



Universiteit
Leiden
The Netherlands

Othering Asian: “Othering” Asian developmental states

Guan, Yubo

Citation

Guan, Y. (2024). *Othering Asian: “Othering” Asian developmental states*.

Version: Not Applicable (or Unknown)

License: [License to inclusion and publication of a Bachelor or Master Thesis, 2023](#)

Downloaded from: <https://hdl.handle.net/1887/3748685>

Note: To cite this publication please use the final published version (if applicable).

Yubo Guan

Thesis paper:

“Othering” Asian developmental states

S3599671

February, 4th

Abstract:

This paper examines the intricate dynamics defining the relationship between the United States and Asian nations, with a specific focus on Japan and China, within the framework of international economic relations. At its core, the paper posits that the United States strategically deploys international markets to cultivate a process of "othering" against these Asian counterparts. The study aims to contribute to a comprehensive understanding of how the United States utilizes global markets to shape its relations with Asian countries, thereby perpetuating a process of "othering" that holds significant geopolitical implications. Furthermore, the study engages with the historical backdrop wherein East Asian countries, notably Japan and China, actively resisted Western imperialism. This contextualizes the subsequent examination of U.S.-Japan trade tensions, highlighting the historical imprint of the United States on economic policies and the opening of specific market segments. The thesis employs a structured approach, starting with the central argument and then systematically exploring key components, including the U.S.-Japan relationship and historical resistance to Western imperialism. This enhances the clarity and coherence of the narrative, ensuring a well-organized and comprehensible presentation of the research focus and its significance.

Introduction

The intricate relations among nations on the global economic stage constitutes a complex diagrams of power dynamics, historical legacies, and paradigm shifts. This paper examines into the delicate relationship between the United States and Asian countries (particularly Japan and China) within the framework of international economic relations. The central thesis argues that the United States strategically uses international markets to promote the process of "othering" China and Japan, aiming to strengthen their own power. To unravel this narrative, we embark on a journey through political economic theories, international theories, historical context, and geopolitical landscape.

In order to portray a full picture of the complex relationship, the paper will start from Blaney and Inayatullah's critical analysis of economic development, wealth creation, and poverty in *Barbaric Economics*. This seminal work challenged the conventional wisdom that an increase in wealth creation inevitably leads to a decrease in poverty in the Third World. The call for "cognitive travel" emphasizes the importance of historical examination for insight into current challenges and possibilities, laying the foundation for a comprehensive understanding of international relations.

Adam Smith's classical liberal economic theory laid the foundation for the global economic order, which the book then analyzes. While Smith advocated economic growth as a solution to poverty, the ethical complexities of his view expose the "wound of wealth," as Blaney and Inayatullah reveal. This ethical dimension prompts a reassessment of the economic development model, raising the theme of preserving national independence in international economic relations.

Ha-Joon Chang's metaphorical concept of 'kicking away the ladder' challenges the fixed narratives of economic history. Chang's critique of neo-liberal policy reforms questions the fairness of developed countries' proposals to developing countries. He argues that accepting so-called "bad" policies may be more effective for developing countries, a view that injects a dose of skepticism into current economic discourse.

In international political economy (IPE), the interplay of economic and power differentials is examined. The delicate balance between equality and hierarchy, as emphasized by Chang's "ladder" for catching-up countries, highlights the challenges of constructing a socially just and equitable global economic landscape. This theme merges with the culture of competition in IPE, emphasizing the need for a nuanced and reflective approach to difference and progress. The tension between economic ideologies is then explored through the debate between Adam Smith and Friedrich Hayek on the nature of the market. This tension prompts a critical examination of the multifaceted role of competition in shaping markets, laying the groundwork for understanding the strategic foundations of U.S. economic relations with Asian countries.

Chang's analysis of protectionism challenges neoliberal views and makes it necessary to reassess the effectiveness of protectionism in developing countries today. The book's emphasis on historical experience, particularly Japan's development model, provides a nuanced understanding of the complexities that shape the rules and norms of the global economic order. This historical context is critical to understanding the evolving dynamics of the relationship between the United States and Asian countries.

Then, aiming to make the compared study, the focus of the case study will examine the shift of Japan's role in the 21st century in global economic order. The combination of historical experience and contemporary endeavors reveals the complex dynamics that determine Japan's geopolitical stance. This comprehensive analysis contributes to a more coherent understanding of Japan's historical trajectory and its impact on the current economic landscape.

The tensions between Asian development models and the U.S.-led project of globalization, including China, India, South Korea, and Taiwan, have aggressively intervened in their own economies, adopting a developmental state approach that stands in stark contrast to the neoliberalism advocated by the United States and Western powers in the 1980s. The U.S.-led globalization project, with its emphasis on liberal values, has sometimes led other countries, especially Russia and China, to view U.S. intervention as excessive.

The shift in the World Bank reflects the broader changes in economic ideology that occurred after the Cold War. The World Bank's shift from traditional development economics to seeking common ground with the developmental state model highlights the influence of Asian countries in shaping global economic institutions. Japan's unique model of economic development, characterized by the developmental state model, constitutional democracy, and the conglomerate (keiretsu), has been far-reaching. The

U.S. role in shaping Japan's economic policy and exerting pressure (especially on trade issues) underscores the strategic importance of this bilateral relationship.

The complex interplay between the Asian development model and the U.S.-led project of globalization has manifested itself in Asia, particularly in Japan, as a developmental state approach. This approach is seen as a unique and successful alternative to the neoliberal framework promoted by the West, emphasizing the importance of political power, strategic economic planning, and regional dynamics in shaping economic development trajectories.

The analysis then turns to the evolution of the U.S. from its focus on Japan in the 1980s to its contemporary challenge to China. There are both striking similarities and key differences, emphasizing long-standing issues of trade imbalances, economic influence, and competition. Differences in political systems and responses to trade frictions add to the complexity of U.S.-China relations.

Japan is a democratically, while China is ruled by a one-party dictatorship, and this contrast in political systems exacerbates the severity of the U.S.-China trade war. Unlike the U.S.-Japan alliance, the adversarial nature of the relationship with China complicated economic relations, which emphasized the intricacies of U.S. economic relations with Asian countries. The historical case of the 1987 U.S. sanctions against Japan's Toshiba Machine Corporation illustrates the complexity of economic relations. While Japan's dependence on the U.S. for national security led it to exercise restraint in retaliation, China chose to take retaliatory measures, leading to escalating tensions. Despite trade friction and hostile rhetoric, both the United States and Japan recognize their economic interdependence. The report emphasizes the need for wise and decisive leadership to overcome protectionist sentiments and preserve economic relations, arguing for a shift in the U.S. strategic approach from trade protection to macroeconomic adjustment.

China's rise is portrayed as a challenge to the existing global economic order. The Biden administration's strategy includes a combination of cooperation and strategic competition, with a focus on addressing China's perceived unfair practices. The historical phase of the U.S.-China relationship, from economic engagement to a marked shift toward great power competition during the Trump administration, highlights the unpredictability of global power dynamics.

U.S. strategic "othering" of China is analyzed in the context of an evolving global order. Challenges in international trade, concerns about China's economic behavior, and a complex interplay of economic, military, and diplomatic factors contribute to this strategic stance. The challenges facing the Biden administration, including coping with the decline of U.S. soft power, restoring trust on the global stage, and navigating the complexity of U.S.-China relations amidst negative public sentiment, add a layer of uncertainty to the future trajectory.

In general, this paper will firstly be indicating a literature debate among scholar to show the ideological differences in the global sphere. Then, the historical context will be

analyzed to indicating Japanese and Chinese trajectory to challenge Western dominant market order. Additionally, the anglophone dominant market will be presented. Last but not the least, how does the United States trying to “othering” the Asian developmental states will be criticized to show imbalance in the power relationship between the Occidental and the Oriental.

Literature review:

In "Savage Economics," Blaney and Inayatullah explore the intricate relationship between economic growth, wealth creation, and the persistent issue of poverty. The book challenges the prevailing belief from the 1980s that increasing wealth creation is the solution to reducing poverty in the Third World. The authors examine the historical development of this belief and the subsequent shift towards prioritizing market sovereignty. They advocate for "cognitive travel," which involves reflecting on the meanings and purposes inherent in modern societies. Quoting the authors, "The past, as suggested by Ashis Nandy, serves as ‘an open-ended record of the predicaments of our time.’ It requires ‘an attempt to read the past as an essay on human prospects, and the ability to live with one’s constructions of the past and deploy them creatively.’ Time-travel thus has the potential to ‘reshape the past and the future’ by using them as mirrors to the present" (David L. Blaney and Naeem Inayatullah, 2006, 125). This perspective encourages a critical examination of the past as a dynamic source of insights into the challenges and possibilities of the present. Therefore, a historical comparison of the international relationships between the US-Japan and US-China becomes crucial for understanding and examining the differences in ideology and concepts.

The authors argue, drawing on the works of influential figures like Adam Smith and Jeffrey Sachs, that the savage history of scarcity, violence, and disorder continues to impact the current commercial landscape (2010, 10). They emphasize Sachs' analysis, which shows that past economic growth did not alleviate poverty for many. This insight is then connected back to Adam Smith's theory, suggesting that a complex division of labor promotes economic growth and affluence, while a simple division of labor traps people in a state of scarcity, namely, poverty. The historical context provided by Sachs' analysis further strengthens the argument, illustrating the enduring impact of past conditions on contemporary economic challenges.

Adam Smith, a key figure in classical liberal economics, laid the foundation for the current global economic order by emphasizing the importance of economic growth in addressing poverty. According to Smith, economic growth is the immediate and obvious solution to poverty, aligning with the beliefs of classical political economists. In his work "The Wealth of Nations," Smith argues that human progress depends on the division of labor, which saves time and leads to material advancement. Smith suggests that the lack of a substantial division of labor in the past has resulted in the poverty of primitive societies due to inefficient use of time (Blaney & Inayatullah, 2010, p.10).

The authors traced back Adam Smith's theories and highlight his classification of geo-cultural spaces as distinct "nations," whether tribes or empires. According to Smith, this

conceptual mapping implies that neighboring nations in Europe may share similar stages of development or be separated by uneven processes of advancement (Blaney & Inayatullah, 2010, p.45). Smith's main focus in "The Wealth of Nations" is explaining the wealth disparities caused by temporal distances between savage, civilized, and intermediary nations. However, Smith's framework does not explicitly account for temporal overlap, resulting in a separation of the present from the past. This compartmentalization into separate national units contributes to the Westphalianization of development time, reinforcing boundaries between the civilized and the savage. As long as this boundary remains clear, the values of commercial society, such as wealth and social refinement, automatically take precedence, evaluating other societal forms based on their conformity or deviation from these values (Blaney & Inayatullah, 2010, p.45).

Despite Smith's belief in the harmonious progress of society, his relative quietism is overshadowed by the moral shortcomings of commercial society, referred to as the "wound of Wealth." This introspective aspect highlights the complexities and ethical considerations within Smith's economic vision, challenging a simplistic celebration of commercial success and prompting critical reflections on its implications (Blaney & Inayatullah, 2010, p.47). They argue that efforts to create more wealth intensify the wealth/poverty nexus, sparking a broader debate within capitalist modernity. This debate questions the assumed effectiveness of market-generated growth as a solution for reducing poverty and calls for a reevaluation of the relationship between wealth, poverty, and progress. The authors advocate for a nuanced understanding that recognizes the complex nature of human conditions across time and space. They emphasize the importance of constructing historical theories that navigate between the past and the present, revealing internal conflicts and tensions within the coherent liberal political economic tradition, particularly regarding time and place.

The authors focus on the rich-poor dynamic in primitive economics, tracing contemporary issues back to the origins of the theoretical framework and exploring the differentiation of states into developing and developed categories based on historical background. In modern capitalist societies, a significant paradigm shift has occurred, as poverty is no longer seen as an archaic characteristic confined to an external "other." Instead, it is recognized as an internal challenge inherent to contemporary society. The authors draw on readings of Steuart and Ferguson alongside Adam Smith, critically examining the wound of wealth and its implications in evolving societal norms (Blaney & Inayatullah, 2010, p.10).

Blaney and Inayatullah highlight Steuart's departure from the economic-centric approach of figures like Adam Smith, emphasizing his nuanced consideration of cultural economy. While Steuart falls short of presenting a comprehensive picture of cultural economy, he emphasizes the crucial role of culture in the development process. In contrast to Smith's primary focus on economic development and distribution, Steuart's concerns extend to safeguarding national independence and citizens' well-being in the face of potential threats from international economic relations (Blaney & Inayatullah, 2010, p.82). Steuart recognizes the potential benefits of participating in international markets, as long as it is managed judiciously to enhance national wealth and social refinement. The authors state

that Steuart rejects the idea of market sovereignty as an absolute and calls for appropriate limitations when the government secures reasonable prices to achieve a certain balance (Blaney & Inayatullah, 2010, p.80-81). Steuart prioritizes the preservation of a society's control over its destiny over the allure of economic growth and efficiency gains. His emphasis on national differences and caution against dogmatic applications of free trade policies, which he sees as tools of powerful trading nations, reflects a broader view that goes beyond mere economic considerations. This nuanced perspective recognizes the cultural complexity that challenges the simplicity of a nomothetically inclined science and serves as a critical departure from Smith's doctrinaire approach to free trade. Steuart warns that the dogmatic application of free trade policies can bring ruin to many people in both rich and poor countries, suggesting that political economy is an "art" of recognizing national differences (Blaney & Inayatullah, 2010, p.83).

The prevailing economic history, largely influenced by Adam Smith's theories, has established a rigid framework focused on competition. It categorizes nations as either developed or developing, perpetuating a global landscape based on liberal economic principles. However, Ha-Joon Chang's concept of "kicking away the ladder" challenges this fixed narrative. This metaphorical ladder prompts a reconsideration of the assumed relationship between wealth, poverty, and progress and leads to a critical examination of classical economic perspectives.

Blaney and Inayatullah argue that this challenge invites us to reconsider overlooked questions and recover moments that allow us to step back from our current assumptions and beliefs. Instead of moving across space/time like the Scots, we can learn valuable lessons from their travels. Understanding how Smith constructs a temporal fortress around commercial society alerts us to contemporary constructions deploying similar ethical barriers. Following Nandy's recommendation, this awareness enables us to consult experiences from an outmoded past, including the savages displaced by Smith, as resources for reflections on the present and future (2010,140).

The challenge from temporal walls and spatial boundaries constructed by Adam Smith to safeguard liberal capitalism, it is imperative to unearth alternative moments and recessive spaces that reinstate the co-presence of others as crucial ethical resources. The engagement with Adam Smith's texts necessitates a nuanced approach within contemporary political economy, involving a consideration of temporal and spatial constraints (2006, 155). Simultaneously, an acknowledgment of the criticisms directed at societies consigned to the annals of dead history by various theories becomes indispensable for a comprehensive understanding within contemporary political economy.

John Fitzgerald's contribution offers a fresh perspective on equality and competition among nations. He urges a shift in perception, moving away from viewing nations solely as sites for wealth and power accumulation, and instead recognizing them as arenas for negotiating prestige (Fitzgerald, 2006, 3). Fitzgerald argues that international markets serve as spaces for status negotiation, driven in part by vanity, where nations assert their comparative or competitive advantage across various institutional networks. However, as

formal sovereign and equal entities, nation-states possess a status indicator that transcends market dynamics—their national dignity (2006, 3).

In a complementary approach, Pempel's article goes beyond challenging simplistic models of economic development. It delves into the intricacies of multiple historical paths and highlights the imperative for bureaucratic directives to navigate domestic challenges while strategically aligning with international market forces. Pempel addresses the international political environment in which the developmental state thrives, emphasizing the concentration on domestic contexts in assessments despite the state's international catch-up agenda (2019, 146). This dual perspective underscores the multifaceted nature of the interaction between nations, where economic and political dimensions converge to shape their roles on the global stage.

Fitzgerald also illustrates his concept by citing the example of Japan, where Shintaro Ishihara and Akio Morita, through their book "The Japan That Can Say No," stimulate a surge of national pride and anti-US resentment in the late 1980s (2006,5). The authors highlighted Japan's achievements, emphasized the indignities suffered since the ratification of the Japan-US Security Treaty, and urged their compatriots to resist US dominance and reclaim Japan's sovereign equality. This example underscores the significance of national dignity in shaping international relations.

In contrast to the perspectives of Fitzgerald and Blaney, it becomes imperative to discern the continuity in Chang's argument, highlighting the assertion that developmental models share commonalities, indicating a shared developmental stage among states. Adam Smith's romanticized depiction of certain historical aspects encourages a call for a more rational perspective on our political-economic history. This shift in focus is crucial for fostering a comprehensive understanding of the intricate dynamics at play in the development of states.

Differing from Adam Smith's perspective, Friedrich Hayek, a prominent figure in the Austrian School of Economics, introduces a nuanced outlook on the nature of the market. While both acknowledge the role of competition, Hayek positions the market primarily as a discovery procedure. Within this intricate system, individuals, endowed with diverse needs and rights to property, engage in voluntary and independent actions. From Hayek's viewpoint, competition serves as a mechanism through which individuals uncover and respond to the dynamic and ever-changing conditions of the market (Inayatullah,120). He contends that the market process reflects the dispersed knowledge and information held by individuals, with competition acting as the means through which this information is revealed and effectively utilized. The juxtaposition of these perspectives underscores the complexity of understanding the market and the varied lenses through which scholars approach its intricacies.

The debate between Smith and Hayek on the nature of the market hinges on the role and significance of competition (Inayatullah, 119). Smith portrays competition as a driving force for economic advancement, emphasizing its role in shaping a harmonious and prosperous society. In contrast, Hayek views competition as part of a broader process of

discovery, where individuals, through their diverse actions, contribute to the adaptive and spontaneous order of the market.

While Smith sees competition as instrumental in achieving societal goals, Hayek perceives it as a mechanism for navigating uncertainty and dynamically adapting to changing circumstances. The tension between these perspectives raises essential questions about the nature of competition, its implications for economic organization, and the broader societal outcomes of competitive market dynamics (132). The debate encourages a critical examination of the multifaceted role of competition in shaping the market and its consequences for individuals and society.

In the realm of International Political Economy (IPE), the concept of a culture of competition serves as a lens through which we can engage with Chang's perspective on catch-up countries and their economic ascent. As we explore the multifaceted interplay within IPE, it's evident that strategic competitions not only revolve around military strength but extend into economic capacities (138). The postwar era has seen economic competitiveness become a crucial aspect of state responsibility, with great powers, both economically and militarily, acting as guardians of global market rules.

Within the culture of competition in IPE, the delicate balance between equality and hierarchy becomes apparent (120). Formal equality among sovereign competitors coexists with the construction of hierarchies of cultures through competitive processes. This complex structure tends to flatten differences into divisions of labor or knowledge, shaping a hierarchy of cultures that is unveiled in world market competitions. Consequently, differences among states are often perceived as indications of backwardness or irrationality, rather than opportunities for collaboration.

Understanding competition as a cultural phenomenon in IPE brings attention to its precarious balancing act. While social institutions aim to realize preexisting individuality by emphasizing freedom, equality, and independence, the paradox lies in constructing the social world through logically prior individuals. The tension between constructed social meanings and the presocial quality of individual actors and their motivations becomes a focal point of analysis (119-120).

Based on Inayatullah, uneasy juxtaposition of equality and hierarchy within the culture of competition is particularly intriguing. Economic and power differentials, considered natural and given, are seen as a solution to inequality only if social life is constructed by logically prior individuals. This tension arises when the idea of hierarchy as socially constructed is rejected, and social inequality is treated as an inherent characteristic within a culture of competition .

Chang's portrayal of a ladder for catch-up countries to climb up aligns with the culture of competition in IPE. The emphasis on competition and learning through experimentation, inherent in both perspectives, raises questions about the potential for achieving economic gains without resorting to violence and exploitation. While the culture of competition holds progressive elements, it also involves a continuous act of self-deception and denial

of alternative selves. This prompts a critical reconsideration of the contradictions and limitations within the culture of competition in IPE, emphasizing the need for a more nuanced and reflective approach to difference and progress in the global economic landscape.

Chang argues that international pressures for institutional improvement can have a positive impact on development if implemented realistically and in conjunction with appropriate policies. However, he expresses concern that the current efforts to improve institutions in developing countries may lack practicality and could result in another ineffective "ladder-kicking" exercise (Chang, 2002, p.134). Interestingly, during the catch-up phase of the United States, Chang highlights that many intellectuals and politicians acknowledged the inadequacy of the free-trade theory advocated by classical British economists. Instead, they relied on "common sense" and an instinct for what was necessary for the nation, successfully protecting their infant industries after 1816 (Chang, 2002, p.89).

Chang explores into the historical events of developed countries, citing the National Law Center for Inter-American Free Trade, to question how these countries truly became rich. He argues that these countries did not follow the policies and institutions they now recommend to developing countries. Many of them actively used "bad" trade and industrial policies, such as infant industry protection and export subsidies, which are now frowned upon or banned by the WTO. Chang emphasizes that until the late 19th to the early 20th century, developed countries had few of the institutions considered essential today, challenging the fairness of their recommendations to developing nations (Chang, 2002, p.2-3).

Chang also incorporates Friedrich List's perspective, challenging the conventional narrative of Britain's industrial development as a triumph of free trade. List argues that powerful nations, having achieved industrial supremacy, tend to advocate for free trade while preventing others from pursuing similar paths. This echoes the metaphor of "kicking away the ladder." List's assertion is supported by Chang's observation that developed countries did not follow free-trade theories during their catch-up periods (Chang, 2002, p.89).

Chang further incorporates Alexander Gerschenkron's late development thesis, emphasizing the need for powerful institutional vehicles for industrial financing during industrialization. While recognizing the importance of institutional catch-up, Chang warns against exaggerating the benefits, stating that not all "global standard" institutions universally benefit developing countries. He questions whether developed countries, through the institutions they control, recommend policies that are beneficial for themselves rather than for developing nations, similar to the historical imposition of "unequal treaties" (Chang, 2002, p.127-128).

Chang's book highlights the paradox that neoliberal "policy reforms" fail to deliver the promised economic growth. Countries, especially developing ones, experienced faster growth when implementing "bad" policies during the 1960-1980 period compared to the

following two decades with supposedly "good" policies. Chang suggests that the allegedly "good" policies are not beneficial for developing countries, and the "bad" policies, similar to those employed by developed countries during their development, might be more effective. This leads to the conclusion that, in recommending "good" policies, developed countries are, in effect, "kicking away the ladder" by which they climbed to the top (Chang, 2002, p.129).

When examining the developmental theories of Asian countries, particularly Japan, a clear alignment with developmental state theories becomes evident (Cuming, 1999, p.63). The Japanese model emphasizes the impact of the market, the collective drive of collectivism, and the influence of national character on development. Cultural considerations suggest that societal issues like street crime can be addressed through disciplinary measures (Cuming, 1999, p.63). In this model, the unique role of the state is defined by negotiation rather than leadership, driven by the "limits to state capacity" and the "politics of reciprocal consent." This entails a mutually beneficial relationship between business firms and the state, constraining each other and setting Japan apart from traditional liberal models.

However, Chang (2003) challenges the conventional narrative of capitalist history, particularly the view that emerged after World War II. According to this narrative, Britain established a liberal world economic order around 1870, characterized by laissez-faire policies, low international barriers, and macroeconomic stability. This era of unprecedented prosperity supposedly ended after World War I when countries resorted to trade barriers. The USA's Smoot-Hawley tariff in 1930 marked a departure from free trade, and Britain's reintroduction of tariffs in 1932 contributed to the demise of the first liberal world order (Chang, 2003, 23).

Post-World War II, the narrative claims progress in trade liberalization through GATT talks, but dirigiste economic management dominated policy-making until the 1970s in developed nations and the early 1980s in developing and Communist countries. The rise of neoliberalism since the 1980s, emphasizing small government, laissez-faire policies, and international openness, is seen as a move away from interventionism (Chang, 2003, 22). Chang (2003,22) argues that the establishment of new global governance institutions like the WTO, combined with national-level policy changes, has created a new global economic system, potentially comparable to the earlier "golden age" of liberalism (1870–1914). However, he contends that this narrative is fundamentally misleading, acknowledging some aspects of the late 19th century as an era of laissez-faire, particularly between 1860 and 1880 when many European countries reduced tariff protection. Despite exceptions like the USA, this period is considered by some as the closest the world has come to free trade.

The unique position of Japan in the global order, as described by Karel van Wolferen and discussed by Cuming, presents a complex narrative that transcends conventional classifications of capitalism and communism. Japan's political culture, distinct from that of the West, adapts beliefs situationally, making it a distinctive model. While Japan

undergoes liberalization and democratization, it maintains a developmental status that is advanced compared to other Oriental countries but still developing compared to the West.

Van Wolferen characterizes the Japanese system as a web without a spider, symbolizing the intricate interplay between the state, society, and culture (Cumings, 68). Many Japanese view this web as a natural and pervasive force. Shaped by historical entanglement in a hegemonic structure, this web has evolved through the dominance of England and America, war, and unilateral American influence. Japan, South Korea, and Taiwan, industrialized within this web, strategically resisted entanglement, and asserted their autonomy.

This historical context of Japan's developmental model is evident in its contemporary engagement, particularly through the Free and Open Indo-Pacific (FOIP) strategy, as highlighted by Satake (2019, 76). FOIP emphasizes collective rulemaking and norm-setting agreed upon by regional countries, aligning with Japan's historical approach of shaping state policies to resist entanglement. Japan actively participates in trade rule-making initiatives, aiming to establish a "free, fair, and rule-based market" in line with FOIP (Satake, 76).

In a broader context, Chang's analysis on protectionism challenges the prevailing views of neoliberal economists. Chang argues for a reassessment of the effectiveness of protectionism in today's developing countries (NDCs). He emphasizes the significant productivity gap between today's developed and developing countries, suggesting that today's developing countries may be less protectionist than historical NDCs, especially considering the lower levels after extensive trade liberalization(27-28). This paradox arises as developing countries experienced faster growth using supposedly "bad" policies during the 1960-80 period compared to "good" policies in the following two decades.

Chang's research emphasizes the importance of gaining a more nuanced understanding of historical experiences. He advocates for changes in IMF and World Bank conditionalities, as well as WTO rules, to provide developing countries with greater policy flexibility that aligns with their specific developmental stages (Chang, 29). By integrating historical insights into Japan's developmental model and incorporating Chang's analysis on protectionism, a dual perspective emerges. This dual perspective highlights the intricate complexity of Japan's historical experiences and its evolving role in shaping the rules and norms of the global economic order.

Berge (2004, 157) contributes to this understanding by placing Japan's modern geopolitical stance into context. He does so against the backdrop of the consolidation of US hegemony in the 1970s and the subsequent rise of neoliberalism and globalization in the 1980s. This comprehensive examination encompasses both historical experiences and contemporary efforts within Japan's developmental model. The result is a comprehensive portrayal of the intricate dynamics that define Japan's role in shaping the rules and norms of the 21st-century global economic order. This structured approach allows for a more coherent and insightful analysis of Japan's historical trajectory and its implications for the current economic landscape.

Asian developmental model VS The global project

The shift towards the United States-led globalization project, following the end of the Cold War, played a crucial role in reshaping the role of states in guiding national development. While security and political order were focal points for theorists like Samuel Huntington and military modernization theorists, proponents of the developmental state, as emphasized by Berge (219), highlighted the state's capacity to drive economic development. This perspective positioned successful development under state auspices as instrumental in bolstering state power.

Ye notes that the 1990s and 2000s were a period where neither China nor Russia effectively counterbalanced U.S. power. During this time, the United States, driven by its pursuit of liberal values, often overrode sovereignty in its actions. Critics view this as post-Cold War U.S. hubris, citing examples such as the NATO-led intervention in Libya, leading to regime change and leaving Russia and China feeling deceived (Ye, 369). Defenders, however, argue that such interventions represent a natural evolution of international humanitarian law (IHL) (369).

Simultaneously, the World Bank, traditionally rooted in a developmental economics framework, underwent significant transformations. The rise of the U.S.-led globalization project, as highlighted by Berge (220), reshaped the capacity of states to influence national development. Responding to pressures from Japan and other influences, the World Bank gradually adjusted its neo-classical perspective. Throughout the 1990s, there was a growing inclination to find common ground with the developmental state model advocated by the Japanese government and theorists. This evolution in the World Bank's approach mirrors the broader shifts in economic ideologies during this transformative period.

Late-industrialized countries such as China, India, Korea, and Taiwan actively intervened in the market, systematically navigating economic challenges by deliberate state involvement (Berge, 223). The 1980s witnessed the expanding reach of neoliberalism, with Washington and London exerting predominant influence over institutions like the World Bank and the International Monetary Fund (IMF). Supported by the Reagan administration, Margaret Thatcher's government, and the extended tenure of Helmut Kohl in West Germany, these entities increasingly advocated for trade liberalization, privatization, and financial sector deregulation across Asia, Africa, and Latin America (Berge, 159).

Proponents of neoliberalism, like Lal, argued that state intervention in the economy had been weakened by the economic history of the Third World after 1945. Lal contended that the economic challenges in developing countries were not inherent to market economies, but rather resulted from policy-induced distortions caused by irrational *dirigisme* (Berge, 160). The prevailing notion of development at the World Bank, influenced by development economics during the McNamara era, emphasized state-mediated national development within the backdrop of the Cold War (Berge, 161).

In the 1980s, commentators like Staffan Burenstam Linder recognized policies in East Asia reminiscent of those that fueled the affluence of Western countries. This observation, as highlighted by Berge (165), bring into line with arguments presented by Chang, indicating shared historical developmental models between developed and developing countries. While the end of the Cold War suggested the universalization of Western liberal democracy, Berge suggests that the liberal victory was unfinished, particularly in East Asia. Countries like Japan successfully integrated capitalist principles into their unique traditions and institutions, revealing the potential path to economic development for industrializing economies (165). The 1992 perspective of Francis Fukuyama echoed this sentiment, emphasizing capitalism as a viable route for economic development available to all countries, exemplified by the postwar economic miracles of Japan and Germany (165).

The end of the Cold War marked a significant moment for the end of “mankind ideological revolution and the universalization of Western liberal democracy as the final form of human government (Berge, 165).” However, Francis Fukuyama argues that the process of liberalization is still unfinished, especially regarding the Japanese government's handling of the increasing challenges arising from heightened tensions with the US government (165). These tensions mainly revolve around the perceived unfair trading practices carried out by Japanese companies, as explained by Berge (168). The establishment of APEC (Asia-Pacific Economic Cooperation forum) in 1989 was initially seen as a potential instrument for US dominance and global liberalization. However, following the Asian crisis, APEC's dynamics shifted, resulting in the weakening of APEC and the consolidation of ASEAN +3 as a stronger regional entity.¹

On the global stage, the World Bank faced potential conflicts due to competing visions of regional development. To alleviate tensions, Lawrence Summer, the Bank's Vice-President, reframed the term "market-friendly policies" (Berger, 169). These policies, described as a balance between laissez-faire and interventionism, were considered optimal for promoting both growth and income distribution (Berge, 169). Tokyo, leveraging its growing influence at institutions like the World Bank and IMF, continued to refine its unique model of economic development.

"Unraveling Tensions: U.S. Concerns Over Japan's Development and Alleged Market Violations"

The international political economy is inherently competitive, serving as a means for nations to uphold their dignity. The rebellion of Japan in the 1980s, for instance, can be viewed as a revolution aimed at constructing national dignity. Fitzgerald (2006, 5) highlights the recurring emphasis on national dignity in contemporary East Asia, suggesting a cultural specificity tied to the region's civilizational legacy. By examining Japan's resistance, Fitzgerald notes that issues of national pride played a significant role, overshadowing economic interests. American economist Paul Krugman's observation

¹ Further research is needed to delve into the intricacies of the US-Japan relationship and to elucidate the specific role that the US envisions for Japan in the context of Asian regionalization."

reinforces this sentiment, emphasizing that Japan's success had a greater impact on national pride than on the standard of living.

As we have slightly touched upon the FIOP, throughout the past century, East Asian countries like Japan and China put efforts in couple with other Asian countries against Western imperialism or global capital have been consistently met with efforts to deflect or defeat them. Each East Asian nation carries the weight of its history in the region, with the concept of East Asia deeply ingrained in their national imagination. The implications of this regional concept vary from state to state, shaping their perceptions of neighboring countries and self-reflections.

Pempel introduces the "developmental state" concept, attributing East Asian success to governments' control over critical economic dimensions. Japan's political structure, economic model with keiretsu, and evolving autonomy in the 1980s are explored. The U.S. played a role in shaping economic policies, leading to pressures on Japan, South Korea, and Taiwan to open specific market segments (Pempel, 2019, 150-166). The example is examined by Fitzgerald (2006,21); countries in Latin America may adopt an autarkic policy that favors the growth of national industries. In contrast, North Atlantic countries may intervene in markets beyond their own to promote openness. East Asian countries like South Korea, Taiwan, and Japan heavily invest in their technological capabilities, following a nationalist approach that involves making strategic decisions on technology acquisition (Pempel, 153). This distinction contributes to their successful economic nationalism compared to countries that simply acquire technology. Amsden and Hikino also provide a rationale for the positive correlation between growth and equity in the East Asian model, linking income distribution equality to policies that support the targeted growth of key industrial enterprises (Fitzgerald,2006,21). The commitment to equality helps establish a social consensus that favors unequal investment decisions, which are based not on inherited cultural traits but on variations in dominant constituencies defining the national interest (Fitzgerald,2006,21).

Pempel's analysis of the developmental state provides a nuanced understanding of the intricate relationship between politics and economic development, challenging conventional neoclassical perspectives. Advocates of the developmental state contend that long-term economic success is contingent on strategically devised political initiatives rather than relying on passive market dynamics (Pempel, 140).

Examining the multifaceted dynamics between Japan's development and its ties with the United States, Pempel identifies several key factors shaping Japan's distinctive approach. Japan's political structure, grounded in constitutional democracy, ensures standard guarantees of individual and civil liberties, mirroring North American and Western European democracies (Pempel, 2019, 150). The economic model, characterized by keiretsu (corporate groups), served as a template for South Korea's chaebol. Initially debt-driven in the 1960s and 1970s, Japanese companies transitioned to greater autonomy by the 1980s through retained earnings and equity financing. Notably, Japan avoided foreign investment and borrowing, relying on technology transfer without relinquishing control to foreign capital (Pempel, 150-153).

Understanding the intricate ties between Japan's development and its relationship with the U.S. requires acknowledging the pivotal role of the United States in shaping economic policies and exerting pressures on Japan, South Korea, and Taiwan. Japan, emerging as one of the world's most powerful capitalist democracies, wielded significant economic influence (Pempel, 166). While Japan maintained some degree of independence due to its overall international sway, South Korea and Taiwan heavily depended on U.S. support, both economically and militarily. Shifting U.S. perspectives, particularly emphasizing economic considerations, resulted in mounting pressures on these nations to open specific domestic market segments to American products and investments.

Expanding on this evolving dynamic, Urata (2020, 144) emphasizes two pivotal events that significantly influenced US–Japan trade frictions. Firstly, the end of the Cold War in the late 1980s reshaped geopolitical dynamics by reducing or eliminating the Soviet threat. Previously, Japan, under Soviet threat, had heavily relied on the United States for national security. With the easing of Cold War tensions, Japan gained increased maneuverability in its diplomatic dealings with the United States. Secondly, the establishment of the World Trade Organization (WTO) introduced a more effective dispute settlement mechanism compared to the General Agreement on Tariffs and Trade (GATT). This offered an alternative and structured method for resolving trade disputes, enabling WTO members, including Japan, to resort to the organization's dispute settlement mechanism instead of relying solely on bilateral negotiations to address trade-related conflicts. The WTO became an additional avenue for negotiating trade barriers.

The General Agreement on Tariffs and Trade/WTO (GATT/WTO) is widely acknowledged as an influential instrument for exerting pressure toward trade liberalization (Urata, 153). Multilateral institutions, such as the WTO, reduce transaction costs and facilitate credible commitments to liberalize trade. Agreements established through multilateral negotiations promise broader benefits since all members of the trade regime accept them as legally binding commitments. WTO committees provide a platform for discussing trade barriers considered inconsistent with the agreements. By repeatedly raising concerns in the multilateral setting, members can address differences in interpretation and employ public pressure to encourage a trade partner to modify a contentious policy (Davis, 2007, 279-280). Japan, being an ideal candidate for testing this hypothesis, engages in few WTO disputes despite its active industrial policy and organized business sector, particularly in the high-velocity electronics industry (257). This alternative dispute settlement avenue has enhanced Japan's position in trade negotiations with the United States, offering a more organized and impartial platform for addressing trade issues and disputes.

Japan, industrial development model exhibits a unique capacity domestically extracting capital, formulate, and execute economic plans, manipulate resource access, coordinate businesses, target industrial projects, resist political pressures, and enhance productivity (Pempel, 139). However, this distinctive capacity stimulated trade frictions between the U.S. and Japan in the 1950s. Urata (2020, 149) highlights the historical backdrop of U.S.-Japan trade frictions, dating back to the 1950s, characterized by the U.S. attempting to

restrict Japan's exports to the United States in various sectors, such as textiles, steel, automobiles, and semiconductors (145-148).

One significant episode in this trade tension was the Market-Oriented Sector-Specific (MOSS) talks initiated in 1985 (Urata,150). President Reagan and Prime Minister Yasuhiro Nakasone aimed to remove barriers to U.S. products through regulatory reform, tariff reduction, and other policy measures (Urata, 150). However, internal U.S. government divisions on the approach created challenges. Despite progress, the MOSS talks faced U.S. Congress irritation, leading to the introduction of the "Super 301," mandating the threat of trade sanctions against countries deemed to undertake unjustified and unfair trade practices (150-151).

The U.S.-Japan semiconductor agreement in 1986, arising from limited semiconductor exports to Japan, resulted in the U.S. filing a Section 301 petition against Japan (151). The agreement aimed to increase market access in Japan, and one controversial aspect was a side letter indicating expectations for the foreign-affiliated companies' market share. The U.S. interpreted this as a numerical target and imposed sanctions on Japanese products. Urata quote from Bayard and Elliott's research (One significant episode in this trade tension was the Market-Oriented Sector-Specific (MOSS) talks initiated in 1985 (Urata,150). President Reagan and Prime Minister Yasuhiro Nakasone aimed to remove barriers to U.S. products through regulatory reform, tariff reduction, and other policy measures (Urata, 150). However, internal U.S. government divisions on the approach created challenges. Despite progress, the MOSS talks faced U.S. Congress irritation, leading to the introduction of the "Super 301," mandating the threat of trade sanctions against countries deemed to undertake unjustified and unfair trade practices (150-151) demonstrating the effectiveness of Section 301 and Super 301, concluding that, on balance, they have been reasonably successful in achieving the U.S. goal of opening foreign markets.

In the 21st century, the U.S. and Japan experienced a relatively quiet period regarding trade frictions until Donald Trump's presidency in 2017. Factors such as macroeconomic performance, reduced demands for trade protection, and negotiations of free trade agreements, including the Trans-Pacific Partnership (TPP), contributed to the favorable bilateral trade relationship (154). The TPP, a comprehensive trade agreement, involved challenging negotiations, particularly on sensitive items like agricultural products for Japan and tariffs on automobiles for the U.S. Despite these challenges, the TPP was recognized as a groundbreaking agreement with high-level liberalization and comprehensive issue coverage, marking a significant step in the evolving dynamics of U.S.-Japan trade relations.

In essence, Pempel's exploration highlights the pivotal role of politics in driving economic development. It contends that adept political power wielded by developmental states positively influences a nation's economic well-being, challenging the conventional neoclassical stance advocating for the merits of an ostensibly "free market." Proponents of the developmental state argue that sustained economic success necessitates politically constructed initiatives, providing a comprehensive perspective on the complexities of

state-driven economic development. While developmental states are evaluated based on domestic considerations, there is a lack of attention to strategic goals of competing powers, regional power balances, and cross-national rules governing trade and investment. Pempel's analysis highlights the importance of aligning bureaucratic directives with international market forces for long-term economic success (Pempel, 146).

"The Evolution of US Concerns: From Japan in the 1980s to Contemporary Challenges with China"

Examining the evolution of US concerns from Japan in the 1980s to contemporary challenges with China unveils both striking similarities and critical differences. Firstly, the substantial trade surplus both Japan and China have maintained vis-à-vis the United States, prompting apprehensions about market imbalances and economic influence (Urata, 156). Additionally, both nations experienced rapid economic growth, causing concerns in the US about their catching up with American economic power measured by GDP. However, the economic systems diverge significantly, with Japan being accused of exclusionary business practices such as the Keiretsu and government interventions, and China characterized as a state capitalist system dominated by state-owned enterprises (SOEs).

In both instances, the United States perceived Japan and China as economic competitors, leading to trade frictions. However, significant differences emerge, particularly in the political realm. While the US and Japan share democratic values and maintain an alliance, the adversarial relationship between the US and China, governed by an authoritarian one-party rule, intensifies the severity of the US-China trade war. This marked contrast in political systems contributes to the complexities of economic relations. Moreover, Japan's response during trade frictions differed markedly from China's approach. Japan refrained from retaliation, driven in large part by its dependence on the United States for national security. In contrast, China opted for retaliatory measures, further escalating the conflict.

The 1987 case serves as a poignant example illustrating the complexity of U.S.-Japan economic relations. This period was marked by tensions, retaliatory measures, and mutual economic interdependence. Despite the trade frictions, Japan, dependent on the United States for national security, exercised restraint in retaliation. The intricate nature of this economic relationship highlights the importance of effective leadership and diplomatic engagement. Overcoming protectionist sentiments and preserving vital economic ties between these two nations require strategic and skillful navigation.

The hierarchies uncovered in modern competitive practices add a layer of complexity to the dynamics, revealing an uneasy tension. Competitive practices express both the semblance of equality among actors and, concurrently, the substantive denial of that equality (Inayatullah, 117). This insight, as pointed out by Urata (156), underscores the intricate power dynamics at play in the economic relationships between nations.

Understanding these hierarchies becomes crucial for devising effective strategies to address trade imbalances, unfair competition, and the preservation of economic ties.

The most noticeable example is 1987 case, in which the American sanctions imposed on Toshiba Machine Company of Japan. The Congress expressed its indignation at Toshiba's violation of regulations set by the Coordinating Committee for Multilateral Export Controls (COCOM) by selling eight computer-guided multi-axis milling machines to the Soviet Union (Packard, 1987, 348). This incident occurred amidst Japan's ascension from a protected protégé to a leading creditor nation globally, challenging America's technological leadership and flooding the U.S. market with high-quality manufactured goods. With Japan announcing a staggering trade surplus of \$101 billion in the fiscal year ending March 31, 1987, and the American trade deficit soaring to an unprecedented \$167 billion, of which nearly \$58 billion was with Japan, the U.S (351-352). Congress prioritized trade legislation aimed at protecting the domestic market and achieving reciprocity in trade relations.

Several protectionist measures targeted Japan, including limiting investment by nations with closed economies and enforcing a "level playing field (Packard, 1987, 353)" Congressman Richard Gephardt anchored his presidential ambitions to an amendment aimed at reducing Japan's trade surplus. In response to Japan's alleged violation of a 1986 semiconductor agreement, President Reagan ordered the first trade sanctions against Japan since World War II—a 100-percent tariff on approximately \$300 million worth of Japanese exports containing chips (Packard, 1987, 352).

The media on both sides were showing the unhappy relationship with each other. Japan blaming America's budget deficit for the trade issues, while U.S. media carried accusations of unfair trade practices by Japan, including targeting U.S. industries, dumping products, and imposing non-tariff barriers. Amidst this tension, export industries continued to drive Japan's economic growth, with nearly 40 percent of its exports directed to the American market (Packard, 1987, 353). Conversely, Japanese capital flowed into U.S (353). Treasury bonds and corporate securities, sustaining low-interest rates, and supporting the American economic recovery.

Despite hostile rhetoric, both countries recognize their economic interdependence². A healthy U.S. economy is critical for Japan to maintain the value of its investments, while Japan's economic growth depends on access to the U.S. market. Therefore, wise and decisive leadership is necessary to overcome protectionist sentiments and prevent a breakdown in the important economic relationship between the United States and Japan.

The United States needs a strategic shift, aiming to address the goals of reducing/eliminating the trade deficit and correcting China's unfair trade practices without resorting to protectionism (157). The focus should move from trade protection to macroeconomic adjustment, involving a reduction in overspending. Collaborative efforts

² There is the military pressure from the United States, which also weakens the independency on Japan's capacity to compete with the US. Although, the official thinks that it might hurt the national pride, but it is still hard for the Japanese officials to further uncouple with the US.

with allies like Japan and the EU, who face similar challenges with China, could prove more effective in pressuring China and establishing international rules through the WTO. Drawing from lessons in the US-Japan trade friction, allying with pro-change constituencies in China is essential for effective US pressure. Encouragingly, Chinese companies expressing concerns about intellectual property rights (IPR) protection violations signal a potential avenue for collaboration (Urata, 156).

The evolution of US concerns from Japan to China highlights the imperative need for strategic and multilateral approaches in navigating the complexities of contemporary economic relations. According to Nymalm (20), in the aftermath of World War II, Japan swiftly ascended to the status of a member of the 'Western' world, adeptly embracing the norms of the liberal international economic order. The resulting US-Japanese alliance was widely recognized as 'the most important pillar of security and political order in the Asia Pacific' (Ikenberry and Inoguchi, 1), with the former Japanese Prime Minister Yasuhiro Nakasone even characterizing Japan as the USA's 'unsinkable aircraft carrier in the Asia Pacific' (Nymalm, 20).

Conversely, retaliatory measures by China are viewed as counterproductive, carrying the potential for a detrimental impact on the global economy. To address these economic tensions, it is argued that China should proactively engage with international mechanisms, such as the WTO's dispute settlement, and actively participate in regional free trade agreements (FTAs) like the RCEP and CPTPP. These agreements present China with opportunities to shape a more favorable global trade environment, enhance its economic system, drive efficiency, and foster economic growth (1567-158).

However, the 'distinctive nature' of the overall bilateral relationship between China and the USA, markedly differing from Japanese-US relations in the 1980s, may contribute to tensions over economic policy. Despite China's previous status as a US ally during World War II, the establishment of the People's Republic of China (PRC) in 1949 marked a shift to Cold War adversary status, characterized by enduring 'ideological suspicion (Nymalm, 20).' This enduring ideological mistrust of 'communist China' continues to shape the current dynamics between the two nations.

"China's Rise: Challenging the Hegemonic Power of the United States in the Global Market"

According to Dani Rodrik (2010,2), the growth trajectories of Japan, South Korea, and China share a common thread—they all strategically focused on developing their industrial capabilities rather than adhering strictly to prevailing comparative advantages. Notably, these countries rapidly ascended to the status of manufacturing superpowers, defying expectations based on their initial resource endowments. China constructed its formidable export portfolio through deliberate public investments and industrial policies that compelled foreign companies to transfer technology. As a result, China's export profile resembles that of a nation significantly more economically advanced.

The overarching lesson from these growth superstars is the crucial role played by rapid structural transformation in their development journeys. Moving swiftly from low-productivity traditional sectors to high-productivity modern activities defines the growth strategy of these nations (Rodrik, 2). Modern activities, predominantly in the form of tradable industrial products, contribute significantly to their economic success. While tradable services are gaining importance, the emphasis remains on industrial capabilities. In essence, the transition into modern industrial sectors becomes a key determinant of a country's ability to escape poverty and achieve sustained economic growth.

Rodrik's perspective challenges the notion that market forces alone drive the automatic transition into high-productivity activities. Instead, it highlights the existence of severe market or institutional failures that disproportionately impact modern sectors. Factors such as low domestic saving, high costs of capital, and other impediments can hinder the necessary investment and structural changes required for rapid economic growth. Understanding and addressing these challenges become crucial for countries aspiring to emulate the success stories of Japan, South Korea, and China.

The high productivity which did not match with the global standard, which will also bring tension in the global economic relationship. As we have argued that the tension in the 1980 between the United State and Japan. Currently, based on the fact sheet provided by Biden administration, the tension released. According to the White House (2020), the focus is on expanding market access, increasing two-way investment, stimulating domestic demand-led economic growth, promoting economic restructuring, and improving the climate for U.S. investors. The United States sees Japan as “a major market for various goods and services, encompassing agricultural products, chemicals, insurance, pharmaceuticals, films and music, commercial aircraft, nonferrous metals, plastics, medical and scientific supplies, and machinery (2020)”. Based on the government report, the economic engagement with Japan is aimed at mutual benefits, with Japan having invested over USD \$480 billion in the U.S. economy, supporting 860,000 jobs in the United States(White House, 2020). This approach signifies a collaborative effort to enhance economic growth for both nations.

The White House fact sheet shows the nuanced strategies: collaboration and mutual economic growth with Japan and strategic competition coupled with global cooperation to address challenges posed by China. The different emphases in economic relations underline the complex geopolitical landscape the United States navigates in its pursuit of both economic prosperity and strategic interests.

The international relationship between China and US is not as always as rivals. The dynamic between the United States and China has evolved through distinct phases, Notably, with the end of the Cold War marking a crucial shift. In the third phase, characterized by economic engagement, the United States actively assisted China in its global economic integration, culminating in its entry into the World Trade Organization in 2001 (Ye, 366).

In strategic competitions, as highlighted by Inayatullah (138), a clear hierarchy of states, denoting "powers," emerges, wherein the stronger nations exploit their advantages to coerce the weaker counterparts. The resulting power differentials allow the stronger entities to dictate terms, violating the principle of states as sovereign equals and leaving the relatively weaker states vulnerable to the stronger ones' threats. This undermines the foundational values of sovereignty, such as independence, equality, and tolerance, rather than reinforcing them (138-139).

This clarification is pivotal within a global culture of competition, where powerful states are acknowledged to bear a distinctive responsibility in upholding international order. Inayatullah using Bull articulates that great powers are not only assertive of their right but are also granted the privilege to influence issues concerning the overall peace and security of the international system. Moreover, they willingly accept the duty to adjust their policies in alignment with the managerial responsibilities entrusted to them. The great powers' role, as envisioned by Inayatullah involves contributing to international order by managing their interactions and leveraging their preeminence to provide a general direction to global affairs (140). However, this managerial role is contingent upon states sharing common norms, values, and goals. While diplomatic norms have been incorporated into international organizational structures, such as the Concert of Europe, the League of Nations, and the United Nations, the continued calls for today's great powers to serve as guarantors of international peace and security underscore the ongoing acceptance of this role (139). The intricate interplay between force and the preservation of state independence becomes evident in this complex dynamic.

Transitioning to the fourth phase initiated by Donald Trump's National Security Strategy in 2017, a notable transformation occurred in the U.S.-China relationship, marking a departure towards great power rivalry. China, alongside Russia, was categorized as America's primary adversary, with Trump's policies focusing on concerns related to China's economic practices, technological challenges, and military expansion (366). While the election of Joseph Biden is expected to bring a more predictable approach to U.S.-China relations, the enduring nature of the fourth phase implies that this shift is likely to endure. The underlying theme of great power competition remains a central aspect of the U.S.'s strategic stance, indicating a persistent focus on managing power differentials and asserting influence on the global stage.

In the current strategic landscape, the U.S. approach to China is framed within the concept of strategic competition. The Biden-Harris administration places paramount importance on the economic dimension, viewing it as a crucial tool to counter China's perceived abusive, unfair, and illegal practices (White House, 2021). The central focus involves strategic investments in U.S. technology and scientific innovations to maintain a competitive edge. Simultaneously, the administration aims to collaborate with democratic allies globally, forming a united front to resist China's coercive economic practices.

The comprehensive strategy encompasses addressing multifaceted issues spanning trade, technology, and human rights. This is achieved through the development of a collective agenda with allies, emphasizing collaborative efforts to counteract China's influence. The

U.S. Assistance programs mandated by Congress for China cover a diverse array of areas. These include protecting Tibetan culture, promoting sustainable livelihoods, advancing environmental standards, fostering the rule of law and human rights, preventing pandemic diseases, and combating drug trafficking—specifically focusing on substances such as fentanyl and methamphetamine (White House, 2021). This multifaceted strategy reflects a concerted effort by the United States to navigate and engage with China across various dimensions while working collectively with global partners to address shared concerns and challenges.

The current tense phase in U.S.-China relations, often attributed to the Trump administration by Chinese analysts, involves a shared responsibility of Chinese leadership in fueling nationalist sentiments. Simultaneously, it led to the assertion of American decline, resulting in a souring of public opinion in the United States even before the 2016 presidential election (S. Nye Jr, 366). This shift in dynamics was not solely a consequence of Trump's rhetoric and policies but also reflected broader geopolitical and ideological trends.

China's rapid economic growth and poverty reduction, facilitated by the liberal international order, were accompanied by practices that tilted the trade balance in its favor. Subsidizing state-owned enterprises, engaging in commercial espionage, and mandating the transfer of intellectual property from foreign firms became contentious issues. While critics argued that Trump's emphasis on the bilateral trade deficit was misplaced, there was widespread support for addressing China's attempts to challenge America's technological advantage.³

"Othering" Asian States:

The strategic "othering" of China by the United States can be analyzed within the context of the evolving global order. According to S. Nye Jr (370), there is a historical perspective that positions the United States as a key architect of the current international order, emphasizing its critical role in fostering prosperity and maintaining peace among major powers. This exceptional viewpoint is rooted in the belief that American leadership has been essential for the success of the existing system, despite its imperfections. The rise of powers such as China, as well as the emergence of populism within democratic nations, challenges this order (366). The question arises as to whether President Biden can navigate this shifting landscape, promoting democratic values without resorting to military intervention while leading in the establishment and maintenance of institutions necessary for a world of interdependence.

In the area of international trade, distortions in the functioning of the World Trade Organization have been noted, with China's hybrid state capitalism seen as the basis for an unfair mercantilist model (369). This has led to a trend of decoupling global supply

³ Notably, China's growing military strength added a security dimension to the bilateral relationship in this phase. While it falls short of a Cold War due to high interdependence, the current phase represents more than a typical trade dispute, encompassing economic, technological, and security concerns that continue to shape the complex relationship between the two global powers.

chains, especially in areas where national security considerations are critical. China's protests against US restrictions on companies such as Huawei are framed in the context of sovereignty (S. Nye Jr ,370). But it also emphasizes that China has long restricted large Western tech companies such as Google, Facebook, and Twitter from operating within its borders due to security concerns.

Joseph S. Nye Jr. highlights Thucydides' insights into the Peloponnesian War, drawing a pertinent analogy that underscores the dual factors of the rise of a new power and the fear it instills in an established power (367). This analysis not only recognizes the significance of avoiding exaggerated fears but also emphasizes the potential consequences that such fears could manifest—a new cold or hot war between the United States and China. The consideration extends beyond mere economic size, with Nye pointing out that other critical factors like soft power and military expenditure play pivotal roles in contributing to the geopolitical balance. This nuanced perspective challenges the assumption of China's outright exclusion of the United States from the Western Pacific, suggesting the complexity of their interconnected dynamics (367). The strategic "othering" of China by the United States is thus portrayed as a result of the complicated interplay of economic, military, and diplomatic factors, reflecting broader geopolitical dynamics and the persistent pursuit of maintaining global influence.

This approach is also evident in the historical context of U.S.-Japan relations and the evolving dynamics with China. In the post-Cold War era, U.S.-led globalization played a pivotal role in reshaping the role of the state in national development. The clash between Japan's developmental state model and the neoliberal agenda prompted post-industrialized countries like China, India, South Korea, and Taiwan to actively intervene in the market, challenging the dominance of neoliberal policies. The U.S.-led globalization project has left a significant impact on institutions such as the World Bank, influencing the ability of countries to shape their national development. The historical parallels between Thucydides' insights and contemporary geopolitical challenges underline the enduring nature of power dynamics and the strategic considerations that nations navigate in their pursuit of influence and economic supremacy.

Tensions in global economic relations, exemplified by the U.S.-Japan friction of the 1980s, underscore the importance of employing subtle strategies in economic relations. These tensions have evolved through different phases in U.S.-China relations, reflecting the complex geopolitical landscape. China's rise has challenged the existing global economic order, leading the Biden administration to adopt a strategy that combines cooperation and strategic competition, focusing on addressing perceived unfair practices.

The analysis of East Asian development models, including the Japanese economic system, challenges traditional neoclassical views. Proponents of the developmental state, such as Pempel, argue that state-driven initiatives are crucial for economic success. This perspective contrasts with neoliberalism by recognizing the critical role of strategic political interventions for sustained economic growth.

President Biden's historical judgment and extensive background intelligence provide encouraging foundations for navigating the complexities of contemporary international relations, as noted by S. Nye Jr (371). However, the persistence of uncertainties and the potential influence of unforeseen events highlight the dynamic nature of the global landscape.

A considerable challenge for President Biden lies in addressing the decline of U.S. soft power during the Trump presidency. To counter this decline, he aims to implement a deliberate change in style and policy, with the overarching goal of restoring trust and credibility on the global stage. This shift in approach is particularly crucial given the alarming state of current US public opinion toward China. According to a 2021 Gallup poll, Americans' favorable ratings of China have reached a record low since 1979, plummeting to 20%. Additionally, Pew, a leading US polling organization, found that a staggering 89% of American adults now view China as a competitor or enemy rather than a partner.

The negative sentiment toward China in the United States is further fueled by unrelentingly negative press reports and government discussions. There is a concern that the continuous portrayal of China in this manner may be preparing the U.S. public to perceive China as a cold war enemy. On the other hand, Chinese views of the U.S. have also experienced fluctuations. In 2020, a low point was reached, with 28% of respondents reporting an unfavorable view of the United States, up from 17% a year earlier. (Blair,36) Simultaneously, the number of respondents reporting a favorable view declined from 58% to 39%. This divergence in perspectives underscores the complexities and challenges inherent in the current state of Sino-American relations (Blair,36).

In the American ideology, as highlighted in Barry Posen's influential 2014 book "Restraint: A New Foundation for U.S. Grand Strategy," liberal hegemonists advocate the belief that "the United States can only be truly safe in a world full of states like us..." (Blair, 30). This perspective resonates with the early 2000s sentiment where many Americans perceived China as inevitably progressing toward becoming "like us" (Blair, 30). Drawing parallels, U.S. concerns about trade imbalances and economic impacts have persisted, evolving from the apprehensions surrounding Japan in the 1980s to the contemporary challenges posed by China. However, the U.S.-China trade war has been exacerbated by deepening political differences. Acknowledging the need for a strategic shift, it becomes imperative for the United States to glean insights from the historical context of U.S.-Japan trade friction. Addressing concerns without resorting to protectionism is essential. This necessitates cooperative efforts with allies and embracing multilateral approaches utilizing institutions such as the WTO to adeptly navigate the complexities inherent in contemporary economic relations.

Conclusion:

Blaney and Inayatullah's "Savage Economics" challenges the assumption that increased wealth creation necessarily leads to poverty reduction in the Third World. They advocate for "cognitive travel," urging a critical examination of the past to understand present

challenges and possibilities. This emphasis on historical context becomes crucial when dissecting the US-Japan and US-China dynamics, as both relationships are deeply rooted in historical interactions and economic ideologies.

Adam Smith's classical liberal economic theories, foundational to the global economic order, stress economic growth as a solution to poverty. However, ethical complexities within Smith's vision, as highlighted by Blaney and Inayatullah, draw attention to the "wound of Wealth." This ethical dimension prompts a reconsideration of economic development paradigms, emphasizing the need to safeguard national independence amidst international economic relations.

The metaphorical concept of "kicking away the ladder" by Ha-Joon Chang challenges the fixed narrative of economic history, questioning the fairness of recommendations from developed to developing nations. Chang's emphasis on historical context and criticism of neoliberal policy reforms suggest that unconventional approaches might be more effective for developing countries. This challenges the normative assumptions underlying global economic policies.

Within the International Political Economy (IPE), the culture of competition plays a significant role, intertwining economic and power differentials. Chang's ladder for catch-up countries aligns with this culture, emphasizing the need for a nuanced and reflective approach to difference and progress. The tension between equality and hierarchy poses challenges to constructing a socially just and equal global economic landscape.

The debate between Adam Smith and Friedrich Hayek on the nature of the market raises essential questions about the role of competition and its implications for economic organization and societal outcomes. This tension encourages a critical examination of the multifaceted role of competition in shaping the market, calling for a balance that considers societal well-being alongside economic growth.

Chang's analysis on protectionism challenges neoliberal views, prompting a reassessment of its effectiveness in today's developing countries. The emphasis on historical experiences, particularly in Japan's developmental model, provides a nuanced understanding of the complexities shaping the rules and norms of the global economic order. This challenges the one-size-fits-all approach and advocates for context-specific economic strategies.

In examining Japan's role in the 21st-century global economic order, the incorporation of historical experiences and contemporary efforts reveals intricate dynamics defining Japan's geopolitical stance. This comprehensive analysis contributes to a more coherent understanding of Japan's historical trajectory and its implications for the current economic landscape. It highlights the importance of historical legacies in shaping modern economic strategies and geopolitical alignments.

The tension between the Asian developmental model and the US-led globalization project, discussed in the second set of information, is characterized by the developmental

state approach in Asia, particularly Japan. This is presented as a unique alternative to the neoliberal framework promoted by the West. The US's strategic "othering" of Asian states, especially China, reflects evolving global power dynamics and economic competition, necessitating further research to comprehend the nuances of this intricate relationship.

The evolution of U.S. concerns from Japan in the 1980s to contemporary challenges with China presents both similarities and critical differences. The analysis underscores the intricate nature of U.S. economic relations with Japan and China, emphasizing the importance of strategic and multilateral approaches to navigate the evolving geopolitical and economic landscape.

The unpredictable future of international relations, particularly concerning the US and Asian states, demands further research. The strategic "othering" of China, the challenges faced by the Biden administration, and the intricate nature of economic interdependence underscore the need for ongoing scholarly inquiry. The historical context of U.S.-Japan trade frictions serves as a valuable source of insights for addressing contemporary challenges with China, but the future requires a deeper understanding of emerging dynamics.

Overall, the exploration of economic theories, historical contexts, and global economic dynamics calls for a paradigm shift in how we approach international relations. It urges scholars and policymakers to move beyond simplistic narratives and embrace a more reflective and context-specific understanding. The unpredictable future requires continuous research to navigate the complexities of the evolving global economic order and foster constructive international relationships.

Reference:

Blaney, David L., and Naeem Inayatullah. "The Savage Smith and the Temporal Walls of Capitalism." Routledge, 2010.

Blaney, David L., and Naeem Inayatullah. "The Savage Smith and the Temporal Walls of Capitalism." In *Classical Theory in International Relations*, 123–155. Cambridge University Press, 2006.

Berger, Mark T. *The Battle for Asia : From Decolonization to Globalization*. New York: RoutledgeCurzon, 2004.

Berger, Mark T. "The Rise and Decline of the Developmental State." In *The Battle for Asia: From Decolonization to Globalization*. Taylor & Francis, 2010.

Berger, Mark T. "The Neo-Liberal Ascendancy and the East Asian Miracle." In *The Battle for Asia*, 172–198. Routledge, 2004.

Chang, Ha-Joon. *Kicking Away the Ladder : Development Strategy in Historical Perspective*. London: Anthem Press, 2002.

Chang, Ha-Joon. "Kicking Away the Ladder: Infant Industry Promotion in Historical Perspective." *Oxford development studies* 31, no. 1 (2003): 21–32.

Chang, Ha-Joon. *Kicking Away the Ladder: An Unofficial History of Capitalism, Especially in Britain and the United States*. Challenge (White Plains). Vol. 45. Abingdon: Routledge, 2002.

Cumings, Bruce. "Webs with No Spiders, Spiders with No Webs: The Genealogy of the Developmental State." In *The Developmental State*, 61–92. Ithaca, NY: Cornell University Press, 2019.

Davis, Christina L., and Yuki Shirato. "Firms, Governments, and WTO Adjudication: Japan's Selection of WTO Disputes." *World politics* 59, no. 2 (2007): 274–313.

David Blair. "Will Liberal Hegemony Lead to a Cold War in Asia?" Springer Nature Singapore, 2021.

Fitzgerald, John, and Sechin Y.S Chien. "Introduction: The Dignity of Nations." In *Dignity of Nations*. Hong Kong: Hong Kong University Press, 2006.

Ikenberry, G. John, and Takashi Inoguchi. *Reinventing the Alliance : U.S.-Japan Security Partnership in an Era of Change*. 1st ed. New York: Palgrave Macmillan, 2003.

Inayatullah, Naeem, and David L. Blaney. "IPE as a Culture of Competition." In *International Relations and the Problem of Difference*, 127–155. Routledge, 2004.

Johnson, Chalmers. "The Developmental State: Odyssey of a Concept." In *The Developmental State*, 32–60. Ithaca, NY: Cornell University Press, 2019.

Nymalm, Nicola. *From "Japan Problem" to "China Threat"? Rising Powers in US Economic Discourse*. 1st ed. 2020. Cham: Springer International Publishing, 2020.

Packard, George R. *The Coming U.S.-Japan Crisis*. *Foreign Affairs* (New York, N.Y.). Vol. 66. New York: Council on Foreign Relations, 1987.

Pempel, T.J. "The Developmental Regime in a Changing World Economy." In *The Developmental State*, 137–181. Ithaca, NY: Cornell University Press, 2019.

Rodrik, Dani. "Making Room for China in the World Economy." *The American economic review* 100, no. 2 (2010): 89–93.

Satake, Tomohiko. "JAPAN'S 'FREE AND OPEN INDO-PACIFIC STRATEGY' AND ITS IMPLICATION FOR ASEAN." *Southeast Asian affairs SEAA19*, no. 1 (2019): 69–82.

Urata, Shujiro. "US–Japan Trade Frictions: The Past, the Present, and Implications for the US–China Trade War." *Asian economic policy review* 15, no. 1 (2020): 141–159.

"U.S. Relations With China; bilateral relations Fact Sheet", White House, accessed December 14, 2023, <https://www.state.gov/u-s-relations-with-china/>

"U.S. Relations With Japan ; bilateral relations Fact Sheet", White House, accessed December 14, 2023, <https://www.state.gov/u-s-relations-with-japan/>

Wang, Huiyao. *The Ebb and Flow of Globalization : Chinese Perspectives on China's Development and Role in the World*. Singapore: Springer, 2022.

Woo-Cumings, Meredith. *The Developmental State*. Ithaca, N.Y. [etc: Cornell University, 1999.

Ye, and S Joseph. "China and the United States: Looking Forward 40 Years." Springer Nature Singapore, 2021.