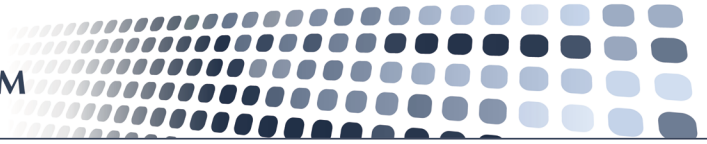




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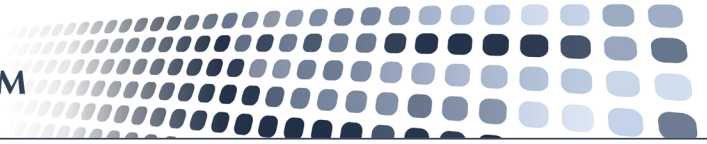
ISSN: 2036-5438

One Mountain with Two Tigers - China and the United States in East Asian Regionalism

by

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Perspectives on Federalism, Vol. 2, issue 3, 2010



Abstract

The article argues that regionalism in East Asia since the end of the Cold War has been largely shaped by the interactions of China-US relations, influencing and determining the development and transformation of economic and political cooperation and integration in the region. The paper intends to offer a framework for understanding the historical inter-connections between China-US relations in East Asia during different periods and their dynamic nexus with the evolution of the regional integration process. The theoretical reflection of the paper posits that the neo-functionalism theory, which is largely generated and shaped by the historical evolution of the EU political project, cannot be applied as an overall conceptual framework in understanding regionalism in East Asia. Conventional theories of international relations driven by power rivalry, realism, geopolitics, political economy, balance of power, etc, still have a determining effect East Asia in defining “functions”, influencing the process and determining the outcome.

Key-words:

China, United States, Cooperation, Competition, Security



1. Introduction

The theoretical reflection of the paper argues that the tenets of functionalism and neo-functionalism and federalism theories, which are largely generated and matched by the historical and empirical evolution of the EU integration project, cannot be applied as an overall conceptual framework in understanding regionalism in East Asia. Conventional international relations theories embedded in the assumptions of power rivalry, realism, geopolitics, political economy, balance of power, etc, still have a determining effect in East Asia in generating “functions”, influencing the process and defining the outcome. Regionalism in East Asia, in the view of the authors, cannot be fully understood and explained from the above three theoretical perspectives, i.e. of functionalism and neo-functionalism and federalism theories, even though some of their theoretical assumptions, such as the positive spill-over effect, prove to be applicable in comprehending the dynamic regional economic interactions as well as in understanding the logical and causal rationality behind the evolution of some sub-regional institutions, such as ASEAN. After all, East Asia is a historically more complicated, culturally more diversified, and economically and politically more differentiated region than the EU.

When discussing regional integration in East Asia beyond the current scope of the ASEAN structure, it is a consensus that the key players in either driving the integration process or restraining it are located in Northeast Asia, namely the three largest economies in the region – China, Japan and South Korea. What is even more interesting is the fact that the political economy of the region’s international relations is, in many ways, highly influenced and even to some extent shaped by the hegemonic power and the pivotal role of the United States. The USA, despite its long distance from the region, has historically directed and even shaped the evolution of the region since the end of the Second World War. The economic and political rise of China in the past three decades has begun, in parallel with the US, to influence the on-going transformation of international political economy in the region and shape the direction of regional integration. Like it or not, the evolution of China-US relations will, to some extent, determine the success or failure of regional integration in East Asia. Therefore, in order to understand the historical evolution of regional integration in East Asia, and its on-going process and even its future prospects,



it is important to understand the relationships between China and the US and their role in determining the direction and the form of regional integration in East Asia.

In retrospect China-US relations in East Asia have evolved through several stages. After the end of Cold War and with the collapse of the USSR, the American-European-Asian military alliance lost its compelling rationale and legitimacy (Pfaff 2001). These transformations raised some fundamental questions for the US as how to maintain the US-centered core structure in the post-Cold War world system? (Schwenninger 1999) What was the supporting pillar for a continuing US-led security network in the Triad (North America – Europe – Japan) when the former enemies had disappeared? Which could be the post-USSR political force that can be identified as the threat to the US “New World Order” (Kagan and Kristol 2000)?

The post-Cold War transformation of international political economy opened the first stage of the new cooperative and competitive relations between China and the US in East Asia. Despite the fact that Washington and Beijing enhanced their mutual political and strategic trust in some areas of cooperation, a new US Administration and the shift of its foreign policy priority in line with the dramatic rise of China necessitated the need to define a new paradigm to conceptualize the complex competitive and cooperative relationship between the two powers.

Methodologically this paper takes a critical and dialectical approach in providing a problem-oriented analysis of contradictory elements and tendencies in the China-US relationship with a special focus on its role and impact on regional integration process in East Asia. In other words, its intends to use an interdisciplinary framework of combining historical, geopolitical and political economy perspectives to analyze the dual interactions of conflict and cooperation between China and the US to understand their transformations in the new era and to see how China-US relations in different periods had an impact on East Asian regionalism.

2. The United States, China and East Asia in Historical Retrospect

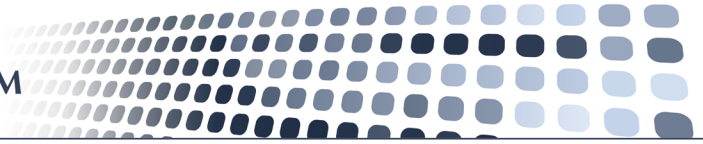
From the age of great confrontation to the age of shared interest (1949-1976)



The communist victory in China in 1949 shocked the post-war capitalist world order under American leadership. The US government immediately responded to the “loss of China”¹ by imposing military containment and isolation of Maoist China, on the assumption that the containment of China could prevent the spread of revolution in the region. It is argued by many scholars that the loss of China also contributed to the political economy of the ascendant Japanese and East Asian newly industrializing states, which thrived under American parenting (Hersh 1993). Politically, in providing security, economic support and military aid to Japan and other East Asian states, the US aimed to control and define their roles within the American-led alliance and prevent them from embarking upon an independent political and military course. (Schwarz 1996). The security burden of the allied countries’ military expenses was also greatly reduced by the American economic aid and its military presence. American military bases in the region have been documented to have not only provided security for these countries but also to have provided them with economic benefits such as employment.

Economically, the main objective of US post-war policy toward East Asia was to cement strategic relations through military aid and economic interdependence, to strengthen the position of pro-US political elites, and more importantly, to restore and nurture a Japan-centred East Asian economic growth in the hope that this would help immunize the region against Chinese communist expansion. This also laid a favorable developmental foundation for Japan’s second gaggle of “flying geese”¹¹, its attempt at regional integration through establishing a production network in East Asia. During the flight of the “second gaggle” of geese, Japan and the second flying layer of geese (South Korea, Taiwan, Singapore and Hong Kong) became a part of the US-led capitalist world system, i.e. a strategic course to create a capitalist world economic system - “a global liberal economic regime” – which implicitly strove to achieve a US-cloned “Greater East Asian Co-prosperity Sphere” (Schwarz 1996).

Considering the extent of the US historical, political and economic influence in the region, to discuss East Asian regionalism without taking consideration the role of the US would be meaningless. The US regarded itself not only as a global power in general but also an Asian-pacific power in particular, as illustrated by the simple fact that US trans-Pacific trade has always been bigger than its trans-Atlantic trade. The US can become both a facilitator and a resister to East Asian regional integration depending on a number of



crucial factors connecting with American interest. The US long-term strategic interest in East Asia can be understood as having a dual objective: “watching” the role of Japan and “managing” the risk posed by the rise of China as a global and regional power. The US role and presence in this region as a balance-of-power guarantor are generally welcome by the smaller nations of Asia. It is to be expected that in the foreseeable future the US will remain a key role player in this region’s integration process whether one likes it or not.

Regional integration during the period under consideration was characterized by a Japan-led multi-tier and hierarchical “flying geese” model in which regional economic integration was promoted and spread from Japan to the less developed countries through a set of inter-related and overlapped types of economic relation: 1) The dynamics of “take-over”, “ladder” and “chain” pattern of intraregional economic relations; 2) The dynamics of intra-regional market and trade; 3) intra-regional investment (Li 2007).

The Japan-based flying-geese regionalism was still a West-oriented development strategy, i.e. fully dependent on the US and European market. As the leader of the first wave of regional industrialization, Japan sought to rely on its recovered economic strength and the US Cold War security umbrella, and employed its aid as a means to boost its industrial power and consolidate its production relations in East Asia. Politically, Japan had to keep a low profile in international political affairs and was reluctant to come up with bold political initiatives. During the three decades after the Second World War, the 50s, 60s, and 70s, Japan took the opportunities of the global economic restructuring, and gradually transformed itself from a defeated nation into the second largest economy in the world after the United States.

Following the development pattern of Japan, the East Asian Newly Industrializing Economies (South Korea, Taiwan, Hong Kong and Singapore) played the key role in generating the second industrialization wave, in which they inherited Japanese capital, technologies and mode of production, and within several decades they succeeded in achieving industrialization. Since the 80s, three ASEAN countries – Malaysia, Indonesia and Thailand - have led the third industrialization wave by taking the opportunities in the adjustments of production structure in Japan and the Asian NIEs and by absorbing their investments and technologies.

Of far-reaching importance for the whole region at this time was China’s economic take-off, accelerated by its reform program since the late 1970s, and which is regarded as



the fourth industrialization wave in East Asia. The rapprochement between China and the United States since the early 1970s, driven by their common strategic objectives, improved the regional political environment and specifically smoothed China's international relations, thus providing a favorable external environment for its modernization project. However, China was not in any sense seen as regional development promoter or as an engine of economic growth. Rather, China was a student of industrialization, an absorber of technologies, and a production base of light industries. The march of China's 1.2 billion population towards the market economy was frequently seen in the United States as the greatest "savior" of capitalism.

The Transformative Evolution of China-US Relations in East Asia (1989-2001)

China-US relations at the end of 1980s and beginning of the 1990s experienced five significant events in a brief space of time: the Tiananmen Event (1989)^{III}, the Fall of the Berlin Wall (1989), the Gulf War (1990), the collapse of the Soviet Union and the socialist bloc (1991) and the expansion of China's market reform driven by Deng Xiaoping's inspection tour in South China (1992)^{IV}. These events were perceived as the "end of history" (Fukuyama 1992), leaving the United States as the only active superpower while placing China in a situation of passive adjustment.

The Tiananmen Event in 1989 exposed the fundamental differences in the major areas of Chinese and American national interest, that is, Comprehensive National Power, National Political institutions and National Values. Despite the obvious differences, both sides retained a decent level of competition and cooperation because the "China card"^V in the 1970s was still useful to strategically balance the Soviet Union. The first Gulf War and the Kosovo War^{VI} had limited impact on China-US power interaction in East Asia, and both sides were in a process of probing and defining bilateral relations in relation to their respective strategic objective. After Deng Xiaoping's inspection tour in South China in 1992, China's open-door policy and reform programs were further extended and strengthened. At this point, although being surrounded by a critical international environment, Chinese economic setbacks were gradually overcome, and China recognized the need to ease the competition and strengthen cooperation with United States.

Politically, China's proactive multilateral diplomacy since the late 1990s has been putting pressure on the United States to reassess its multilateral policy in East Asia, and

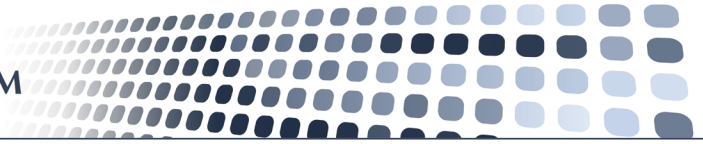


this competitive dynamic may lead to the creation of multilateral arrangements that include the United States as well as China. In fact, a Six-Party security cooperation arrangement^{VII} in Northeast Asia may become the precursor to this new trend in Asia. Those who support the U.S.-in-Asia approach believe that a combination of hedging alliances and inclusive multilateral arrangements will be a stabilizing force in the region.

At the regional level, in parallel to China's global emergence since the 1990s, East Asia witnessed a gradual shift away from the vertical "flying-geese" model to a new horizontal modeling of regional economic integration. China's internal diversified regional differences and unbalanced development levels between the regions showed that the country was developing in different economic layers simultaneously and had economic relations with many countries at different levels of production and labor relations. This situation is obviously not to China's disadvantage because it enables China to cooperate with other countries in almost all industrial sectors. On the one hand, China is capable of cooperating with the mature economies, such as Japan and the NIEs in developing high-tech industries while taking over their labor-intensive industries. On the other hand, it can also export capital, intermediate products and some of its labor-intensive industries to less developed countries in the region. Based on these closely linked economic relations, Chinese economy is increasingly integrated with the regional economy.

China-US relations in East Asia since the new century

In the beginning of the 21st century, China experienced a favorable external environment for development. The post-9/11 shift in American strategic focus from containing the rise of China to countering global terrorism together with engaging in two wars both in Iraq and Afghanistan disrupted the Bush Administration's originally planned geopolitical strategy toward East Asia. The "menace" from the emerging countries, such as China, Russia and India, was moved away from the top priority of American national interest. To fight against global terrorist threats, the US needed to obtain security cooperation from China. The opportunity provided by the North Korean nuclear crisis positioned China as an ad-hoc American ally. In the following years after the 9.11, the *National Security Strategy Report* of the United States redefined the priority of its security concerns identifying fighting terrorism, proliferation, regional stability as the first three national priorities. In order to win the anti-terrorism war, the United States strengthened

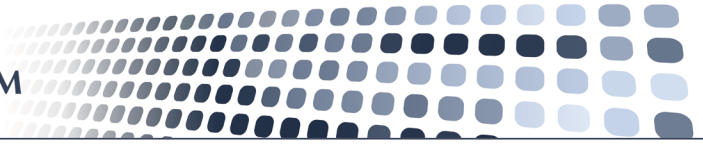


cooperation with China regarding the issues such as border control between China and Afghanistan, financial quantitative control and a FBI office in Beijing (Shen 2006).

Given the reality of the early 21st century, the transnational phenomena of globalization, information, terrorism, proliferation of weapons of mass destruction, failed states, economic recession, and HIV/AIDS, have been challenging the unilateral power of the United States, leading to a readjustment its relations with regional powers. The situation in post-war Iraq indicates that the U.S. cannot even manage a small country without substantial help from the international community. The understanding was shared by Colin Powell, Condoleezza Rice, and even President Bush himself, that cooperation with global major powers should be America's top diplomatic goal, and China, undoubtedly a big power, is an indispensable partner. This spirit was clearly embodied in the Bush Administration's *National Security Strategy Report 2002*.

For China, the fulfillment of its grand strategy of "the establishment of a well-off society in an all-round way" through economic modernization and integration with the capitalist world system would be impossible without engaging in positive relations with the United States, making America the "priority" of Chinese diplomacy adopted by the post-Mao leaderships. The current leadership under Hu Jintao and Wen Jiabao is pursuing a more moderate and realistic accommodation with the United States. The policy of prioritizing the United States can be seen in China's positive involvement in the six-party talks on the North Korean nuclear issue, support for the American counter-terrorism strategy, acceptance of the reality of an American military presence in East and Central Asia and a change in rhetoric from "anti-hegemony" to "anti-unilateralism," including the consultation of the bilateral trade imbalance and the revaluation of the Chinese currency (RMB).

With the Obama Administration coming into power and its foreign policy adjustment ranging from the Iran nuclear issue to Palestinian-Israeli relations, from global warming to the WTO negotiations, the United States seemingly showed a positive attitude and a new face: Obama was willing to meet with the leaders of all nations, friend and foe. He believes if America is willing to come to the table, the world will be more willing to rally behind American leadership to deal with challenges like terrorism, and Iran and North Korea's nuclear programs. This is the vision of the so-called the Obama-Biden Plan^{VIII}



What is the most challenging fact is that China has transformed from a supportive role to a leading role in regional economic integration in East Asia. Since 2000, China's contribution to global GDP growth was almost double the contribution from the other three newly industrializing economies (India, Brazil and Russia). According to the World Bank calculation, China's contribution to world economic growth between 1980-2000 period was 14 %, although it was lower than the US contribution of 20.7%, but it was 7% higher than that of Japan (Japan's economic growth in the 1950s had a great impact on the world economy). China's contribution to world economic growth further jumped to 17.5 percent in 2002, leading to acknowledgement by the UN "World Economic Situation and Prospects for 2003" that China had become the "locomotive" for Asian economic growth.

China's contribution to global trade growth shows another indispensable aspect of its global and regional dynamism. Ravenous China's oil imports rose by 30% in 2003, to make it the largest oil importer after the US. In addition China accounted for half of the world's consumption of cement, 30% of its coal, and 36% of its steel. Today China is the third largest contributor to world trade growth after the US and the EU. China trade has a decisive effort on the economic and trade growth of developing countries. For example, China's overall trade with Africa rose from \$10.6 billion in 2000 to \$40 billion in 2005, and in 2006 the trade between China and Sub-Saharan Africa amounted to US\$25 billion, which accounted for about 85 percent of all African exports to China (Wang, 2007:5). However, China's global trade has also a side-effort, namely a tendency towards overdependence on foreign market for oil, raw and energy resources, which bears far-reaching implications for its national security and sustainable economic growth. China has to look for other alternatives in terms of renewable energy, innovation and sustainable development.

There is indeed a consensus in East Asia that China's economic power, especially in its growing domestic market, has become an important force promoting regional economic cooperation and trade growth and spurring East Asian economic recovery. Japan has acknowledged that its recent economic recovery had been due in a large part to its massive exports to the Chinese market shifting its traditional trade deficit to surplus. Japan has remained China's largest trading partner and import source as well as third largest export market for 10 consecutive years. For the first time in history China (excluding Hong Kong and Macao) surpassed the US and became Japan's largest trading partner in 2007. For



South Korea, China (excluding Hong Kong and Macao) already became its top export market in 2003.

The Asian financial crisis in 1997 and the current global financial crisis since 2008 had substantially worsened the regional economy. In both cases the region recognized the fact that it is China, not the United States or Japan, that has been playing the most important role in the region's economic recovery. During the crises China refused to devalue its currency, instead, it drew on its extensive foreign exchange reserves to assist distressed nations. In addition, China refused to withhold its committed aid to Asian nations that tried to put their vulnerable economies in shape. Nowadays, the Chinese government is making gigantic moves to increase domestic market consumption through massive investment on infrastructure in order to sustain China's economic growth and stabilize regional trade in East Asia.

Facing the new situation in the region, Japan's new minister Yukio Hatoyama and his "East Asia Community" (EAC) proposal^{IX} received significant international attention. Such an idea will be difficult to realize due to the leadership rivalry between Japan and China. While the EAC idea might represent Japan's middle power diplomacy, aiming to prioritize a multilateral cooperative initiative, Japan is not likely to allow the EAC idea to be used by China to impose a China-led regional order. China-Japanese rivalry centres on membership of a prospective community; China favors ASEAN+3, while Japan has in the past preferred the ASEAN+6 grouping: the members of the East Asia Summit, including India, Australia and New Zealand. Although some scholars believe the movement toward realizing such a community is primarily a game played between the two regional powers, China and Japan, not China and United States, this paper argues that the EAC idea will not be realized without the involvement of the United States and the "US-in-Asia" historicity.

However, according to the "US-in-Asia" perspective, the exclusively US-centric approach runs the risk of creating a self-fulfilling prophesy by exacerbating the competitive tensions between the United States and China; whereas, the Asia-centric approach is rather unrealistic because it basically assumes that Japan will work with China to create a regional community that excludes the United States. In their view, while a bilateral alliance can provide a useful hedge against a third power, those who support the US-in-Asia approach regard regional multilateralism as a means of constraining great powers and preventing continental-maritime confrontation in Asia.



3. One mountain with two tigers X in a world of federalism, functionalism and neo-functionalism?

It is needless to point out the fact that there is indeed an economic integration process in East Asia. Defining “regional integration” to be a process in which states enter into a regional agreement in order to enhance regional cooperation through regional institutions, the notion of “integration” (different from “cooperation”) implies the increase of the interactions between nation-states within a geographic area under new forms of organization in which the governing principles go beyond the conventional understanding of sovereignty. The successful integration project of the EU, understood as a successful case of a regional integration project, is often explained or even confirmed by three theoretical perspectives: functionalism, neo-functionalism and federalism.

Functionalism and neo-functionalism

One of the key theoretical pillars in understanding and analyzing regional integration processes in different parts of the world is derived from the conceptual tenets of the theoretical school called Functionalism. The aim of this school is to transcend the constraints of most international relation theories which are guided by the underlying principles shaped by methodological territorialism (Scholte 1993). The teachings of Functionalism propose to build a form of regional or international authority due to based on logical and causal necessities of functions and needs derived from regional and international cooperation. The ideas of Functionalism intend to create an international authority defined by mutual needs, scientific knowledge, know-how and technology, leading to intensive economic integration driven by the progress of the forces of production, and the internationalization of socio-economic problem complexes.

Functionalism as a theory of international relations has received an upsurge in the current age of globalization and transnational capitalism. Its basic point of departure is to challenge the State as the central form of social organization and a core motivating unit which is driven by the logic and rationalism of self-interest. Functionalists intend to focus on common interests and needs shared by states including non-state actors, generated by the process of global economic integration in which the principle of state sovereignty

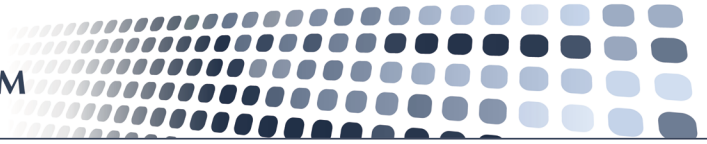


becomes outdated, and the increasing weight of knowledge of scientists and experts, rather than politicians, is recognized in the process of policy-making (Rosamond 2000).

Neo-functionalism, on the other hand, is a theory of regional integration with a specific approach to European integration. The historical evolution of the EU project has been largely theorized according to the neo-functionalist line of assumptions. Neo-functionalism in essence takes the functionalist perspective on integration even further aiming to promote the development of official supranational organizations such as the European Union. Comparing Functionalism with Neo-functionalism shows that the political theory known as functionalism denotes a policy of shifting responsibility to international bodies for coping with problems beyond the scope of nation-states due to the fact that the role of nation-state governments is to be progressively reduced and regional integration is to be dynamically encouraged by a variety of functionally based cross-national interactions. Driven by casual effects, such as positive spillover effect, increased number of transactions, transfer in domestic allegiances, regulatory complexity, supranationality then becomes a possibility just as Rosamond described it (Rosamond 2000): political integration will then become an “inevitable” side effect of integration in economic sectors.

Neo-functionalism is a theory with a primary nexus with regional integration strategy. Largely based on the integration process and experiences of the European Union, neofunctionalism aims at explaining how the “invisible hand” in the process of integration among states is gradually expanding such integration from limited economic domains to include much more deep-seated areas, such as territorial sovereignty and legal jurisdiction. This expansive integration phenomenon is termed as “spill-over” effect by neo-functionalists, implying that the integration process becomes irresistible due to the fact that states are functionally bound together. The clear differences between functionalism/neofunctionalism as a “new” school of international relations and realism as an “old” or “conventional” international relations framework of understanding can be summarized as follows:

Figure 1: Functionalism vis-à-vis realism^{XI}

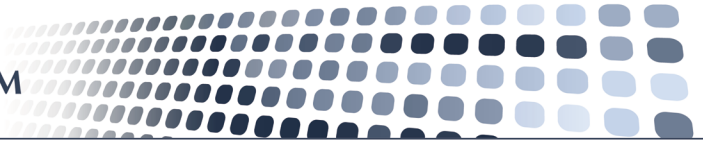


	Realism	Functionalism	Comments
Dominant goals of actors	Military security	Peace and prosperity	security through: Power vs collaboration
Instruments of state policy	Military force and economic instruments	Economic instruments and political acts of will	State policy of assertion vs negotiation
Forces behind agenda formation	Potential shifts in the balance of power and security threats	Initial emphasis on low politics, such as economic and social issues	Agenda sought: maintenance of position vs reaching consensus
Role of international organizations	Minor; limited by state power and the importance of military force	Substantial; new, functional international organizations will formulate policy and become increasingly responsible for implementation	International involvement: minimal vs substantial

Federalism

Federalism is closely connected with federation. The political goal of federalism or federation can only be realized when a high level of neo-functional integration has been reached. Federalism describes an ideology, such as centralist federalism, de-centralist federalism and balanced federalism; whereas federation refers to a system of the government, i.e. organizational principle (Rosamond 2000, 24), in which sovereignty is constitutionally divided between a central governing authority and constituent political units (sub-states, provinces or autonomous regions). Federalism is a system in which the division of power to govern is shared between national and provincial/state governments, such as the governing principles of the United States. The governing principles of federalism are expressed in the various forms of federation --- “a type of sovereign state characterized by a union of partially self-governing states or regions united by a central (federal) government”.^{XII}

However, if the above theoretical assumptions and discourses of federalism, functionalism and neo-functionalism are applied in the East Asia case, it is clear that the fundamental preconditions of functionalism, neo-functionalism and federalism are still lacking. The region is clearly divided by many fundamental differences, facing deep-seated difficulties and obstacles, such as vast diversities of ethnic integration, religion, economic development level, political system, cultural value, security concern, etc. More importantly, China-US relations are still playing a decisive role in shaping the region’s development and integration both in the past, in the current era and most probably in the future. This paper



argues that conventional international relation theories in line with power rivalry, realism, geopolitics, political economy, balance of power, etc, still have a deterministic effect in shaping and determining the process, the form and the outcome of regional development and integration, which cannot be fully explained by the functionalist/neo-functionalist postulations, not even by the basic ideas of federalism.

The unavoidable shadow of the United States in East Asia

For the US, the restoration and prosperity of the key economic powers of East Asia (Japan, South Korea, Taiwan) in the post-war period were realized as a result of the impact of returning global stability alleviated by the reconstruction funds provided by the United States whose post-war foreign and economic policies aimed at fostering developmentalist, authoritarian and anti-Communist states in different parts of the world, especially in the regions of the frontlines of the Cold War. The role of the United States during this period was to assume the responsibility of hegemonic stabilizer of the international system and to create the full development of a liberal world market through “providing global public goods in the form of security, opposition to communism, aid for economic development, and the strengthening of international institutions” (Huntington 2001). This unilateral globalism was later theorized as hegemonic stability theory set out by Charles Kindleberger (Kindleberger 1973) and further developed by Robert Gilpin (Gilpin 1987).

Therefore, it is legitimate to ask the question whether East Asian regionalism can be realized without the United States. Even today, the US is still the largest export market for the key countries in the region. In addition, the US has much closer political and military alliances with South Korea and Japan. Apart from the economic rationalities, the United States will have to both involve itself in and regulate East Asian affairs in order to make sure, for the sake of its own global interest, that China is becoming a responsible regional player in East Asia and a rational stakeholder in the international system.

China-US contradictions in East Asia

Unlike the European integration process in which the security issue in the region was more or less resolved under a common security umbrella, East Asia has been historically burdened with security dilemmas. Two major regional wars, the Korea War and the Vietnam War, took place in East Asia leaving many security issues unresolved until today.



Many of the regional security issues are directly related to China and the United States, or are shaped by China-US relations. Among them, the Korean Peninsula's stability and denuclearization represents one of the principal contradictions between China and USA.

First of all, Northeast Asia is one of the most dangerous places in the world. Historically it was the front line of the Korea War and the Cold War. After a half century there is still no peace treaty on the Korean Peninsula, where more than a million troops remain deployed within miles of each other. Today the world's three principal nuclear powers (the United States, Russia, and China) and the three largest economic powers (the United States, China and Japan) are politically and geographically entwined. To this day, Northeast Asia is not equipped with a regional security institutional framework analogous to NATO or the Organization for Security and Cooperation in Europe (OSCE). Although China and the United States have the same position in favour of a non-nuclear Korean Peninsula, each has a different interpretation of the nature of the problem and a different approach in resolving the problem.

The second contradiction between China and USA is the US-Japan Alliance. In the eyes of China, the US-Japan alliance, as a mutually beneficial insurance, is clearly targeted at "the potential threat" by China. With the balance of power shifting in East Asia due to the rise of China, a multilateral arrangement can offer a more fundamental solution in addressing the security dilemma in the region. Japan has an overlapping strategic interest in East Asia in which its central objective is to reduce the emergence of any direct military threat and create an international environment favourable for its regional strategy. In particular, Japan worries China's rise may prove to be a challenge to its own development ambitions. Japan believes that China's rise, the Korean nuclear issue and the Taiwan Straits situation are its main security threats.

The third contradiction between China and U.S. is the Taiwan Issue^{XIII}. The Taiwan problem was originally the outcome of the Chinese Civil War, and has become one of the most complex issues in international relations today. The Taiwan Issue has historically become a key indicator for China-US relations. Thus, dealing with this potentially explosive issue on a bilateral basis becomes the most pressing concern between China and the United States. However, the outcome will depend on the evolution of multiple developments, such as Taiwan's domestic political transformation, Taiwan-China economic integration, China's



adherence and determination of sovereignty and “core national interest”^{XIV}, China-US relations, etc.

The importance of East Asia for China's national security and the development of its “comprehensive national power” (CNP)^{XV} lies in three levels: 1) It is China's sovereignty safety buffer zone; 2) It is the frontier zone of China's struggle against hegemony; 3) It is the support zone of China's economic development. Inevitably East Asia is one of the key regions where China will have to face the competition and cooperation with United States. In Northeast Asia, the United States has established bilateral alliances and even multilateral alliances as the pillar of its policy in which China is excluded from many strategic and political arrangements. Although these arrangements are in compliance with the United States' interests in order to keep the balance of power in Northeast Asia, they may not meet the interests of China.

Seen from a longer perspective, the United States will not abandon its competitive power in East Asia. Another factor must also be taken into account: The United States has been concerned and worried in recent years by the shifting balance of power in the region, especially Chinese power accumulation and the Republic of Korea and Russia's close relation with China. On the other hand, China is becoming more and more confident and imposing even greater pressure to the United States and its allies. The two sides have however tacitly acknowledged new geopolitical realities on the key security issues of the U.S. military presence in East and Central Asia. The deep-seated suspicion over the motives and actions of the other side and efforts to contain or undermine the other's power or influence has declined. Cooperation to promote a nuclear-free Korean peninsula has given the United States an opportunity to open up increasing cooperation with China, although prospects are not entirely encouraging.

Looking at this from a positive perspective, the U.S. does not wish for the difficult issues of the bilateral relationship to affect the healthy development of its relations with China; it hopes that the two countries can restrain their behavior through dialogues and “strategic reassurance”^{XVI}, reaching a necessary level of “strategic mutual trust.” This is undoubtedly advantageous for American interests. The “strategic reassurance” proposed by the U.S. shows that they recognize that China has risen into a position of importance; the exchange of “reassurance” with China will not challenge the hegemonic position of the U.S. This will maintain the existing international system and order, rather than break it.



In other words, the demand that China provide the U.S. with “strategic reassurance” betrays the uneasiness that the U.S. currently feels towards China. From its individualistic standpoint, the U.S. views China’s unique socialist path as “different,” and is constantly criticizing China’s political model and democratic process.

Furthermore, when the U.S. demands that China provide “strategic reassurance,” what kind of “reassurance” can the U.S. provide for China? If the U.S. holds a reasonable hope of being able to build a strategic foundation for the long-term and stable development of China-U.S. relations, then it must not only provide “strategic reassurance” on the question of China’s core concerns, but it must feasibly act on this provision. Only then will there be prosperity for both countries and their people (Zhang 2009).

4. Conclusion

In East Asia, the relationship between the United States and China is playing a determinant role in leading and shaping the opportunities and constraints of the regional economic integration process. The two countries are destined to engage in comprehensive competitive and comprehensive cooperation for a long time in the future. Competition results in cooperation and cooperation lead to competition. Whether this cycle is malignant or benign or neutral still need further observations and analysis. What we can say is that this kind of China-US relations would be the most complex and sensitive bilateral relations in the world, and Northeast Asia is the main platform to test this relationship. The positive trend is that Northeast Asia (China, Japan and Korea) together with Southeast Asia (ASEAN) are coming to a common view on free trade cooperation, and have begun talking about regional integration. By this path, the Taiwan Issue and the North Korean nuclear crisis may possibly be resolved through the regional integration process. However, over the next few years, the China-US bilateral relationship will face difficult times. China's social, political and economic weakness may gradually harm both its domestic stability and ability to deal with external relations,

Because the interactions between China and the United States are closely connected with the evolutions and transformations of global development as well as with their respective internal political struggles, China-US relations are and will continue to be based



on a dialectical process of waxing and waning, declining and rising, as understood in the ancient Chinese concept of *yin* and *yang*. Seen from this perspective, this relationship will continue to be in a state of flux and reflux, rather than in a purposeful forward or backward movement

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^I "Loss of China" refers to the deep disappointment of the US over the victory of the Chinese Communist in Mainland China. This term was closely connected with "McCarthyism", which is a term that describes the search for American communists or communist sympathizers in the United States. Senator Joseph Raymond McCarthy was known for making claims that there were large numbers of Communists and Soviet spies and sympathizers inside the federal government and elsewhere, leading to the sufferings of many who were falsely accused.

^{II} Japan violently pushed forward the first gaggle of "flying geese" in the periods of 1930s and 1940s under the name of creating the "Greater East Asia Co-Prosperty Sphere". During the periods Japan militarily invaded and brutally ruled most of the countries in the region.

^{III} It refers to a series of demonstrations in Beijing in and near Tiananmen Square led by student and worker activists between the period of April 15 and June 4, 1989. The demonstrations were finally resolved by the military force. This event caused a short-term pause of China's reform program and deteriorated China-West relations.

^{IV} It referred to the period from January 18 to February 21, 1992, when China's then reform architect Deng Xiaoping inspected a number of coastal cities, mainly Shenzhen, Zhuhai and Shanghai, and delivered



important speeches at every stop of his inspection tour in order to speed up China's reform process.

^V "China Card" refers to the "tacit" Sino-American alliance during the Nixon Administration in the early 1970s in which the United States intended to play the "China Card" in order to collectively contain the Soviet Union's global expansionism.

^{VI} During the Kosovo War, the NATO allied force mistakenly dropped five US JDAM bombs and hit the People's Republic of China Embassy in the Belgrade on May 7, 1999, killing three PRC citizens and outraging the Chinese public.

^{VII} The six-party structure, which was formed to deal with the North Korea's nuclear issue, consists of six countries: North Korea, South Korea, China, Russia, the United States and Japan.

^{VIII} "The Obama-Biden Plan" can be read from "Barack Obama and Joe Biden's Plan to Secure America and Restore our Standing",

http://www.barackobama.com/issues/foreign_policy/index_campaign.php

^{IX} The vision of Hatoyama's "East Asia Community" (EAC) was originally spelt out in his 2005 book, where he outlined his desire to promote a project for an EU-style of East Asia Community and to make Japan play the key role in leading such a project. The objective of establishing of a regional economic community is to reach regional economic integration as an end point.

^X The original Chinese proverb is "one mountain cannot be shared by two tigers", implying that two equal powers cannot live together peacefully and they will have to fight until one of them prevails.

^{XI} Source: http://en.wikipedia.org/wiki/Functionalism_in_international_relations

^{XII} On "Federalism" <http://en.wikipedia.org/wiki/Federation>

^{XIII} It refers to the outcome of China's civil war in 1946-1949, which ended with the founding of The People's Republic of China on 1 October 1949 and with the retreat of the remaining political officials and armies of the Kuomintang to the island of Taiwan, thus creating the political division between the two sides of the Taiwan Straits.

^{XIV} China defines its core national interests as a) One-China position, Taiwan is part of China; b) China's sovereignty over Tibet; c) anti-separatism in Xinjiang Autonomous Region.

^{XV} It is a Chinese way of measuring general power of a nation-state. Unlike most Western concepts of political power, the Chinese measurement includes both military factors (known as hard power) and economic and cultural factors (known as soft power).

^{XVI} "Strategic reassurance", coined by James Steinberg, Deputy Secretary of State in a conference sponsored by the Center for a New American Security, states that "China must reassure the rest of the world that its development and growing global role will not come at the expense of security and well-being of others." Its implication can be seen as Obama Administration's China-policy successor to the Bush Administration's "responsible stakeholder" policy framework coined by former Robert Zoellick. Mr. Zoellick.