TRIANGLE OF TENSIONS:
CHINA, JAPAN AND THE U.S. IN A CHANGING ASIAN REGION

T.J. PEMPEL
UNIVERSITY OF CALIFORNIA, BERKELEY
PEMPEL@BERKELEY.EDU

Paper prepared for the conference on “East Asia: Ten Years After the Crisis,”
Australia National University, Canberra, Australia, July 21-22, 2006
Conditions in East Asia today differ sharply from those prevailing when the crisis struck. Three contrasts are particularly striking. When the crisis hit, the overwhelmingly important links connecting East Asia as a region were economic in nature. Non-governmentally energized, bottom-up, largely corporate- and market-driven connections were the core elements that knitted the region together (Hamilton, 1996; Katzenstein and Shiraishi, 1997, 2006; Pempel, 2003, inter alia). Increasing amounts of foreign direct investment from firms based in Japan, the ROK, Taiwan, and to a lesser extent Singapore and other parts of Southeast Asia created a criss-crossing web of transnational production networks, investment corridors, export processing zones, and growth triangles within the region, leading to substantial jumps in intra-regional trade and an escalation of economic interdependence. Rapid economic growth rates were the hallmark for the region as a whole.

In addition to the importance of markets and investments as drivers of East Asian regional connections, a second trait was striking, particularly in comparison to the European Union: formal institutionalization was thin (Grieco, 1997). Several formal bodies including ASEAN, APEC, and the ASEAN Regional Forum (ARF) existed, but all were minimally legalized, thinly staffed, and limited in their ability to compel action by member states (Kahler, 2000). Equally importantly, membership in these organizations did not always overlap. ASEAN included the ten Southeast Asian countries. APEC had twenty-one member “economies” including Hong Kong and Taiwan as well as the U.S. and others geographically “outside” East Asia. The security-oriented ARF has twenty-four members including the DPRK.
Still a third characteristic of that period was the largely harmonious nature of relations among the three major powers—China, Japan and the United States. U.S.-Japan relations had been recently enhanced by a reformulation in 1995-96 of the bilateral security treaty while the bursting of Japan’s economic bubble in 1991 had also eradicated one of the main causes of the bilateral trade frictions of the 1980s and early 1990s. Tension between the U.S. and China over human rights, property rights and several other areas were more than offset by the Clinton Administration’s broader endeavor to turn China into a “strategic partner,” confident that economic growth would eventually generate greater political openness and civil liberties. Japan and China, meanwhile, were continuing their ‘smile diplomacy,’ in evidence since the normalization of their bilateral diplomatic ties in 1972. A core component of this harmony was the long term and generous ODA from Japan that fostered Chinese infrastructural development. Japan was also the first of the OECD countries to lift economic sanctions on China following Tiananmen. China in turn downplayed for the most part the diplomatic and historical differences that have since come to haunt the bilateral ties.

Each of the three powers approached the region as a collective entity from rather different perspectives. U.S. policies, secure in its own military primacy and its bilateral, hub-and-spoke alliances, focused heavily on trade liberalization. Japan’s regional policies focused predominantly on improving conditions for Japanese firms to invest and the export of the Japanese developmental model to other parts of Asia (Hatch: 2000). In contrast to the U.S. and Japan, Chinese leaders, for the most part, were skeptical of approaches to “the region;” instead they sought enhanced recognition through bilateral ties and global, rather than regional, institutions.
Conditions today provide important contrasts on all three fronts. Economic linkages across Asia continue to deepen, fueled by large dollops of incoming foreign direct investment particularly, but not exclusively to China. Intra-East Asian trade continues to swell, rising from about 43 percent in 1996 to 55.3 percent in 2005. But fundamentally, the once mono-ocular Asian focus on economic growth as the primary currency for influence throughout the region has lost some of its luster while security and defense concerns have gained in regional importance and begun to drive regional agendas..

Formal institutions and overt governmental actions aimed at forging links within the region have meanwhile surged. No longer are Asian regional ties simply the byproducts of market connections. Instead, states have begun to play an active and integrative role. Thus, bilateral FTAs, virtually non-existent in Asia at the time of the crisis, have become a favored state instrument aimed at reducing trade barriers. Before the crisis the ASEAN Free Trade Agreement (AFTA) was the only government-led initiative in the region. As of this writing, some 95 bilateral and sub-regional FTAs involving East Asian countries were either in place or under negotiation (Greenwood, 2006: 6) The Chiang Mai Initiative, an Asian bond markets in local currencies, the ASEAN plus Three process, the Shanghai Cooperation Organization (SCO) and the East Asian Summit (EAS) are among the other immediate manifestations of the new enthusiasm within East Asia for greater formal institutionalization.

Finally, while there has been a shift toward more emphasis on security over economics and toward greater institutionalization of ties among nation-states, no changes in the region have been more substantial than those involving the triangular relationship
among Japan, China and the United States. All three countries have shifted their domestic politics, as well as their positions concerning the East Asian region. The overall result has been to make Northeast Asia a subregion much less congenial to cooperation than Southeast Asia, thereby impeding moves toward the creation of a broader East Asian, or Asia-Pacific community.

This paper begins with what I am calling Asia’s governmental push-back in response to the extra-regional forces that Asian’s have largely concluded were the main causes of Asia’s economic crisis. It then examines the changes in the domestic political economies of each of the three major powers in Northeast Asia, showing how these countries have consequently shifted their behaviors toward formalized regional cooperation as well as toward one another. This rapid transformation in relations among China-Japan and the U.S. provides a valuable window onto the relationships among global, regional and national levels of political interaction. Most fundamentally, it suggests that at least within East Asia, important as regional ties have been in some areas, East Asian regionalism and regionalization remain too fragile to counteract competing nationalist impulses from strong regional powers. Simultaneously, while global forces such as financial movements, accounting standards, intellectual property rights, trade and technology are unquestionably powerful, their impacts continue to be filtered through frequently countervailing national governmental preferences.
ASIA’S GOVERNMENTAL PUSH-BACK

Following the crisis of 1997-98, a number of individual and collective governmental push-backs have occurred. Most involve efforts to enhance Asia’s collective capabilities to mobilize the region’s underlying financial strengths and to ward off any possible repeat of the devastating impact of the global forces that struck the region in 1997-98.

Across Asia, there was widespread acceptance of the view that the crisis was a liquidity crisis not a financial crisis and that the devastating results felt by many national economies were more the fault of intemperate solutions imposed by the IMF than of inherently inadequate policies by the countries most affected. In addition, there was a growing skepticism of APEC, in part because of its failure to deal with crisis. But more fundamentally APEC was marginalized because the U.S. had lost confidence in the APEC process when the Early Voluntary Sector Liberalization (EVSL) process failed to open Japanese agricultural markets (Krauss, 2004; Tay, 2006: 4). It became increasingly clear to APEC members that there was a diminishing prospect of reaching the Bogor liberalization goals by the dates agreed to. Equally importantly, APEC began to move away from its focus on economics as U.S. foreign policy concerns shifted from trade liberalization to fighting the so-called “Global War on Terror.”

ASEAN has been a major driver in these enhanced regional linkages. Hardly a major power in itself, the ASEAN-10 however has become a hub of East Asia’s regional networks, most prominently through its advancement of the ASEAN plus Three process (APT). In the 1990s, the inescapable reality of East Asia’s dependency on the U.S. as a
key export market had made APEC and an Asia-Pacific approach to economic connections the most logical choice. Since the crisis, however, the impetus toward a less pan-Pacific and explicitly East Asian grouping has become stronger, most recently evidenced by the APT (and more recently, the East Asia Summit). The APT format began in mid-1995. In the effort to enter into joint Asian-European regional meetings through what became ASEM, ASEAN joined with China, Japan and South Korea to create a meaningful regional counterpart to the European Union. Since then, APT has gained increased salience as a process used for a variety of different problems.

ASEAN’s role has grown more out of a default in relations among the major Asian powers than from its own inherent strengths. Nevertheless, ASEAN, broadly committed to becoming a ‘regional community,’ has sought to use its role to enmesh both Japan and China in a series of loosely structured institutions with the intention of broadening the “ASEAN way” into an “Asian way” (Acharya, 1997).

Regionalism has, particularly within Southeast Asia, increasingly become the instrument of choice for recognizing and coping with the interdependence among East Asian states on a host of issues from economics and environment to public health crises and piracy while at the same time providing a collectivist buffer for the region against the less desirable effects of globalization. At the same time, there has emerged no unified vision of what the specific instrumentalities or boundaries of those regional linkages will be. The result is a pastiche of institutions and agreements many of them weaving together agreements among different rotations of partners.

In the long run, however, many committed Asian regionalists are hopeful that small steps in one area of cooperation will lead to positive spill-over effects. In the words of
Ernst Haas (1968: 16), regional political integration also involves "the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new center, whose institutions possess or demand jurisdiction over the pre-existing national states." This is obviously a tall order when sovereign national states remain the primary drivers of international relations but it is one that has gained increased momentum particularly in Southeast Asia.

Trade has been a major area of governmental action and institution building. In the wake of the financial crisis of 1997-98, ASEAN reaffirmed its commitment to AFTA, with the original six AFTA signatories promising to accelerate many planned tariff cuts by one year, to 2002 from 2003 (http://www.us-asean.org/afta.asp). But the moves toward reducing trade barriers has most recently been spurred by the explosion in bilateral or mini-lateral FTAs.

As of October 1, 2002, of the thirty top economies in the world, only five were not members of any such FTAs—Japan, China, South Korea, Taiwan and Hong Kong (Pempel & Urata 2006). Since then, and particularly since the collapse of the Doha Round in Seattle and Cancun, an explosion of bilateral, regional, and other preferential free trade pacts involving East Asian nations have been concluded or explored. As Aggarwal (2006: 12) argues, many East Asian free traders became frustrated by the combination of slow progress in WTO meetings in Seattle, and Cancun, by a possible reduction in access to U.S. markets, and the desire to develop enhanced regional trade outlets that would reduce their dependence on the U.S. market. For others FTAs represented defensive or catch up actions against what were perceived to be anti-Asian trade barriers erected by NAFTA and the EU. Finally, particularly in the cases of Korea
and Japan, FTAs were used by liberalizers to overcome domestic resistance to greater economic openness. In still other instances, particularly for Japan and South Korea, FTAs became the instrument of domestic political actors anxious to use them as a tool to force liberalization of their domestic economies. The result, as noted above, is that today some 95 FTAs involving East Asian countries are either in place or are being negotiated. These are weaving a spider web of bilateral and multilateral trade links across the region, but also from Asia to other parts of the world, particularly Oceana, North America, Chile and Mexico.

There have been important regional moves on the financial front as well as on trade. Hindsight revealed that collective Asian foreign reserves, had they been mobilized during 1997-98, could have obviated the eventual IMF bailouts. In 1998, for example, the collective foreign reserves of the ten richest countries in Asia totaled $742 billion—well beyond the total for the three main IMF packages. Today, the reserves of the APT countries have ballooned to nearly $2.5 trillion, roughly two-thirds of the world total and up from about $1 trillion in 2001. The People’s Bank of China and the Hong Kong Monetary Authority lead the way with $833 billion as of June 2005, with Japan a close second at $830 billion (Economist, Sept.17, 2005: 80). Even a small portion of these resources, if mobilized collectively, would have been greater for many countries than what they could receive through multilateral financial institutions (Henning, 2001: 13) Japan initially attempted to take the lead in generating such a regional mobilization of financial resources. But U.S., Chinese and IMF opposition to Japan’s proposed Asian Monetary Fund (AMF) quickly stopped that effort. Once the dust cleared many participants became increasingly sensitive to the need to avoid direct challenges to
existing global monetary arrangements such as had been posed by the AMF, but also to the potential benefits of deeper financial ties across Asia.

One collective response to this mix of incentives came with the Chiang Mai Initiative (CMI) of May 6, 2000. CMI created an expanded ASEAN currency swap arrangement among the ten ASEAN countries (ASA) and a network of bilateral swap arrangements (BSA) among the ASEAN countries, China, Japan and the ROK.

When the CMI originally went into effect, considerable stress was placed on the limited amounts of money involved in the swaps, as well as on the requirement that most swaps to be congruent with IMF regulations. Yet, by early 2005, some sixteen bilateral swap agreements had been organized under CMI totaling $39 billion. Then at the 8th meeting of Finance Ministers of the APT in Kuala Lumpur on May 5, 2005 the APT agreed to double the amounts in existing swap arrangements, raising the total to $80 billion. Current arrangements are still a long way from an explicit challenge to the IMF, but they indicate a growing capacity for Asia as a region to provide a partial alternative to unbridled dependence on the IMF and its policy views.

The more advanced economies in Asia have also moved to develop an Asian bond market. This will provide an additional mechanism of regional financial stability and will reduce Asian dependence on the US dollar for financial reserves, currency baskets, and international transactions. On June 2, 2003 the Executives’ Meeting of East Asia and Pacific Central Banks (EMEAP), announced the establishment of a $1 billion Asia Bond Fund. This first ABF involved a group of 11 Asian central banks and an initial size of $1 billion (US). The APT Finance Ministers’ Meeting subsequently opted to develop a local-
currency bond market, including a regional clearing and settlement system, a bond rating agency, a trading system and so forth (details in Pempel, 2006b).

At the heart of the bond market endeavor is an effort to mobilize regional savings for intra-Asian investment and to reduce the dependency of the region on the U.S. dollar. A bond market denominated in local currencies will allow Asian borrowers to avoid the “double mismatch” problem that arose in 1997-98, i.e. borrowing short in foreign currency (mostly dollars) and lending long in domestic currencies. It would also free many Asian borrowers from their longstanding dependence on bank borrowing. The Asian Development Bank, for example, estimates that between 2005 and 2010, East Asia will require $200 billion or 6-7 percent of regional GDP annually, in gross investment in physical infrastructure alone. That means a total of $1 trillion. (ADB estimates in Greenwood, 2006: 7). Using Asian capital directly to meet such expenditures makes considerable intra-regional sense and could be a major source of enhanced cohesion.

Both the currency swaps and the bond market are more impressive as indicators of regional intentions than they are of actual regional integration. Many steps remain before either will be a active and dynamic elements in the regional political economy. Thus, when Indonesia’s currency was in trouble in late 2005, the currency swaps were not mobilized. And the bond market continues to be quite illiquid with most purchases coming from long term investors such as governments, the Singaporean Provident Fund, the ADB and so forth. Nevertheless, the member governments are meeting, attempting to standardize relevant domestic rules and regulations, and all seem committed to the principle of greater utilization of Asia’s collective savings for regionally agreed upon
targets. This is by no means insignificant and may well lead eventually to a recalibration of Asia’s collective financial influence in global markets and in the IMF.

Yet if there have been a series of moves to bolster formal governmental roles and to create regional bodies to deal with economic problems, the regional “solution” has been less quickly embraced as a universal approach to all problems. Nowhere is this contrast more obvious than in security and defense. In stark contrast to Western Europe facing the Soviet Union and its allies for the first forty-five years after World War II, or many Arab countries in the Middle East concerning Israel, East Asia faces no commonly perceived external threat. Rather, as Michael Yahuda (2004: 229) points out, “the defenses of most East Asian countries are directed against one another.” Moreover, many countries such as the Philippines, Indonesia, Thailand, and even China, have legitimate concerns about internal, territorially-rooted separatist movements driven by ethnic or religious differences and potentially underwritten from abroad.

The ASEAN countries have achieved some measure of internal security accord through the Treaty of Amity and Cooperation. The ARF was also created to overcome regional security problems, even though to date ARF has restricted its activities primarily to informal confidence building measures (CBMs). While hardly a complete security community (Acharya 2001), Southeast Asia has nevertheless moved far closer to regional security cooperation than its neighbors to the north. There, nationalist competition, unresolved territorial disputes, and ghosts from the historical past work at cross purposes with efforts to deepen regional cooperation and connection. It is to this area that we now turn.
NORTHEAST ASIAN TRIANGLE: RESURGENCE OF NATIONALISM

Despite the growth of East Asian regional institutions and processes, and despite the importance of technology, revolutions in communications and transportation, as well as breakthroughs in trade and investment patterns, Katzenstein has argued correctly that (2005:105) “…for the foreseeable future, states will remain the main guarantors of national security and the basic building blocks of international order….For good or ill, states remain the ultimate repository of power.” Nowhere is this axiom more apt than in the troubled triangular relations among the U.S., Japan and China. The changing character of the linkages among them, and their spotty embrace of the growing East Asian regionalism, are testimony to the power of domestic political forces and of the national political agendas that consequently emerge.

The United States: America’s uncontested military prowess became explicitly apparent with the collapse of the Soviet Union and its Eastern European allies in 1989-90. The military capabilities of the US now vastly outstrip those of any other single country, or plausible group of countries. In the early years of the Twenty-First Century the US was spending about five times more on its military than its next closest competitor while its total military budget was greater than that of the rest of the world’s countries combined. Among the capabilities it possesses that most other countries do not even own in proportionate terms are long-range strategic transport, mobile logistics, advanced precision-guided weaponry, stealth technology, and global satellite surveillance and communications systems (O’Hanlon, 2003: 172).

This American power was afforded heightened prominence under George W. Bush. The Bush administration has defined U.S. national interests unilaterally, assuming
that the end of the Cold War has given the country a unique opportunity to transform the world (Soeya, 2005: 74). Thus, when the Bush administration took office early in 2001 it quickly moved to shuck off any constraints that might be placed on it by international organizations or global treaties (except notably within the economic area where it continued to support WTO, IMF and other such bodies).

Early in the administration, the administration, reflecting the new dominance of neoconservatives and classic realists, explicitly renounced a host of longstanding and relatively new global agreements from the ABM treaty to the Kyoto Accord to the Convention Against Small Arms, the Biological Weapons Convention, the Chemical Weapons Convention, the International Court of Justice and many others. (Ironically, however, the U.S. decision to resist such institutions did not lead to their demise as many predicted; indeed some, such as the Kyoto Protocol were forged in the absence of U.S. commitments (Tiberghien and Dierkes: 2006).) In a series of unilateral strategic and foreign policy actions aimed at reshaping the global status quo, the Bush administration engineered a sharp break with the prior fifty years of a predominantly multilateral and status quo oriented US foreign policy (Daadler and Lindsey, 2003: 13; Ikenberry, 2001).

As Daadler and Linsey (2003: 15-16) argue neo-conservative thinking tended to provide much of the ideological support the neo-cons were largely outside of government but the bulk of Bush’s foreign policy team—Cheney, Rumsfield, Rice were realists and assertive nationalists. But both shared a deep skepticism toward traditional Wilsonian commitment to the rule of law and the belief in the relevance of international institutions. Instead they placed their faith not in diplomacy and treaties, but in power and resolve.
Agreement on this key point allowed the two to form a marriage of convenience in overthrowing the cold-war approach to foreign policy.

This is not the place to devote serious analysis to the broad sweep of American policies in Afghanistan, Iraq, and North Korea. But for the purposes of understanding relations in Northeast Asia it is valuable to focus on a few particular points. First, in keeping with its new unilateral and preventative military actions, US military and strategic thinking also underwent comprehensive overhaul with the move from a “threat-based” to “capabilities-based” military. The new US doctrines were laid out in the Quadrennial Defense Review (QDR) of 2001, the Bush speech at West Point June 2002 and the National Security Strategy (NSS) of September, 2002 and February, 2006.

The QDR argued that new, post Cold War challenges would require massive changes in the existing US basing system. Forces would need to be closer to what the US identified as the “arc of instability” stretching from Northern Africa to Southeast Asia. It would also require additional bases and stations in the Middle East and Central Asia (Katzenstein, 2005: 213). Certain “bedrock” allies such as Japan and probably Australia would be home to central US basing hubs. These hubs would be supplemented by a large number of “lily pads” holding pre-positioned equipment to which rapidly deployable forces can deploy and/or ‘leap to and from’ in response to contingencies in a wide variety of geographical locations. This shift in basing structure was to have important effects on U.S. policies toward both Japan and China.

In addition, in his January 2002 State of the Union address, President Bush said the US was threatened by three nations, labeled the ‘axis of evil”: Iran, Iraq, and North Korea. At that time Iraq was contained and growing weaker on a daily basis and neither
Iraq nor DPRK had nuclear weapons. But as of this writing the situation had changed dramatically and at least the DPRK was explicitly touting its nuclear weapons successes while Iran was presumed to be in pursuit of such weapons. The situation in North Korea has been a powerful force in the deteriorating relations among the “troubled triangle” of Japan, China and the U.S., most recently in the breakdown of the Six Party Talks and the DPRK’s subsequent missile testing on July 4-5, 2006. Meanwhile, Iran was welcomed as an observer in the SCO meetings in 2006 and seemed poised to forge closer ties with SCO members—including China—presumably in ways that could challenge U.S. policies.

Furthermore, by failing to do any serious cost-benefit analysis of the dangers of its new policies, the U.S. ignored the possibility of creating failed states, setting precedents for other powers wishing to take aggressive military actions, or of damage to its overall global alliances and prestige (Korb and Wadhams, 2006: 1-5). The result had been a radical decline in the previously positive images of the US across East Asia, as well as the rest of the world and a diminished capacity of the U.S. to rely on its ‘soft power’ in lieu of harder versions (Pew, 2006).

This was certainly apparent in relations in Asia where, for example, popular support in Japan for the so-called ‘war on terror’ has collapsed from 61 percent in 2002 to 26 percent today. Only about four-in-ten Indonesians (39%) back the war on terror, compared with 50% a year ago. In China three times more citizens view the U.S. presence in Iraq as a greater threat to world peace than the DPRK. (Pew, 2006: 14).

Enhancing American global influence through economic prowess had been a key element of the Clinton Administration. Considerable attention was given to internal fiscal balances, as well as to the strength of the U.S. currency and improved bond markets.
Bilateral tax hikes in 1994 led to a series of balanced budgets and a gradual reduction in cumulative national debt. When the Bush Administration came to power it inherited a budget surplus of $236 billion with a forecast ten year surplus of $5.6 trillion. It quickly moved to reverse the Clinton economic and financial policies.

A series of massive and anti-progressive tax cuts, carefully calculated to provide their greatest benefits to upper income brackets that Bush refers to as his ‘base,’ toward the year 2010 quickly reversed this surplus. In reply to Treasury Secretary Paul O’Neill’s protests, Vice President Cheney gave a short and simple reply “Reagan proved that deficits don’t matter. We won the elections. This is our due.” (Suskind, 2004: as quoted in Hacker and Paulson, 2005: 4-5). The result was striking. As of FY 2005, the budget deficit had ballooned to $423 billion—a shift from the inherited Clinton surplus of nearly $700 billion. The result has been to expand the U.S. governmental debt to $8.4 trillion, half of this now held by foreign entities with Japan and China the two largest holders.

Because the U.S. is the most powerful country in the world and the one most dominant in setting the agenda of the IMF it is unlikely to face the same fate as debtors such as Mexico, Argentina or Korea, namely IMF intervention with mandatory fiscal austerity programs. Instead, the Bush policies have relied on importing deflation from both China and Japan, thus containing domestic inflationary growth. But at the same time, U.S. Treasury official and Congressional leaders have pressed the Chinese government to increase the value of the yuan, a move that would presumably make Chinese exports to the U.S. more costly and perhaps “protect American jobs.” Moreover, such a revaluation would be a de facto devaluation of the U.S. dollar creating a tremendous financial incentive for Chinese (and Japanese) holders to dump U.S.
Treasuries. Regardless of the specifics of how the relationship eventually plays out, current U.S. financial and tax policies make it ever less likely that the U.S. will be able to utilize its economic muscle to advance its interests in Northeast Asia. It also makes it a less valuable tool in dealing with the growth in Asian regional financial ties. In the shorter run, as Ferguson (2006:48) has put it “...foreigners are accumulating large claims on the future output of the United States. However the borrowed money is used, whether productively or not, a proportion of the future returns on U.S. investments will end up flowing abroad as dividends or interest payments.”

The combination of military and economic policies has created considerable ambiguity in U.S.-China relations. The Bush administration came into office in 2001 committed to strengthening ties with Japan and reversing the Clinton policies that had treated China as a “strategic partner.” Instead, it began with the presumption that China would be America’s next major “strategic competitor.” Japan, meanwhile, would be America’s major ally in its efforts to prevent China from ever challenging U.S. primacy in the region. America’s initial animosity has been muted since 9/11 by China’s explicit opposition to Muslim fundamentalism (particularly as it is manifested in secessionist actions in its Western province of Xinjiang but also in Central Asia), by its tolerance of expanding U.S. bases in Central Asia, as well as its active (if less than fully pro-US) role in the six-party talks aimed at curtailing the DPRK’s nuclear weapons program.

US policy makers remain divided between those advocating ‘engagement’ and those favoring ‘containment’ of China. Both sides rest their cases on expectations about Chinese intentions (and presumably rising capabilities) “American proponents of engagement argue that Chinese leaders have yet to formulate an immutable view of long-
term US-China relations and that American policy can influence China’s willingness to adopt cooperative policies.” (Ross: 2006:183). In contrast, those favoring containment worry “….that should China’s development continue at its current pace and should it realize its full economic and strategic potential, the PRC may aspire to and perhaps realize regional-wide primacy in East Asia and develop global influence rivaling that of the United States” (Johnston and Ross, 1999: xi).

Outgoing Deputy Secretary of State Robert Zoelick (2005) was a clear proponent of engagement, calling as he did on China to become a stakeholder in the global system: “From China’s perspective, it would seem that its natural interest would be much better served by working with us to shape the future international system…..For fifty years, our policy was to fence in the Soviet Union….For thirty years, our policy has been to draw out the People’s Republic of China.” But his views were hardly uniformly adopted by the Bush administration. Explicit opposition was strongest within the Pentagon.

There the ambiguity is crystal clear in the following phrase from Section VIII of the NSS 2002: “The United States’ relationship with China is an important part of our strategy to promote a stable, peaceful, and prosperous Asia-Pacific region. We welcome the emergence of a strong, peaceful, and prosperous China. The democratic development of China is crucial to that future.” Clearly this portends cooperation and positive relations. “Yet,” the paragraph goes on, “a quarter century after beginning the process of shedding the worst features of the Communist legacy, China’s leaders have not yet made the next series of fundamental choices about the character of their state. In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path that, in the end, will hamper its own pursuit of
national greatness.” The irony of such a comment from the country whose military budget in 2006 was greater than that of all the military budgets of the rest of the world combined, seemed to have been missed.

American political ambiguity toward China played out in concerns over Chinese FDI to the U.S. Of the US’ ten major trading partners, China is the only one that is not a strategic or political ally of the US. China also unique among these partners in the amount of its total production that is under the control of state operations. The US has legitimate concerns regarding possible export of sensitive materials or technology to third countries, possible use by China of technologies for military use and potential for Chinese espionage through investment in US companies. US counterintelligence agencies identify China as the main source of espionage against the US and trace the problem primarily to Chinese business people, students, and researchers. These are not parts of official Chinese intelligence agencies but are said to be recruited to gather specific information for subsequent commercial and military use in China.

But such concerns about Chinese FDI went much further in the Congressional reaction to the proposed $18.5 billion effort by CNOOC to purchase Unocal in mid-2005. Threats were made to pass bills that would ban the sale and CNOOC withdrew its bid. Two of six CFIUS investigations between 2000 and 2005 were of proposed Chinese investments; Unocal purchase by CNOOC would have been another, had it gone forward. In addition the US government has threatened numerous investigations or held preliminary discussions by Chinese authorities with CFIUS officials that have led to decisions by Chinese partner to withdraw their original offer (Graham and Marchik, 2006:102).
The result is an economic anomaly: The U.S. has long argued for ‘free markets’ and ‘easy movement of capital’ but as Graham and Marchik (2006: 117) put it “…the United States can not have it both ways. A US policy that encourages investment by American companies in China while frowning upon Chinese investment in the United States is neither sustainable nor sound from an economic standpoint.

The Bush administration’s overall anti-institutionalism has been reflected in its views toward the broader questions of East Asian regionalism and regional institutions. The APT process by definition excludes the U.S. But the U.S. under Bush has been largely dismissive of ARF; in 2005 Secretary of State Rice became the first holding that office to skip an ARF meeting since its foundation in 1994. More broadly, the Bush administration has downplayed APEC and its economic orientation, pressing continually for statements concerning opposition to terrorism. And the December 2005 East Asia Summit give rise to explicit statements of opposition by Former Deputy Secretary of State Richard Armitage: “My view is this is a thinly veiled way to make the point that the United States is not totally welcomed in Asia. I think that’s a real mistake.” (Asahi Shimbun May 2, 2005).

Japan: Japan has been involved in various regional efforts but these have been largely subsidiary to an overriding preference for bilateral or global relations. Particularly critical are Japan’s bilateral security arrangements with the United States. These were the keystone of Japanese foreign policies throughout the postwar period even as relations with the Asian region were always valuable supplements, particularly in economics. At the time of the crisis, Japan had a successful structural economic policy that wove
together its own corporate successes with both production and marketing in the U.S. and Asia.

Throughout the bulk of the 1990s and into this century, Japan was undergoing a fundamental transformation in the nature of its political economic regime. The outlines of that transformation were becoming clear by 2005. The so-called 1955 system had ended. The political left which had long served as a constraint on Japanese and American military cooperation and Japanese defense expansion had virtually disappeared. Longstanding powerful interests in areas such as finance, food, agriculture, construction and distribution had seen their powers erode, along with their ability to serve as redoubts of the country’s longstanding economic policies of embedded mercantilism. (Pempel, 1998, 2005c; Vogel, 1998, 2006). It is out of this newly emerging domestic political economy that Japan has been operating for the past several years but residues of past power bases (most notably agriculture and construction) have not be completely eviscerated and continue to exert important policy influences.

Japan’s previously unchallenged regional economic leadership was undercut by the country’s economic slowdown combined with the simultaneous successes of other Asian countries including South Korea, Taiwan, Thailand, Malaysia and eventually and most significantly, China. Japan’s relative weakness in alleviating the pandemic Asian economic crisis of 1997-98 further undercut its own national confidence, as well as that of many of its neighbors, in Japan’s ability to rely on its economic powers to shape regional events. Although Japan remained absolutely the most economically sophisticated and industrially advanced country in Asia, its position at the unchallenged center of
regional economic developments was no longer automatic (MacIntyre and Naughton, 2002).

In large part due to the country’s regime shift, its bad loan problem has been fundamentally eliminated; zombie firms have largely been eliminated; greater vigor has been injected into many of its large and medium sized firms; foreign direct investment has begun to move substantially into the once-closed economy; and overall its economy has begun to gather steam. It is still too early to tell whether an invigorated Japan will be able to regain some form of leadership at the head of the East Asian economic miracle. But its previously unchallenged leadership role is unlikely to return, given the fact that both China and Korea have, for different reasons become major economic players in the region, as well as because of the greater overall sophistication of the region’s complex economic strands. But Japan does stand to play a rejuvenated role in finance, technology, sophisticated manufacturing and a host of other areas.

In this regard, Japan has been active as a promoter and supporter of a number of new or recent regional institutions particularly the ASEAN + 3 process and the currency swap arrangements set out in the Chiang Mai Initiative of May 2000 and subsequent revisions. Japan has also supported moves toward the development of an Asian bond initiative. And though it has moved far more slowly than many other Asian countries, including China and the ROK, Japan has been active in pursuit of various bilateral FTAs. Japan has also been slow to open its markets to Southeast Asia. “….Japan places great importance on liberalization of services, protection for investors and intellectual property rights, and similar issues. However, Japan has not reached a consensus on the liberalization of agricultural trade, and the political will for a clean FTA has not
manifested itself. In contrast….China has a clear political will for FTAs,” including a willingness to open Chinese markets to Southeast Asian agricultural products (Fukagawa, 2005: 24).

Where Japan’s overall position in the region has shifted the most, however, is in security and defense. And this too comes out of the fundamental shift in its politics and policies. In the past several years, a number of conservative politicians and opinion leaders such as Abe Shinzo, Nakajima Mineo, Nakamura Katsunori, Hiramatsu Shiego, Okazaki Hisahiko, Hasegawa Keitaro, and Kase Hideaki have moved into more prominent policy making roles within the party and in the process have sought to make Japan “a normal country.” (Chao and Ho. 2004: 8). A bipartisan group of young Turks has pushed as well for a rekindled national pride and a more activist pursuit of their vision of Japan’s national interest. Koizumi himself has been a foremost champion of this shift to revisionism and heightened nationalism, ever since his promise before being selected as LDP leader that he would visit Yasukuni shrine regardless of possible regional or domestic opposition, a promise on which he has rather consistently delivered. He has also been a strong advocate of constitutional revision to eliminate (or “correct” the so-called anti-war clause) as well as to advance a more nationalistic education system. Undoubtedly, much of Koizumi’s ideological orientation has deep and longstanding roots; but not coincidentally, his overt nationalism also serves the tactical role of challenging anti-military opponents within the party while accommodating, through the flourishes of flags and trumpets, many potential opponents to portions of his economic plans.
Domestic nationalism has fused with the bolstering of military ties to the U.S. The redefinition of the US-Japan Security Treaty in 1996-97, Japan’s willingness to commit to a broader geographical scope for the treaty that included the Far East generally (and Taiwan at least implicitly), and Japan’s decision to allow its SDF troops to participate in UN peacekeeping operations all represented tangible markers along this shifting strategic orientation. These goals found a welcome partner in the Bush administration.

When the Bush administration came to power, as noted above, it anticipated a much more active and cooperative military and security role for Japan. This was articulated in the election-year report, “US and Japan: Toward a Mature Partnership,” generated in October 2000 by Richard Armitage (subsequently Deputy Secretary of State) and a half dozen Japan specialists most of whom joined the administration (Institute for National Strategic Studies Special Report, 2000).

For many within Japan, especially within the military and within the ruling LDP, American expectations for such an enhanced security role were hardly an unwelcome interference; rather they provided an excuse to bolster Japanese ties to the US and to pursue more activist military policies long on the shelf. Unlike Japan’s collective foot dragging in 1991, Koizumi moved quickly to coordinate Japanese actions with those of the US following the attacks of September 11.

Japan articulated its desire to play a more active military role in and around the home islands as well as in the Middle East. Japan’s new National Defense Plan Outline of December 2004 laid out the country’s mid-term defense buildup plan for fiscal 2005-2009 with expanded structures and directions. Among the most important elements, the document broke precedent by identifying China and North Korea as potential security
concerns. It also explicitly stressed the country’s need to deal with both ballistic missile and guerrilla attacks as well as traditional invasion threats involving Japanese airspace and territorial waters. Japan was also one of eleven charter members of the Proliferation Security Initiative (PSI) in May 2003.

The so-called 2x2 process, involving the two top officials from both the U.S. and Japan on defense and foreign policy also tightened bilateral security relations. Thus, on February 19 2005, US Secretary of State Condoleezza Rice, Secretary of Defence Donald Rumsfeld, Japan's Foreign Minister Machimura Nobutaka and Defence Agency Director General Ono Yoshinori met in Washington DC and forged a set of common strategic objectives for the Alliance. These included encouraging “the peaceful resolution of issues concerning the Taiwan Strait through dialogue”. Though seemingly innocuous, this statement is significant for explicitly extending the scope of the Alliance to include Taiwan. (Er, 2006: 280-281).

Koizumi’s support for the US had economic as well as strategic rewards. It was not clear whether or not the US decision to cut out France and Germany from development of oil fields in Iraq would explicitly benefit Japan; allocations of drilling rights remain quite confidential. But without a doubt Japan’s strategic support for the US made it much easier to go forward in developing the Azadegan oil field in Iran for an estimated $2.8 billion, a deal likely to have been opposed by the US had Koizumi not been so close on Iraq (Mochizuki, 2005: 116).

Equally importantly, as Japan’s economy has begun to recover the Bank of Japan has begun to reverse its zero interest rate policies. As a consequence the longstanding ‘yen carry trade’ has begun to lose its appeal. Zero interest and massive yen liquidity had
long meant that borrowers of ultra-low-interest-rate yen could re-invest the funds in higher-yielding assets elsewhere. Anyone borrowing for next to nothing in yen and parking the funds in U.S. Treasuries received a twofold payoff: the 3-plus percentage-point yield difference and the dollar's rise versus the yen. The latter dynamic boosts profits by the time they're converted back to yen. As Japanese liquidity dries up, the ripple effects will be powerful, providing another risk of major moves out of U.S. treasuries.

The combination of economics and security shifts has strongly affected Japan’s relations with China. As noted above, for most of the 1980s and 1990s, the two were on generally excellent terms. Japan provided about $35 billion in economic assistance since the normalization of relations between the two countries. Furthermore, bilateral trade and investment ties between the two have moved forward at a rapid pace, with China having outstripped the US as Japan’s major trade partner in 2004. At the same time, concerns within Japan have expanded about the potential strategic and diplomatic implications of an economically stronger China, much as they have in the U.S., particularly as China’s rapid economic growth allows it to expand its military budget geometrically.

Ties took a sour turn with the visit of Chinese Prime Minister Jiang to Japan in November, 1998. Just prior to Jiang’s visit, Japanese Prime Minister Obuchi had hosted Korean president Kim Dae-jung and had issued an apology to Korea for Japan’s actions during World War II. Kim responded graciously with a pledge to forget the past and more toward the future. On his arrival and at virtually every stop he made, Jiang kept insisting on a written apology from Japan for its past treatment of China, which Obuchi rebuffed. Relations deteriorated from there.
On the economic front, deep and complementary ties between the two economies continue to mitigate the decline in political ties. Indeed, much of Japan’s economic recovery from 2004 has been fueled by imports from China to Japan. But economic frictions have increased as political relations have soured. Thus, Japan invoked safeguard measures against Chinese agricultural imports in April 2001 and China retaliated with tariffs aimed at Japanese autos, air conditioners and cell phones (Mochizuki 2005: 142). Subsequently, Japan announced in October, 2001 that it would reduce and redirect its ODA to China in recognition of the country’s rising economic success and diminished need. The result was an overall curtailment combined with a shift from multi-year pledges of ODA to China in favor of a single year pledge system and a revised focus away from infrastructure and construction to environmental protection, increased living standards, education, institution building, and technology transfer. This naturally irritated bilateral ties.

The consequence is that today, both the general publics and political elites in Japan and China hold very negative images of one another. The Asian Barometer surveys underscore the widespread mutual distrust among the general populations (See Inoguchi et al. 2006: 482-485 for detailed data). Slightly more than a quarter of Japanese (28 percent) have a positive view of China while even a smaller percentage of Chinese (21 percent) have positive images of Japan (Pew, 2006:9). Such attitudes make it extremely problematic for governmental leaders in such countries to initiate cooperative contacts but elites too are quick to castigate those in the opposite country on a regular basis. In China at least there has been official support for some of the anti-Japanese demonstrations. But in Japan as well, political leaders have taken explicitly nationalistic
positions and frequently encouraged anti-China sentiments. No full-scale Sino-Japanese summits have been held since mid-2001 and crucial networks of midlevel bureaucratic coordination have badly frayed. (Calder, 2006: 137).

**China:**

The astonishing growth rates achieved by China over the past twenty years are counterbalanced by the numerous domestic economic problems that has resulted, among them, non-performing loans, regional imbalances and environmental degradation. The Chinese government has opted to keep its foot on the national economic accelerator if only to fend off the possibilities of serious social disruptions that would likely result from massive closings of state-owned enterprises and subsequent unemployment. But for the region as a whole, an additional problem arises. As Zhang and Tang (2005: 52) have put it “The challenge confronting China is how to make China’s economic growth an opportunity for the region rather than a threat, so that regional states will not coalesce to thwart China’s economic growth” (Zhang and Tang: 52)

In the context of Asia’s varying approaches to economic openness, it is important to recognize that from 1979 onward, China clearly opted to follow US, not Japanese. Chinese economic openness has allowed China to ingratiate itself to the rest of the region’s equally or less sophisticated exporters by selective or more generalized openings of its markets. Moreover, with increased vigor since its accession to the WTO in 2001 China has actively embraced regionalist approaches. And by throwing itself into a panoply of Asian regional organizations, China clear hopes to show that its rise will be
peaceful and that it is willing to constrain its behavioral autonomy by cooperation with regional institutions.

China seems increasingly willing to embrace the notion of being ‘socialized’ into ASEAN norms as an additional way to reduce the neighborhood’s collective unease about a ‘rising China.’ Yet while most Asian countries have welcomed such moves, the internal disputes within the US as to China’s long term intentions give rise on its part to enhanced suspicions that China seeks to challenge US dominance. This may or may not be a long run Chinese goal, but it is well to recall that “…the global hegemon, the United States, tends to exaggerate other countries’ capabilities and hostility, as it did in the case of the Soviet Union and Japan.” (Zhang and Tang, 2005: 57)

On the security front, China’s ready agreement to a Code of Conduct in the South China Seas and a generally more forthcoming engagement in the ASEAN Regional Forum and other frameworks have lessened the tensions that once marked relations between China and Southeast Asia. These moves have been especially important after the Mischief Reef episode (Tay, 2006:7).

Nevertheless, China’s diplomatic and security influence in the region continues to pale in light of its economic influences (Schambaugh, 2005:2. More than half of China’s total trade volume is within the East Asian region. The country is well positioned as a principal export platform of final-demand goods to North American and European markets. Of late it has been the sole locomotive of intraregional trade and the major recipient of intra-regional FDI. As well, most of China’s incoming FDI originates in East Asia while China is also increasingly becoming an exporter of FDI to the rest of the region.
One of China’s most important successes in combining its economic power with its regional strategy came with the proposal by China at the 2000 ASEAN Summit of an ASEAN-China FTA. (Ironically, Japan could counter this bid for trade leadership only by suggesting limply that it wished to explore better trade ties). This proposal has helped many in the region to conclude that China’s rise might generate a win-win economic cooperation in what would potentially be a market of some 1.7 Billion people. Negotiations on the trade pact appear to be progressing relatively well. Quite importantly, Chinese negotiators offered an “early harvest” of lower tariffs for agricultural goods coming into China, as well as a unilateral lowering of Chinese tariffs. Since agricultural exports are such a vital part of the growth strategies of most countries in Southeast Asia, particularly its newer members, the Chinese move was particularly welcome. But in addition, it also served to underscore the extent to which Japan, the United States (and Korea), though much richer, were not prepared to make similar gestures due to the power of their domestic farm lobbies.

Finally, China also began to provide ODA to some of the poorer countries of ASEAN with the total now up to $1.1 billion. As well, China is investing more and more heavily in Southeast Asia, largely in raw materials extraction. There has been a jump in Chinese tourists to the region as well. All offer prospects of a positive economic relationship between ASEAN and China, or at least presenting China as an alternative source of economic benefits should problems emerge with either Japan or the U.S. As Ba (2006: 160) has described the situation between China and Southeast Asia, “developments suggest that a decade of engagement has produced an important
stabilization of expectations, even some common understandings, about their respective roles, as well as a new appreciation for their relations.”

China has also been an active proponent of the CMI, the Asian bond market, and the East Asia Summit. It has been exceptionally active in a variety of Track II diplomatic ventures—typically working hard behind the scenes to shape the agendas and the major conclusions. China has also been a major force in generating the Shanghai Cooperation Organization with Russia and four Central Asian republics. ARF has been more problematic for China. There it has been a strong proponent of Confidence Building Measures but it has resisted moves by Southeast Asian countries to expand ARF’s activities to move toward creating any genuine security community or a common security agenda.

Outside of Southeast Asia, one of China’s biggest successes in forging intra-regional ties has been with the ROK. Despite China’s longstanding friendship with North Korea, it normalized relations with the south in 1992, announcing a “comprehensive cooperative partnership.” Since then, and with accelerating speed since the crisis, the two countries have cooperated on trade, investment, tourism, educational and cultural exchanges and other areas. In 2003 China surpassed the U.S. and South Korea’s largest export market and was the number one destination for outgoing Korean FDI.

Equally important has been the growth of linkages between Taiwan and the PRC. Today, China buys about 40 percent of Taiwan’s exports; and since 2002 more than one half of Taiwan’s FDI has gone to China (Ross, 2006: 143) Roughly one million Taiwanese now live on the mainland and the two economies are becoming increasingly interwoven. It is important to note that these are largely bilateral, rather than regional in
character, although products from Taiwanese-owned factories in the PRC frequently make their way into other Asian markets. But the policies of both governments have been at least as critical to deepening this integration as have generic market forces.

In addition to the points made about U.S.-China relations above, one additional element is important. China’s savings rates remain high and the country’s foreign reserves have become second only to those of Japan. China is also second only to Japan as a foreign holder of U.S. debt. The specter of Chinese officials using this potential as a political weapon against the U.S. (in response to a crisis over Taiwan for example) by rapidly pulling out their money is invariably overstated by the economically illiterate but politically chary. The costs to China would be enormous. But no such massive pull out is needed; rather short, targeted, and well-telegraphed use of purchases and sales of Treasuries would be far more likely to achieve their aims.

As noted in the section on Japan, bilateral ties between China and Japan have worsened. These have not simply been economic jousts. Among the more important events besides those noted above and largely due to Chinese actions: anti-Japanese demonstrations at soccer matches in Chongqing China in July 2004, a Chinese submarine intrusion into Japanese waters in November 2004, a statement by US and Japanese officials in February 2005 that Chinese officials responded to as hostile; protests at the Japanese Embassy in Beijing in April 2005, cancellations of visits by Chinese leaders to Japan, and Chinese opposition (along with Korea’s) to supporting Japan’s bid for a seat on the UN Security Council.

Thus, unlike the United States during the Bush administration which has been quite resistant to East Asian regionalism and unlike Japan which has been more tentative
and selective in its embrace regional institutions, China has become one of regionalisms most deft advocates. Southeast Asia, South Korea and Taiwan have become major partners in these Chinese efforts at regional relations. But as those ties across most of the region have been bolstered, links to Japan in particular and to the U.S. to a significant extent, have become frayed.

Perhaps the most ironic arena in which these competing tensions are seen is in the Six Party Talks concerning the nuclear program of the DPRK. When the U.S concluded that the DPRK was attempting to reprocess nuclear materials, it refused the North’s demand for bilateral US-DPRK talks. Instead the U.S. insisted, successfully, but in stark contrast to its unilateralism concerning most other issues, on a multilateral process. China agreed to convene and lead the talks which have gone through fitful starts and stops since they began in 2003. Throughout much of the negotiating process, China and the ROK have been relatively close in advocating measures designed to tease the DPRK into greater economic openness. Meanwhile, Japan and the U.S. have jointly taken much harsher positions toward the DPRK’s nuclear program. But the process itself, though still far short of achieving any real success on de-nuclearizing the Korean peninsula, has allowed China to take something of a diplomatic lead in what has been perhaps the single most critical security issue in East Asia.

CONCLUSION

This chapter has sought to examine changes since the Asian crisis of 1997-98 in two related areas—Asian regionalism and regionalization on the one hand, and the
triangular relations among the U.S., Japan and China on the other. The two areas are linked in so far as recent moves toward more formal institutionalization of ties across Asia have been largely resisted by the U.S. or else have seen the U.S. not invited to participate.

Following the crisis, and largely in response to what were perceived to have been excessive IMF interventions, the governments of Asia took a series of steps designed to prevent any recurrence. Many of these moves were more symbolic than market reshaping: the CMI and the bond market, for example. But a series of bilateral and minilateral trade arrangements have also been made, many with quite significant market impacts. And at least as importantly, Asian governments have begun to meet regularly in new and existing fora to explore ways to cooperate on financial and other matters, suggesting considerable potential for future regional developments. For the most part, these institutional moves have excluded participation by the U.S. (though this is not true for some of the FTAs, nor for existing regional organizations such as ARF and APEC.)

The process of creating regional institutions remains underdeveloped in East Asia. Informality remains the guiding principle. There is little probability to create formal, rule-bound institutions. Although informality has the drawback of fuzzy ambiguity, it offers the flexibility that encourages wider participation. And if East Asian regionalism is to advance, the first requirement is that the countries of the region show up for organizational activities.

Japan and China have both been more active in their respective regional outreaches, but China has been by far the more comprehensive and successful of the two in its embrace of regional approaches. In large measure this difference traces to the two
different strategies these counties have followed economically. At a minimum, Japan has been hobbled regionally by its still somewhat closed economy and by the protectionist powers wielded by its agricultural and small business lobbies. This may erode as a result of the September 2005 elections, but that remains far from certain. Meanwhile, China’s authoritarian government has been far less politically hampered from opening its agricultural markets selectively in the interests of improved ties with Southeast Asian exporters. But Japan has also suffered, to some extent, by its close military ties to the U.S. and its increasingly nationalist actions at home.

There has been far greater regional cohesion in Southeast, than in Northeast Asia. And Southeast Asian countries remain less than confident about the security intentions of their Northeast Asian neighbors. Meanwhile throughout Northeast Asia cooperative relations are impeded by security hotspots such as the Taiwan Straits and the Korean peninsula as well as the deteriorating relationships among the three major powers—China, Japan and the U.S. Domestic politics continues to drive the foreign and regional policies of all three, and at present this has meant that only China has a high overlap between its domestic politics and greater regional activities. Japan and the U.S. have been moving bilaterally closer together, particularly on security matters. But in the process both have moved away from the Asian regionalism process in different ways. And across Asia, there has been a growing concern about the powerful security presence of the US. This combination is likely to continue to constrain severely any sweeping moves toward regional cooperation, at least in the short run.
REFERENCES


Asahi Shimbun (various).


Chao Chien-min and Szu-shen Ho. 2004. “Hegemonic Stability or China Threats? A
Debate over Japan’s Foreign Policy in the Post-Cold War Era,” unpublished paper.


Grieco, Joseph M. 1997. “Systemic Sources of Variation in Regional Institutionalization in Western Europe, East Asia, and the Americas.” In The Political Economy of


for a Conference on Institutionalizing Northeast Asia: Making the Impossible Possible? United Nations University and Aoyama Gakuin University, Sept. 20-22, 2005


______ 2006c “A Decade of Political Torpor: When Political Logic Trumps Economic Rationality,” in Katzenstein and Shiraishi.


Tiberghien, Yves and Julian Dierkes. 2006. Minerva’s Moment: Japan, Canada and the EU in Global Institution-Building, paper prepared for UBC Conference on August 21, 22.


http://www.aseansec.org/16234.htm