolis of the prewar and early postwar periods. In the years 1988-2004, as world trade expanded at an annual rate of 9.5%, intra-East Asian trade grew at 14% per year, compared with 9% for that of the European Union. East Asia's share of world exports increased by 6% in the course of those years, while that of the European Union decreased by 3%.<sup>36</sup> Between 1963 and 2008 Asia's share of world exports increased from 12.5 to 27.7 percent, with that of China alone increasing from 1.3 to 9.7 percent.37

Among the indicators of East Asia's resurgence, and China's growth in particular, two bear particular mention. One is the number of parent transnational corporations and particularly foreign affiliates located in China: parent corporations increased from 359 in 2002 to 3,429 in 2005, compared with 4,663 in Japan (2006), 7,460 in South Korea (2007), 2,360 in the US (2005) and 2,607 in UK (2003) out of a world total of 56,448 in 2008. If the numbers bear any relationship to the reality, with 280,000 foreign affiliates in China by 2005, China surpassed the combined total of the other major countries. In the event, once again it is the dynamism of the region that is striking. Overall, the figures for China seem consistent with other data on the rapid expansion of foreign direct investment.

Table 1. Number of Parent Transnational Corporations and Foreign Affiliates (selected countries)

Country	Year	Parent	Foreign	
_		Corporations	Affiliates	
US	1990	3,000	14,900	
	2000	3,235	15,712	
	2005	2,360	13,667	
UK	1991	1,500	2,900	
	1996	1,059	2,609	
	2003	2,607	13,176	
Germany	1990	6,984	11,821	
_	2002	6,609	9,268	
	2006	5,935	9,631	
Japan	1992	3,529	3,150	
	2001	3,371	3,870	
	2006	4,663	4,500	
South Korea	1991	1,049	3,671	
	2002	7,460	12,909	
	2007	7,460	14,869	
China	1989	379	15,966	
	2002	359	424,196	
	2005	3,429	280,000	

Derived from Table 1, Saskia Sassen, "The Global City Perspective. Theoretical Implications for Shanghai," in Xiangming Chen, ed. with Zhenhua Zhou, Shanghai Rsing. State Power and Local Transformations in a Global Megacity (Minneapolis: University of Minnesota Press), 2009, pp. 9-10, based on UNCTAD, World Investment Report (1998, 4; 2004, 273, 274; 2008, 211). The figure for China's foreign affiliates bears further checking.



The second is China as a magnet for foreign direct investment, with rapid growth continuing, and only the US far in the lead as a locale for foreign investment. The data reveal the sharp rise in both inward and outward investment in East Asia in general, with China leading the way, between 1990 and 2008. During this period, China surpassed all others as a target for international investment except the United States, while East Asia as a region exhibits dynamism in both inward and outward investment.

Table 2. Foreign Direct Investment by Country and Region, 1990-2000, 2006, 2008 in US\$billion

Country	Year	Inward	Outward	Year	% of	% of
		investment	invest.		capital	capital
					formation	formation
					inward	outward
					invest.	invest.
Japan	1990-	3	25	1990-	0.3	2.1
	2000			2000		
	2005	3	46	2006	0.6	2.2
	2008	24	128	2008	4.9	11.3
South	1990-	3	3	1990-	2.1	2.1
Korea	2000			2000		
	2005	7	8	2006	1.8	2,8
	2008	4	13	2008	3.0	4.7
China	1990-	30	2	1990-	11.9	0.9
	2000			2000		
	2005	72	12	2006	6.4	1.9
	2008	108	52	2008	6.0	2.9
East	1990-	49	29	1990-	9.8	5.9
Asia	2000			2000		
	2005	116	50	2006	8.6	5.4
	2008	187	136	2008	8.4	6.1
US	1990-	110	92	1990-	8.0	6.8
	2000			2000		
	2005	105	15	2006	9.4	8.9
	2008	316	312	2008	12.5	12.3
World	1990-	493	493	1990-	8.2	8.3
	2000			2000		
	2005	973	879	2005	13.5	13.0
	2008	1697	1858	2008	12.8	14.6

Note: 1990-2000 is annual average.

United Nations Conference on Trade and Development, World Investment Report 2009, World Investment Directory On-line

In contrast to the autarky of East Asia between 1937 and 1945 at the peak of Japanese power, and the bipolar division of the years 1945-70, since the 1970s the region has been fully enmeshed in global trade, financial and investment networks with growing interdependence of its national economies.

China's economy was most foreign investment dependent in the 1990s, with the ratio to total investment dropping in the following decade (while absolute amounts remained large) while China's own international investments rose.38 But while global attention has focused on investment in China, the pattern underlined by Athukorala and Hill is one of a region-wide surge in attraction of FDI. They particularly note a pattern of production fragmentation and outsourcing such that in many instances not even China is producing the entire product, but factories throughout the region and beyond contribute components in a complex regionalglobal division of labor that extends from investment, management, production and assembly to trade and marketing. Among the historical and contemporary factors facilitating rapid economic development, industrialization, substantial growth in per capita income, and the formation of a vibrant multi-directional East Asian regional economy, the following seem particularly important:

- The legacy of Asian economic and political strengths examined earlier in the epoch of Chinese preeminence, protracted peace, and the regional tributary-trade order of the 18<sup>th</sup> century, legacies that would become clear with the resurgence of Chinese strength at the center of an emergent East Asia. China and East Asia merely reclaimed a position of strength that was lost via a combination of internal disintegration and the ravages of imperialism. This is not to suggest continuity in the nature of organizing production or trade processes, or in labor relations or the role of the state or capital.
- The Chinese, Japanese and Korean diaspora has played a central role in re-linking Asian and



Western economies through trade, technology and investment networks that extend across the region and link East Asia globally.

 Early postwar developmental and social change strategies throughout East Asia were predicated o n state-led accumulation and investment, social change strategies that pivoted on egalitarian land reforms, and measures that blocked takeover by international capital while creating firm foundations for the domestic economy. Far from the neoliberal orthodoxy that has prevailed in many quarters since the 1990s, this was state-led development with restrictions on the market, with, of course, important variations in the approach of the three East Asian nations.

If intra-Asian factors are important, the resurgence of East Asia as a region has equally been shaped by global factors, notably the contradictory role of the United States in the Asia Pacific, but also the dynamic growth of trade and investment relations involving Europe and, in recent decades, the search for resources linking Asia with Africa and Latin America as well. During the immediate postwar decades the US played a key role not only in shaping such global institutions as the World Bank, IMF and United Nations, but also in structuring a bifurcated Asia Pacific, in plunging the region into protracted wars, and in assuring the primacy of bilateral over multilateral relations. Since 1970, and particularly since the demise of the Soviet Union in 1990, it has not only facilitated the resurgence of the national economies of East Asia, but also, in diverse and at times unintended ways, contributed to transcending

some of the divisions inherent in earlier East-West conflicts.

In light of a two centuries-long pattern characterized by the primacy of unequal bilateral relationships and a virtual absence of multilateral bonds, a number of recent multilateral initiatives merit attention in terms of changing regional geopolitics. For only the second or third time since the eighteenth century, and the first in half a century, China has taken the lead in an important regional and even global geopolitical initiative: 39 as host and the leading force in the six-party talks that could eventually lead to a breakthrough that results in North Korean denuclearization and opens the way toward ending the half century Korean War between North Korea and the United States and between North and South Korea. The Korean conflict is but the most intractable of concerns that can only be resolved in multilateral terms, requiring a striking departure from largely unilateral US attempts to impose its will on others through military action. The persistence of a divided China and a divided Korea have not prevented important strides toward the formation of a cohesive economic region, laying the basis for further political accommodation and, eventually, addressing the environmental and political economy issues of pollution, poverty and inequality that have accompanied galloping growth and challenge the future of the region (we return to these issues below).

As it gained strength in recent decades, China began to spearhead other 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 ASEAN-China Free Trade Area which took effect on January 1, 2010 together with a \$15 billion Chinese credit to promote regional integration and connectivity. It should be noted, however, that in contrast to China's centrality in the tributary-trade order of the 18<sup>th</sup> century, Southeast Asian nations, through

ASEAN, have played a leading proactive role in the emerging regionalism in the new millennium, as in the planning for this and other free trade areas while it is the US, the only nation with military bases and troops positioned throughout the region, retains geopolitical dominance. These agreements have been predicated on a willingness by the parties to set aside for future resolution such contentious territorial issues as Chinese border disputes with India, Russia, Japan, and Vietnam among others, including disputes over potentially oil rich islands, the Spratlys and Paracels, that involve claims by many Southeast Asian nations. Particularly notable for its potential regional and global significance, is the China-Japan provisional accord on territorial issues involving the Diaoyutai/Senkaku Islands and Okinotorishima, making possible an agreement (albeit one that would be immediately contested) for joint oil exploration in the disputed area, although conflicts continue.40 This is not to take a Panglossian view of the prospects for regional harmony: continued territorial disputes and unresolved historical conflicts rooted in colonial and war have the potential to disrupt regional accord, as best illustrated by the China-Japan clash over the Diaoyutai/Senkaku Islands in September 2010. Nevertheless, powerful trends unleashed over the last four decades have opened new possibilities for the region.

As China's star has burned brightly in regional and global affairs, Japan, long 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. This is a product of three main factors. First is the surge in China's economic and financial strength over the last two decades while Japan's economy never recovered momentum after the bubble burst of 1990 inaugurated more than a decade of stagnation, and the collapse of stock market

and real estate values, with further heavy hits during the 2008-09 economic and financial pandemic. Second is the political turmoil that has resulted in six prime ministers between 2006 and 2010, political stalemate in the wake of the defeat of the LDP after fifty years of rule, and signs of tension within the US-Japan relationship centered on the unresolved Okinawa base transfer issue. For these reasons, and because of fears that the region will be dominated by a resurgent China, Japan has failed to exercise leadership in an emerging Asia. Finally, perhaps most important and directly related to the second point, is the fact that Japan remains firmly in the American embrace, viewing its future in terms of the US-Japan alliance even as the Democratic Party administration has sought to strengthen relations with China while attempting, thus far abortively, to establish a more equal US-Japan relationship. Even as signs abound of the declining power of the US, Japanese leaders and the media have continued to prioritize their subordinate relationship within, and dependence on, the US-Japan relationship, that is what Gavan McCormack calls the client state bond. The Democratic Party cabinet of Hatoyama Yukio fell when its attempt to close the dangerous Futenma base and transfer the majority of US Marines to Guam, failed to sway US policymakers who have remained insistent on implementing an earlier agreement with the LDP to construct yet another new high tech base in Oura Bay, that is on expanding rather than reducing its enormous military footprint in Okinawa in the face of entrenched Okinawan opposition. (For Japanese policymakers, transfer of the base to mainland Japan was politically unthinkable.) This despite US plans to transfer 8,000 Marines and 9,000 dependents to Guam with Japan agreeing to pay the bulk of the costs, and despite the fact that the Marine presence in Okinawa is largely irrelevant to Japan's own security but primarily supports US wars in Iraq and Afghanistan.<sup>41</sup>

In short, Japanese diplomacy pivots on the US-



Japan economic and security relationship, including the nuclear umbrella, the stationing of US forces, and the provision of Japanese financial and logistical support for US wars to Iraq and the Persian Gulf and to support US forces in Japan. Despite professed interest in Asian regional agendas, and despite the growing strength of intra-regional financial and economic ties, Japan remains transfixed on its dependent relationship with the United States, a relationship that has been accentuated in the wake of North Korean nuclear development and the conflict over Diaoyutai.

Japanese "exclusive economic zone Extent of Chinese border claim 750 km Beijing NORTH KOREA SOUTH KOREA Yellow Sea Shanghai China . Taipei Senkaku/ TAIWAN Diaoyutai •

China and Japan claim the Diaoyutai/Senkaku Islands which Japan has held since the 1972 reversion of Okinawa.

Certainly Japan has been slow to exercise leadership in a resurgent East Asia.<sup>42</sup> As Yoshihide Soeya darkly observes,

"[s]ince the end of the Cold War, the most important strategic relationship in East Asia has been and will continue to be the one between the United States and China. Given this profound reality, Japan is obviously a lesser strategic player, and it is a fundamental mistake, both analytically and policy-wise, to treat Japan as one of the "four great powers" (including Russia) in Northeast Asia."<sup>43</sup>

Nevertheless, Japan remains Asia's leading technological power and a formidable economic and financial force, even as the size of its economy slips below that of China and its demographic profile points to further decline.

In recent years East Asia has taken steps toward interregional cooperation in numerous areas including economic and financial security, easing territorial conflicts, resource management, fishing, counterterrorism, drugs, 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 initiated with the Chiang Mai initiative of May 2005 to help shore up nations facing currency and financial crises (at the time of the 1997 Asian financial crisis the United States blocked such efforts), an initiative reinforced in 2008.44

The first summit of the three East Asian nations, held in Fukuoka, Japan on December 13, 2008 in an effort to frame a common policy in response to the world recession is illustrative of the possibilities for East Asian regional responses to the contemporary financial and economic crisis. The brief meeting, however, also highlighted obstacles to framing common policies at a time when world recession

presents severe challenges that may derail even—or particularly—their high-flying economies with its heavy reliance on export markets and foreign investment.<sup>45</sup>

A 2009 summit held following the ASEAN summit in the wake of the global economic and financial crisis resulted in important agreements including determining financial contributions (and voting weight) in the Chiang Mai Initiatives, and establishment of a commission for an official international study of the long stalled China-Japan-Korea FTA. Coming at the initiative of the newly elected Democratic Party of Japan government, this represented a break in Japanese policy over the years 2002-09 which had been designed to stall progress on an FTA without explicitly rejecting the plan. 46 Whether fundamental differences over agricultural imports can be resolved, however, is at best an open question.

Set off against the obvious value of coordination among the three East Asian powers is the continuing shadow of intra-Asian conflicts, including historical memory conflicts centered around a Japan whose neo-nationalist elements continue to prevent it from laying to rest the divisive memories associated with the Asia-Pacific War and colonial rule. Historical issues could again undermine or slow promising regional initiatives, as they did in China-Japan relations in the reign of Prime Minister Koizumi, 2001-2006. There are, however, positive signs. Negotiations in 2010 are at an advanced stage for resolving longstanding conflicts between Japan and China and between Japan and Korea centered on apology and compensation to former forced laborers. 47 Similarly, a China-Japan commission to prepare a common modern history of the two nations has made progress toward its goal. In each instance, however, the task remains to be completed. The two most intractable challenges to strengthening regional bonds may lie in Japan's territorial conflicts with Russia, China and Korea, and the inability of the three nations to resolve issues pertaining to the United States and its role in East Asian or in Asia Pacific geopolitical outcomes.

As David Shambaugh noted of the "US-led security architecture across Asia . . . includes five bilateral alliances in EA; non-allied security partnerships in SEA, SA and Oceania; a buildup of US forces in the Pacific; new US-India and US-Pakistan military relations; and the US military presence and defense arrangements in SW and CA."48 That formulation should be supplemented by recognizing the importance of multiple US military bases throughout the region and beyond, US militarization of space where again it has a virtual monopoly, the fact that a substantial portion of the US naval armada is deployed in the Pacific maritime region, and the expansive conception of the US-Japan Security Treaty which has led Japan to extend its military reach to the Indian Ocean and to explore security arrangements with India and Australia. 49 In early 2009, moreover, both China and Japan responded to Somalian piracy with the dispatch of ships to patrol off the coast of Africa, and in April 2010 South Korea dispatched a destroyer to the Gulf of Aden in pursuit of a captured oil tanker, while China has guietly expanded its naval reach into the Indian Ocean.<sup>50</sup> Each of these acts involved a major expansion of the military reach of the respective nations and a potential source of conflict.



China conducts first naval escort mission off the coast of Somalia, Dec. 2009.

At the same time, signs abound of the weakening of American power in East Asia and globally. While the collapse of the Soviet Union left the US without serious geopolitical constraints, the rationale for massive military budgets and permanent stationing and strengthening of US forces—in Japan/Okinawa, in South Korea, in Taiwan, and in Guam, for example—was simultaneously weakened in the eyes of almost everyone except Pentagon planners who continue their insatiable pursuit of more international bases, with Guam the present site of choice for major expansion in the Asia-Pacific. The US has lost international credibility as a result of failed costly and protracted wars in Iraq and Afghanistan and the heavy pressures it imposed on other nations to pay for those wars and support them militarily. To be sure, no nation or group of nations possesses the power to directly challenge the international primacy of the US or to assert leadership on a global scale. Yet US hegemonic claims are the victim of imperial overstretch with US threats of new or expanded wars in Iran, North Korea, Somalia and elsewhere coming at a time when its economic and financial preeminence have faded, and US state and local governments confront massive cutbacks in health, education and services, while doubts of success grow over the ill-fated wars in Iraq and Afghanistan.<sup>51</sup>

Paradoxically, Mark Beeson observes, "the legacy of the Bush administration may be that U.S. foreign policy effectively undermined the multilateral transnational basics of American power by encouraging the creation of regionally based groupings with which to represent and protect local interests." Nowhere has this been truer than in East Asia and the Asia Pacific.

A series of events of the spring-summer 2010 reveal the volatility of the region and suggest that the primary challenge to East Asian regional development—or rather to competing visions for defining the geographical scope of the region and the character of regional development-hinge on challenges posed in significant part by continued US attempts to impose its will throughout the region. The first of these was the sinking of the South Korean war vessel Cheonan on March 26, 2010 during a joint US-ROK military exercise. An ROK report of May 20, immediately endorsed by the US and its allies, held North Korea responsible for the disaster that took 46 lives. It was a stark reminder, if any were needed, of the unfinished US-Korean War that could again erupt in battle, particularly with North-South tensions on the rise in recent years. Of particular interest is the US-ROK response: following a UN Security Council resolution of July 9 condemning the incident, but with China and Russia blocking the attempt to secure UN imprimatur for the charge that the DPRK was responsible, a mammoth US-ROK joint military exercise was announced, this time targeting not only the DPRK but the PRC as well: the announcement indicated that the exercise involving the nuclear power aircraft carrier USS George Washington with a crew of 6,250 and 300 planes including FA-18 fighter jets and E-2C Hawkeye Airborne Early Warning aircraft, would take place on both sides of the Korean peninsula, that is the Yellow Sea, as originally planned, as well as the Japan Sea (Koreans



refer to the West and East Sea). In the face of repeated Chinese protests about the exercise on its border, beyond its internationally recognized territorial waters but in a region claimed by China, the US agreed to shift the initial phase of the operation to the Japan Sea.

The Cheonan Incident and the US-ROK response illustrate the fact that the deep geopolitical divisions that can be traced to the immediate postwar global conflict remain fundamental to contemporary power politics: in this instance, the United States rallying South Korea, Japan and its allies who formed the United Nations coalition in the US-Korean war of 1950 to pressure not only North Korea but also China and Russia. <sup>53</sup> In this sense, it may be premature to assume that the conflicts stirred by the postwar US-Soviet conflict and making themselves felt most powerfully in East Asia have truly been laid to rest.

#### Conclusion

East Asia has taken important steps to overcome the fragmentation associated with several centuries of political disintegration, war, colonial rule and the postwar US-Soviet division to reassert its position as a major world region with the potential to rival Europe. The combination of deepening intraregional economic bonds in the world's most dynamic economic zone, together with preliminary region-wide efforts to confront acute environmental, territorial and security issues, suggests possible futures compatible with substantially reduced US- and US-Japandominated dynamics and momentum toward expanded regional coordination.

At the same time, following in the footsteps of ASEAN, ties among long divided nations in China, Korea and Indochina, are far weaker and less institutionalized than those of the European Union. There is no East Asian Union, no common currency, parliament or high court. Nor do we find a military equivalent of the NATO alliance. Above all, the United States

remains the dominant military power in the region, a major presence bolstered by an extensive network of military bases and alliances with Japan, South Korea, and Taiwan, among others, its power still primarily directed against North Korea and China, in this sense a legacy of postwar decades of conflict.<sup>54</sup> All these may be best understood as legacies of the earlier colonial era that ushered in Asia's long-term decline viewed in global perspective.

Intra-Asian national conflicts are evident not only in response to US demands and unilateral actions, with respect to wars and the "war on terror" (a formula for permanent warfare), but also in myriad conflicts inherent in, or exacerbated by, China's rise as a regional power, unresolved legacies of divided nations (the two Koreas and China/Taiwan) and other territorial conflicts rooted in World War II. They are also rooted in historical issues, most famously those that pit Japan against her neighbors over unresolved conflicts from the epoch of colonialism and war, but also conflicts involving China with the two Koreas and others such as the clash over historical heritage centered on Koguryo/Gaogouli.55

Of signal importance are questions of the sustainability of economic growth patterns that have paved the way for the resurgence of East Asia, but which, above all in the case of China, exact a horrendous toll on the environment, conflicts among neighboring nations over water, energy, and emissions which exacerbate inter-state conflicts. Indeed, it may be said categorically that the headlong race for growth best exemplified in recent decades by China, is unsustainable as industrialization, urbanization, mega-dam and road construction, and automobilization in a society marked by deep social inequality, all collide with the environment. The critical problems for next generation development will require—above all for China, and not only China-large-scale green technological breakthroughs and a rethinking of the core equation between growth



maximization and the good life. With its own deep developmental problems, above all the enormous toll on land, water and air associated with Chinese high-speed growth, and internal divisions of region, ethnicity and class, <sup>56</sup> China's continued dramatic rise is far from assured. In recent years, China has embarked on green development programs that have made it a world leader in such fields as wind power and solar power. At the same time, however, its consumption of coal and oil has soared and, regardless of the outcome of green energy programs, they will continue to soar in the decades to come.

Does the Pax Sinica of the 18<sup>th</sup> century offer insights into the possibilities for regional harmony or hegemony in a period of peace in East Asia in the new millennium? That earlier order was, of course, one predicated on a hierarchical model with China at the center. At its height in the 18<sup>th</sup> century, East Asia enjoyed an era of protracted peace and relative prosperity fueled in part by exchange through tributary-trade bonds and a favorable position in world trade networks, as well as a hegemonic politics predicated on a relatively nonintrusive approach to the peoples on Manchu China's East and Southeast Asian peripheries. Both the subsequent Japan- and US-centered models, for all their dynamism, proved incapable of ending endemic war or creating effective regional bonds. Each prioritized bilateral relations with the dominant power and sought without success to assure its own military primacy and security during epochs of permanent warfare. Their search for hegemony instead wrought vast instability and permanent warfare.

If the emergence of wide-ranging and deep mutual economic relations across East Asia, pivoting on China, Japan and Korea and extending via the Chinese diaspora, provides foundations for a new regional order, China will surely be a major actor within it. However, with Japan and the US as major powers in the region, China cannot play a hegemonic role any time soon, certainly none comparable to that of the eighteenth century. In contrast to realist international relations analysts such as John Mearsheimer, who project the emergence of a hegemonic China in East Asia based on assumptions about China's continued economic growth, a more likely prospect for the coming decades is a regional order in which China plays an important role, but the pace of Chinese development slows and no single nation reigns supreme.<sup>57</sup> Immediate challenges both to national development trajectories and to regional accord will come from economic recession, geopolitical conflicts of which a divided Korea remains the most dangerous, American attempts to dominate whatever Asian regional order emerges, and historical memory conflicts that continue to divide China, Japan and Korea.

The present conjuncture suggests one other important theme that differentiates the contemporary era from that of both the Pax Sinica of the 18<sup>th</sup> century and the Pax Nipponica of the first half of the 20<sup>th</sup> century. In both of the earlier epochs, East Asia was embedded in the global economy, yet the geopolitical reach of its dominant powers remained limited to East Asia. In the new millennium, China, Japan and Korea are all actively promoting the global reach of their economies, as exemplified by China's engagement in Africa and the heavy stakes of all three nations in the US and European economies, while carefully assessing geopolitical opportunities associated with their growing economic clout.

Richard Falk's critique of a predatory neoliberal globalism dominated by US power, introduced at the beginning of this paper, leads to reflection on whether other forms of order are possible in the new millennium. Our survey has suggested that, with the imminent decline of American power and the resurgence of East Asia, other forms of regional and global order



become possible . . . if they can learn from the lessons of US failures, and overcome conflicts internal to the region.

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### **Notes**

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- <sup>1</sup> This approach rejects the notion that global processes are something new under the sun. Rather it seeks to set off earlier global processes, some of which are described below, in contrast to contemporary manifestations of both regional and global processes.
- <sup>2</sup> Richard Falk, Predatory Globalization: A

Critique (London: Polity Press, 1999) p. 2.

- <sup>3</sup> For discussion of concepts of region, see Shintaro Hamanaka, *Asian Regionalism and Japan*. The politics of membership in regional diplomatic, financial and trade groups, (London: Routledge, 2009), espec. pp. 3-5.
- <sup>4</sup> Cold War Frontiers in the Asia-Pacific: divided territories in the San Francisco system (London: Routledge, 2007).
- <sup>5</sup> Quintessential works in this literature are David Landes, *The Unbound Prometheus*. *Technological Change and Industrial Development in Western Europe from 1750 to the Present* (Cambridge: Cambridge University Press, 1969) (2<sup>nd</sup> edition, 2003); W. W. Rostow, *The Stages of Economic Growth. A Non-Communist Manifesto* (Cambridge; Cambridge University Press, 1962).
- <sup>6</sup> China was the geopolitical center of East Asia in the 18<sup>th</sup> century, but, as during the Mongol dynasty earlier, it was ruled by a steppe people, the Manchus, who in turn drew heavily on Mongol military and administrative strengths, thereby lending a distinctive multi-ethnic and cosmopolitan character to the Qing empire and its dealings with peoples on its borders, notably the Mongols, Tibetans and Uyghurs of Central Asia, as well as the peoples of Southeast Asia as well.
- Takeshi Hamashita, edited by Mark Selden and Linda Grove, China, East Asia and the Global Economy: Regional and historical perspectives (London: Routledge, 2008); Giovanni Arrighi, Takeshi Hamashita and Mark Selden, eds., The Resurgence of East Asia: 500, 150 and 50 year perspectives, London: Routledge, 2003; R. Bin Wong, China Transformed: Historical Change and the Limits of European Experience, Ithaca: Cornell University Press, 1997; Kenneth Pomeranz, The Great Divergence: China, Europe, and the Making of the Modern World Economy, Princeton: Princeton University Press, 2000;

Andre Gunder Frank, ReORIENT: Global Economy in the Asian Age, Berkeley: University of California Press, 1998; Gary Hamilton, Commerce and Capitalism in Chinese Societies, London: Routledge, 2006; Hidetaka Yoshimatsu, The Political Economy of Regionalism in East Asia. Integrative Explanations for Dynamics and Challenges, Basingstoke: Palgrave Macmillan, 2008; Mark Beeson, Regionalism and Globalization in East Asia: Politics, Security and Economic Basingstoke: Development, Palgrave Macmillan, 2007; Francesca Bray, The Rice Economies: Technology and Development in Asian Societies, New York: Oxford University Press, 1985; Nola Cooke and Li Tana, eds., Water Frontier: Commerce and the Chinese in the Lower Mekong Region, 1750-1880, Lanham MD, Rowman and Littlefield, 2004; Anthony Reid, Southeast Asia in the Age of Commerce, 1450-1680 (2 vols), New Haven: Yale University Press, 1988 and 1993. The issues have been sharply debated by historians and economists in symposia in The Journal of Asian Studies, American Historical Review, and Modern China among others. They have also been examined by a range of Japanese and Chinese scholars. See especially Sugihara Kaoru's edited collection on the links between Japanese development, intra-Asian trade, and the Asian economies, Japan, China and the Growth of the Asian International Economy, 1850-1949, Oxford: Oxford University Press, 2005, Linda Grove and Christian Daniel, eds. State and Society in China: Japanese Perspectives on Ming-Qing Social and Economic History (Tokyo: University of Tokyo Press, 1984); and Wang Hui, The Politics of Imagining Asia: Empires, Nations, Regional and Global Orders, Inter-Asia Cultural Studies, 8,1, 2007, pp. 1-34.

- <sup>9</sup> Anthony Reid, Southeast Asia in the Age of Commerce, 1450-1680 vol.2, p. 33.
- <sup>10</sup> Chapter 4: "Silver in Regional Economies and the World Economy: East Asia in the Sixteenth to the Nineteenth Centuries." Translation by J.P. McDermott. *China, East Asia and the Global Economy*. Cf. Andre Gunder Frank, ReORIENT, especially pp. 131-64; Kenneth Pomeranz, *The Great Divergence*, espec. pp. 159-62, 267-74.
- <sup>11</sup> See for example Saskia Sassen, *The Global City: New York, London, Tokyo*, Princeton: Princeton University Press, 2001 2<sup>nd</sup>.ed); Saskia Sassen, *Cities in a World Economy*, 3<sup>rd</sup> Ed. Thousand Oaks, California: Pine Forge, 2006.
- <sup>12</sup> This is not to suggest the absence of armed conflict in Asia. China achieved the peak of territorial expansion during the 18<sup>th</sup> 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, however, and particularly coastal China, by contrast, enjoyed protracted peace. As did large areas of East Asia.
- <sup>13</sup> Alain Gresh, "From Thermopylae to the Twin Towers: The West's Selective Reading of History," *Le Monde Diplomatique*, January 2009.
- 14 S. Sugiyama and Linda Grove, eds., Commercial Networks in Modern Asia, Richmond Surrey: Curzon, 2001, especially chapters by Hamashita Takeshi, Furuta Kazuko, Linda Grove; A.J.H. Latham and Heita Kawakatsu, eds., Intra-Asian Trade and the World Market, London: Routledge, 2006; K N Chaudhuri, Asia before Europe: Economy and Civilisation of the Indian Ocean from the Rise of Islam to 1750, Cambridge: Cambridge University Press, 1990.
- <sup>15</sup> "Asia Redux: Conceptualizing a Region for

<sup>&</sup>lt;sup>8</sup> Our focus in this article is on East Asia. China's tributary trade order extended, of course, beyond East Asia, notably to Inner Asia, involving for example the Mongols, Tibetans and Manchus, and beyond to Southeast Asia, particularly the Vietnamese.

our Times". Presented at the Iowa Symposium, April 6-7, 2010.

- <sup>16</sup> "Anne Booth," Did It Really Help to be a Japanese Colony? East Asian Economic Performance in Historical Perspective," The Asia-Pacific Journal.
- <sup>17</sup> Angus Maddison, *The World Economy: Historical Statistics*, Paris: OECD Development Centre, 2003, cited in Booth, Table 3.
- <sup>18</sup> Samuel Ho, "Colonialism and Development: Korea, Taiwan, and Kwantung" in Ramon H. Myers and Mark R. Peattie, eds., *The Japanese Colonial Empire*, 1895-1945, Princeton: Princeton University Press, 1984, p.382; Chihming Ka, *Japanese Colonialism in Taiwan. Land Tenure*, *Development and Dependency*, Boulder: Westview, 1995; Harry J. Lamley, "Waitwan Under Japanese Rule, 1895-1945. The Vicissitudes of Colonialism," in Marray A. Rubinstein, ed., *Taiwan: A New History*, Armonk: M.E. Sharpe, 1999.
- <sup>19</sup> Booth, "Did It Really Help to be a Japanese Colony," Table 11. Booth shows that the pattern of metropolitan domination of the trade of the colonies was not universal. While the model well fit the Philippines (United States), in the late 1930s, trade dependence on the metropolis was less than twenty percent in the case Malaya (Britain) and Indonesia (Holland).
- <sup>20</sup> Hui-yu Caroline Ts'ai, *Taiwan in Japan's Empire Building. An institutional approach to colonial engineering*, London, Routledge, 2009.
- <sup>21</sup> Sven Saaler and J. Victor Koschmann, eds., *Pan-Asianism in Modern Japanese History. Colonialism, regionalism and borders*, London, Routledge, 2008).
- <sup>22</sup> I am indebted to Heonik Kwon for clarifying the centrality of the colonial experience for understanding all wars of the post- World War II epoch.

- <sup>23</sup> Asia Redux, p. 11.
- <sup>24</sup> Edward Friedman, Paul G. Pickowicz and Mark Selden, *Revolution*, *Resistance and Reform in Village China*, New Haven, Yale University Press, 2005.
- <sup>25</sup> CIA—World Factbook. In per capita terms, Japan ranked 42<sup>nd</sup> (\$32,600), South Korea 49<sup>th</sup> (\$28,000), and China 128<sup>th</sup> (\$6,600) with Hong Kong 15<sup>th</sup> (\$42,700) and Taiwan 47<sup>th</sup> (29,800) (link). IMF calculations for nominal GDP for 2008 placed Japan second, China third and South Korea 15<sup>th</sup>. (link)
- <sup>26</sup> Yu Zhou, *The Inside Story of China's High-Tech Industry. Making Silicon Valley in Beijing*, Lanham, Rowman & Littlefield, 2008.
- <sup>27</sup> Michael Roberge and Youkyung Lee, "China-Taiwan Relations," Council on Foreign Relations, 2009.
- <sup>28</sup> Yu-huay Sun and Eugene Tang, Taiwan, China Start Direct Links as Relations Improve, Bloomberg December 15, 2008.
- <sup>30</sup> To be sure, progress toward rapprochement has slowed under South Korean Pres. Lee Myung-bak.
- <sup>31</sup> There is a further recycling via Japan's multibillion dollar subsidy (the so-called sympathy payments) to pay for an estimated seventy percent of the vast US military component in

Japan, and especially Okinawa, and further billions to support the projected shift of most or all of the US Marine component from Okinawa to Guam. See Gavan McCormack, Ampo's Troubled 50<sup>th</sup>: Hatoyama's Abortive Rebellion, Okinawa's Mounting Resistance and the US-Japan Relationship," three part article, *The Asia-Pacific Journal*, May 31, 2010.

# <sup>32</sup> US Treasury Department.

<sup>33</sup> Mark Landler, "Dollar Shift: Chinese Pockets Filled as Americans' Emptied," The New York Times, December 25, 2008; R. Taggart Murphy, Asia and the Meltdown of American Finance; Kosuke Takahashi and R. Taggart Murphy, The US and the Temptation of Dollar Seignorage; James Fallows, "Be Nice to the Countries That Lend You Money," *Atlantic Monthly*, December 2008.

34 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. Likewise the postwar US economic boom from 1945-1968 occurred in the midst of, and was fueled by, war and preparation for war. Both US and Japanese gains were bought at the price of devastation of Korea and Indochina. Stated differently, the US could enjoy the long "peace" of the postwar decades at home while its wars abroad in the post-colonial periphery of Asia were experienced as the extension of war and occupation that were the hallmarks of the colonial era. Heonik Kwon astutely assesses this bifurcation in a book in progress.

<sup>35</sup> For recent discussion of the Kondratieff moment, see Immanuel Wallerstein interviewed by Jae-Jung Suh, Capitalism's Demise? *The Asia-Pacific Journal*; and, especially Robert Brenner interviewed by Jeong Seong-jin, Overproduction not Financial Collapse is the Heart of the Crisis: the US, East Asia, and the

World, The Asia-Pacific Journal; and R. Taggart Murphy, In the Eye of the Storm: Updating the Economics of Global Turbulence, an Introduction to Robert Brenner's Update, The Asia-Pacific Journal.

<sup>36</sup> Douglas H. Brooks and Changchun Hua, "Asian Trade and Global Linkages," *ADB Institute Working Paper No. 122*, December, 2008, "Intra-regional Trade of Major Regions (1988-2007), Fig. 6, p. 10.

World Trade Organization, International Trade Statistics 2009. Trade by Region. Table 1.6. See also Prema-chandra Athukorala, ed. "The Rise of Asia. Trade and investment in Global Perspective," espec. Athukorala and Hall, "Asian trade and investment. Patterns and trends," pp. 11-57.

- <sup>38</sup> Athukorala and Hill provide further data and discussion of foreign investment in China in regional and global perspective for the years 1984-2007, as well as sectoral data, pp. 37-52.
- <sup>39</sup> Other instances that merit comparative analysis are the Geneva Conference on Indochina of 1955 and the Afro-Asian Conference at Bandung in the same year, both heralding the importance of newly emerging nations in a post-colonial world.
- 40 See Xinjun Zhang, "China's 'Peaceful Rise', 'Harmonious' Foreign Relations, and Legal Confrontation and Lessons From the Sino-Japanese Dispute Over the East China Sea," Foreign Policy Research Institute, April 16, 2010; Suisheng Zhao, "China's Global Search for Energy Security: cooperation and competition in the Asia-Pacific," Journal of Contemporary China, issue 55, 2008, pp. 207-27; Michael Richardson, A Southward Thrust for China's Energy Diplomacy in the South China Sea, The Asia-Pacific Journal, and David Rosenberg, Managing the Resources of the China Seas: China's Bilateral Fisheries Agreements with Japan, South Korea, and Vietnam, The Asia-Pacific Journal.

- <sup>41</sup> Gavan McCormack, *Client State: Japan in America's Embrace*, London: Routledge, 2007; Gavan McCormack, Ampo's Troubled 50<sup>th</sup>: Hatoyama's Abortive Rebellion, Okinawa's Mounting Resistance and the US-Japan Relationship, *The Asia-Pacific Journal*, 22-3-10, May 31, 2010; Kensei Yoshida, Okinawa and Guam: In the Shadow of U.S. and Japanese "Global Defense Posture," *The Asia-Pacific Journal*, 26-2-10, June 28, 2010.
- <sup>42</sup> The combination of Japan's military power and the aspirations of neo-nationalist politicians suggests other possible outcomes. The MSDF presence in the Indian Ocean since 2003 tasked with refueling US and allied ships in the Afghan War, means that Japan's navy has taken up positions critical to guaranteeing its oil supplies from the Middle East. Similarly, plans are under review for an active military role in response to Somali hijacking of Japanese ships. See Michael Penn, "Somali Pirates and Political Winds Drive Japan to the Gate of Tears off Somalia," The Asia-Pacific Journal, Vol. 4-2-09, January 20, 2009.
- <sup>43</sup> "An East Asian Community and Japan-China Relations", JISS Commentary 89, 2010.
- <sup>44</sup> Mark Beeson, "East Asian Regionalism and the Asia-Pacific: After American Hegemony," *The Asia-Pacific Journal*.
- <sup>45</sup> Xetrade, "Japan, South Korea, China: trilateral ties, tensions"; Brad Setser, This Doesn't Look Good: Taiwan, Korea and China Exports Tank, *The Asia-Pacific Journal*.
- <sup>46</sup> Joel Rathaus, "China-Japan-Korea trilateral cooperation and the East Asian Community, East Asia Forum, June 15, 2010. The first round of research was completed in 2010 with plans to complete the study by 2012.
- <sup>47</sup> William Underwood, "Redress Crossroads in Japan: Decisive Phase in Campaigns to Compensate Korean and Chinese Wartime Forced Laborers," *The Asia-Pacific Journal*,

- 30-1-10, July 26, 2010; Ivy Lee, "Toward Reconciliation: The Nishimatsu Settlements for Chinese Forced Labor in World War Two," *The Asia-Pacific Journal*, August 9, 2010; but see also the alternative perspective advanced by Kang Jian, "Rejected by All Plaintiffs: Failure of the Nishimatsu-Shinanogawa "Settlement" with Chinese Forced Laborers in Wartime Japan," *The Asia-Pacific Journal*, August 9, 2010.
- <sup>48</sup> David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security* 29.3 (2004), pp. 64-99.
- <sup>49</sup> Peter J. Katzenstein, "Japan in the American Imperium: Rethinking Security," *The Asia-Pacific Journal*; Richard Tanter, The Maritime Self-Defence Force Mission in the Indian Ocean: Afghanistan, NATO and Japan's Political Impasse, *The Asia-Pacific Journal*; Mel Gurtov, Reconciling Japan and China, *The Asia-Pacific Journal*; Gavan McCormack, "Conservatism" and "Nationalism". The Japan Puzzle, *The Asia-Pacific Journal*.
- 50 South Korean navy pursues hijacked oil tanker, BBC News, April 5, 2010; Harth Pant, "China's Naval Expansion in the Indian Ocean and India-China Rivalry" *The Asia-Pacific Journal* May 3, 2010.
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<sup>52</sup> Beeson, East Asian Regionalism and the Asia-Pacific: After American Hegemony.

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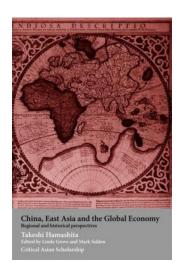
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55 Yonson Ahn, The Contested Heritage of

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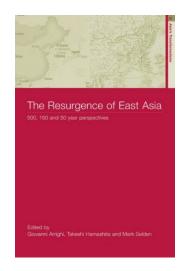
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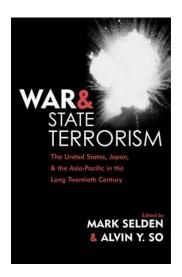
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28