

## A Study of American Hegemony in East Asia after the Cold War

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### Abstract

The US has played a critical role in the economic and geopolitical lines of the East Asia through trade and alliance partnership. After the Cold War, the US redefined its alliances, putting “American-led order” system at the service of wider regional order. Meanwhile, China has grown in economic strength and influence in regional affairs. It led that the US indirectly created a potential competitor on its hegemony in East Asia. This paper aims to understand American hegemonic power between the US and East Asian countries in trying to assess East Asia’s prospects and economic development. This paper is conducted through a “Qualitative Analysis” which mainly relies on both primary and secondary sources; books relevant to the study and reliable online references from official websites. This paper identifies that “A Study of American Hegemony in East Asia after the Cold War” can be scrutinized through the theory of “Hegemony Stability Theory”. Therefore, this paper explains that how US hegemony plays on its dominant role in East Asia development after the Cold War.

Keywords: American-led order, Trans-regional, East Asia development, Hegemony

### Introduction

East Asia has been facing the challenges of nation-building and economic development, and concerned about the maintenance of internal security after the World War II. East Asian countries have all conspired with one leader to make regional political sensitive threats to their guarded independence and sovereignty. The most important and successful example of regional institution-building in the developing world was the Association of Southeast Asian Nations (ASEAN).

The hallmarks of ASEAN are consensus and non-interference in the affairs of other members of ASEAN. Therefore, the wider East Asian region becomes a more important and institutionalized part of regional relations. And also this sense of regional identity is being expanded to include Northeast Asia.

“American hegemony”, on the other hand, is internationally dominant in military strength and economy development. American world order is used interchangeably based on various interpretations regarding the dominant power’s relations with the global political economy.<sup>2</sup> Firstly, the paper provides theoretical background about the US hegemony. Secondly, it reviews the evolution of US hegemony in East Asia. Thirdly, it summarizes the debates regarding the sustainability of US hegemony after China’s rise.

### Aim

The aim of the paper is to illustrate the major determining factors in the process of bilateral political and economic relations between American and East Asia.

### Research Questions

Why and how did American implement hegemonic power in East Asia after the Cold War?

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<sup>2</sup> Mark Beeson; “East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony”, <  
<https://apjjf.org/-Mark-Beeson/3008/article.html>, Vol 7/ Issue 2/ Number 2, January 8, 2009>,  
 p.2(Henceforth;Mark Beeson; “East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony”)

## Literature Review

The article of Wen-Qing Ngoei “The Origins of American Hegemony in East and Southeast Asia – And Why China Challenges It Today”, investigated the escalating rivalry between the US and China. China’s explicit ambitions for hegemony in the Asia Pacific have induced the Trump administration to increase U.S. defense spending and strengthen its partnerships with Asian allies.<sup>3</sup> The article of Mark Beeson; “East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony”, described that the paper organized the nature of hegemony, before linking it to some of the theoretical implications and insights that emerge from the East Asian case in particular.<sup>4</sup> According to these articles, the authors considered the decline of U.S. influence as the matter of China’s rising challenged to America’s longstanding hegemony in Southeast Asia and East Asia.

Therefore, these above mentioned articles examined that ‘East Asia’ is seemed to be essential prerequisites for the development of effective regional organizations and the necessary sense of identity and common purpose with regionalism. These did not mention American hegemonic power in East Asia with Hegemony Stability Theory. Therefore, in order to fill this gap, this paper will explain “A Study of American Hegemony in East Asia after the Cold War” under the light of Hegemony Stability Theory.

## Theoretical Framework

American policy towards East Asia after the cold war can be scrutinized through the theoretical views of relevant international relations theory as a conceptual framework as “Hegemony Stability Theory”. ‘Hegemony’ is derived from the Greek, and originally referred to the dominance of one state over the others in the international system. Hegemonic stability theory indicates that the international system is more likely to remain stable situation when a single nation-state is the dominant world power or hegemony.<sup>5</sup> However, if unequal economic growth which fundamentally transforms power relativities between states, one power will ultimately be replaced by another.

## Research Methodology

This paper focuses on case study design which has been applied to examine American using a form of American hegemonic power towards East Asia after the Cold War on their trade and investment sphere. In addition, level of analysis has been used to assess the perceptions and policies of Hegemony Stability Theory in the context of their features at domestic, bilateral and systemic levels. After examining and interpreting the collected documents, why and how American implements hegemonic power to cooperate and solve economic problems in East Asia after the Cold War has been explained.

## Findings and Discussion

In studying American Hegemony in East Asia after the Cold War, it is found that the US is an important role in East Asia for their political stability and trade surplus in economic development. However, at the same time, China economic power and influence is rising in the region. Therefore, the US faces the challenges to maintain its influence in East Asia.

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<sup>3</sup> Wen-Qing Ngoei “The Origins of American Hegemony in East and Southeast Asia – And Why China Challenges It Today”, < <https://historynewsnetwork.org/article/172256>>, p.1 ((Henceforth; Wen-Qing Ngoei “The Origins of American Hegemony in East and Southeast Asia – And Why China Challenges It Today”))

<sup>4</sup> Mark Beeson; “East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony”, p.3

<sup>5</sup> “Hegemonic stability theory”, <<http://en.wikipedia.org>>, p.2

## The Evolution of American Hegemony in East Asia

One of the most significant and enduring characteristics of American strategic policy was to establish itself at the center of a dense web of “American-led order” or ‘hub and spokes’ security relationships. In Europe, NATO became a critical element of this pattern of US-centric alliance structures, while in East Asia, a series of bilateral relations entrenched the US’s position across the region<sup>6</sup>. Significantly, the US has prepared with direct military involvement in Korea and Vietnam until the early 1970s. American hegemony was based on the preparedness to use certain types of foreign aid and investment to encourage capitalist economic development that is one of its most distinctive characteristics.<sup>7</sup> The US provided its aid on revitalizing Japanese economy and promoted the rise of Japan as a regional economic power, avoided the potential Communist expansion to Japan and allowed Japan to replace China as the economic center of East-Asia. Other countries in East Asia, such as Taiwan and South Korea, also benefited from American aid and its military expenditure and supplies during Korean War and the Vietnam War to offset their chronic trade deficits. Japan and other Asian nations gained their trade surplus via exporting the goods to the US.<sup>8</sup> It can be seen that East Asian countries promoted their trade surplus with the US aid.

During the Cold War era, the US constructed an economic interdependence framework with its major allies in both Europe and Asia within which the global economy functioned. The global capitalist economic system altered due to former communist countries’ transformation towards the market-oriented economies. After the new wave of economic development, much of the debate has been centered on the sustainability of the US dominance in managing this new global political economy. The US’s ultimate goal is to become a hegemon.<sup>9</sup> It can be seen that the US emerged a potential hegemon and local power achievement under its economic system in East Asian region in the Cold War.

American grand strategy has informed America’s long-term and multifaceted engagement with East Asia. American emphasis shifted to policies that fostered economic growth and political stability. Over the decades, the US established a partial hegemonic order in East Asia. It has been based on bilateral security pacts and trade-oriented economies. The American led order system tied the US to Japan, South Korea, and countries in Southeast Asia. The US provided security, open markets, and working political relations with its East Asian partners, and in return these countries agreed to affiliate with the US in trade, alliance, and political partnerships.<sup>10</sup> Therefore, according to Hegemony Stability Theory, America’s grand strategy of deep engagement has been strikingly on display in East Asia.

The close relations between the US and Japan, Taiwan, South Korea and other Asian countries developed with American hegemony through a support for economic development in East Asia. The U.S.-Japan economic relations are strong and mutually advantageous. The US and Japan have taken the most important step in years in forging a closer economic relationship. As the US as the world’s largest economic power, Japan depended on the US for national security, especially during the Cold War. For the US, the significance of the economic

<sup>6</sup> Art, Robert.(2003),*A Grand Strategy for America*. Ithaca: Cornell University Press, p.21. (Henceforth: Art, Robert. *A Grand Strategy for America*)

<sup>7</sup> US hegemony and Southeast Asia”, < [http:// www. researchgate.net/ publication/ 249016241\\_US\\_hegemony\\_and\\_Southeast-Asia](http://www.researchgate.net/publication/249016241_US_hegemony_and_Southeast-Asia)>, p.4

<sup>8</sup> G. John Ikenberry: “From Hegemony to the Balance of Power: The Rise of China and American Grand Strategy in East Asia”, *International Journal of Korean Unification Studies*, Vol. 23, No. 2, 2014, p.41) (Henceforth: G. John Ikenberry: “From Hegemony to the Balance of Power:”, p.3

<sup>9</sup> Min-Hua Chiang; “The US hegemony, East Asia and global governance”, <[https://link.springer.com, article](https://link.springer.com/article)>, p.3 (Henceforth; Min-Hua Chiang; “The US hegemony, East Asia and global governance”)

<sup>10</sup> Art, Robert. *A Grand Strategy for America*. Ithaca: Cornell University Press, 2003, p.143

relationship with Japan has been grounded in its reliance on Japan as a critical ally. Therefore, Japan in the post-World War II period was as an economic power in East Asia and, until now the third-largest economy in the world. The two economies are highly integrated via trade in goods and services. Japan expressed interest on March 15, 2013, in joining the negotiations to establish the Trans-Pacific Partnership (TPP) trade agreement to which the US is a party. After a series of informal bilateral discussions between the US and Japan, Obama Administration supported and invited Japan to participate in the TPP on April 12, 2013. Japan formally became a TPP participant with the other 10 participants on July 23, 2013.<sup>11</sup> Therefore, the US and Japan are pursuing various options to tighten in their economic relationship.

The US and South Korea relations has commenced since 1950. The US helped to establish the modern state of South Korea, and fought on its UN-sponsored side in the Korean War (1950–1953). Relations between the US and South Korea strengthened under the conservative, pro-American Lee Myung-bak administration. U.S. President Barack Obama stated that South Korea was one of America's closest allies and greatest friends. In politics, there were several rounds of talks regarding sharing the cost of U.S. forces in South Korea in 2018. On February 10, 2019, South Korea and the US confirmed that a yearlong deal for keeping American troops.<sup>12</sup> The US-South Korea alliance has expanded into a deep and comprehensive global partnership.

In economic, South Korea has achieved a remarkably high level of economic growth and is now the US' sixth-largest goods trading partner with a trillion-dollar economy. There are large-scale flows of manufactured goods, agricultural products, services, and technology between the two countries. The Korea-U.S. Free Trade Agreement (KORUS FTA) entered into force on March 15, 2012. It indicated the depth of bilateral trade ties. The US and the South Korea reached an agreement on the renegotiation of the KORUS FTA in March 2018. Major U.S. firms have long been leading investors. South Korea foreign direct investment in the US has also nearly doubled since 2011 from US\$19.7 billion to US\$38.8 billion in 2016, making the South Korea the second largest Asian source of foreign direct investment into the US. During President Trump's visit to the South Korea in 2017, South Korea companies announced plans to begin a series of projects in the US over the next four years valued at US\$17.3 billion.<sup>13</sup> It can be seen that the US and South Korea share a long history of friendship and cooperation based on shared values and interests to strengthen their economies.

Under the US and Taiwan relations, Taiwan heavily depended on the US for its security guarantees. The US has strengthened its security commitment to Taiwan to tackle the escalating tension in the Taiwan Strait. The US prioritized to revise its Indo-Pacific strategy. It mentioned that Taiwan was as a strengthened partnership and provided a sufficient self-defense capability. In March, 2018, the new Taiwan Act was taken to encourage more frequent and higher level official exchanges between the US and Taiwan and to maintain Taiwan's capacity of self-defense, informal notification of tanks and weapons. It was intended to contain China's maritime aggression. However, this policy did not favour to apply the economic field. Taiwan's trade dependency on the US was largely replaced by dependency on China after 2001. Taiwan and China entered the World Trade Organization (WTO). Taiwan's export reliance on China increased in 2018 because China's economic attraction for Taiwan is

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<sup>11</sup> William H. Cooper : "U.S.-Japan Economic Relations: Significance, Prospects, and Policy

Options", Congressional Research Service, February 18, 2014 , <<https://fas.org/sgp/crs/row/RL32649.pdf>>, p.8

<sup>12</sup> "South Korea-United States relations", <<http://South Korea-United States relations - Wikipedia. Httm>>, p.2

<sup>13</sup> "U.S. Relations With the Republic of Korea", <<https://www.state.gov/u-s-relations-with-the-republic-of-korea>>, p.3

growing at both regional and local levels.<sup>14</sup> At the local level, China's economic influence on Taiwan has become more tangible and comprehensive.

Moreover, between the US and Taiwan, economic ties have faded and it did not change policy towards Taiwan. According to latest annual report, Taiwan banned on the US pork and beef products containing ractopamine. Therefore, the US trade representative office has suspended regular trade talks since October, 2016. Taiwan was subjected to Trump's tariffs on steel and aluminum imports to the US started in March, 2018. Because Taiwan steel products were suspected to contain China made steel. In 2018, the total Taiwan's investment in China has amounted to US\$ 18 billion-10 times the investment in the US. Moreover, at the regional level, China's Belt and Road Initiative (BRI) was a good opportunity for Taiwan. China-led Asia Infrastructure Investment Bank (AIIB) was more accessible in granting loans for development projects for developing and underdeveloped countries in East Asia.<sup>15</sup> Therefore, although the US and Taiwan relations is good relations in their security alliance, the US needs to do to avoid losing Taiwan to China economically.

The US and ASEAN trade relations are critical for both sides. For Southeast Asia, the US is an important source of electronic machinery, aircraft, and agricultural products. The US also provides Southeast Asia with significant technical and educational training. ASEAN countries are already the fourth largest export market for the US. The U.S. export growth to Southeast Asia has been steady since the 1997 Asian financial crisis, and reached US\$86.2 billion in 2018, accounting for 5.2 percent of overall U.S. exports. Following the 2008 global financial crisis, U.S. imports from Southeast Asia have grown steadily and reached over US\$185.8 billion in 2018, up 9.4 percent from 2017 and up 68.7 percent in the last decade.<sup>16</sup> Moreover, ASEAN economies also had the opportunity to replace Chinese goods for the U.S. market. Likewise, Southeast Asia offered alternatives to U.S. products in the Chinese market. The US-Southeast Asia trade relations are important to both sides and set to become increasingly beneficial as Southeast Asia's economies grow.<sup>17</sup> The US remains a pre-eminent power in Southeast Asia and arguably still has more economic leverage in Asia than China.

However, East Asian countries are free to negotiate trade agreements either individual or as a bloc. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), or TPP-11, is an FTA that 11 Asia-Pacific economies signed in March 2018 that entered into force on December 31, 2018. The CPTPP will be the largest FTA in the Asia-Pacific, with a market of 490 million people, covering 12.9 percent of the world's gross domestic product and 14.9 percent of global trade volume. With the CPTPP entering force in December 2018, the Regional Comprehensive Economic Partnership (RCEP) is the major piece of unfinished regional trade business. The RCEP is being negotiated by sixteen countries was first proposed in 2011 to boost ASEAN centrality in trade architecture, as opposed to the ad hoc nature of TPP negotiating parties.<sup>18</sup> Therefore, if the US does not support for multilateral trade arrangements with trade being one of the region's top priorities significantly, the US' standing as a partner for Southeast Asia will degrade.

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<sup>14</sup> "Why the US may lose Taiwan to Beijing Economically", <http://www.whytheusmaylosetaiwan.com/why-the-us-may-lose-taiwan-to-beijing-economically-htm>, p.3

<sup>15</sup> *Ibid.*, p.4

<sup>16</sup> "U.S.-Southeast Asia Trade Relations in an Age of Disruption", <https://www.csis.org/analysis/us-southeast-asia-trade-relations-age-disruption>, p.3 (Henceforth: "U.S.-Southeast Asia Trade Relations in an Age of Disruption")

<sup>17</sup> "Towards Monetary and Financial Integration in East Asia", <http://books.google.com.mm>, p.141

<sup>18</sup> "U.S.-Southeast Asia Trade Relations in an Age of Disruption", p.3

## China's challenge for American

With the trade agreement between China and the US in 1979, the US agreed to remove some commercial barriers against China. From 1980 to 1999, the US restored most favored nation (MFN) status to China, offering low tariffs to Chinese exports to the US. In 2000, the Permanent Normal Trade Relations (PNTR) status was granted to China before its admission to WTO in 2001.<sup>19</sup> Since 2002, China has replaced Japan to become the most significant exporter to the US market in East Asia. The US has become the top export destination for China since 2005. However, China's economic growth and greater economic liberalization have greatly increased links with the US, such as the high ratio of American investment in China and the increasing Chinese exports towards the US market. In spite of the closer US-China trade relations, China's involvement in the regional division of labour did not change the economic interdependence between the US and East Asian countries. The US hegemonic power is still unchallengeable in East Asia. However, the extraordinary growth of the Chinese economy and its active diplomacy and military buildup is already transforming East Asia. Chinese power and further expansion of its influence on the world stage is further increasing in future decades.<sup>20</sup> Therefore, the US sought a regional order that was open and organized around widely-shared rules and principles of politics and economics. The US also pursued a remarkably consistent grand strategy toward East Asia.

After two decades of rapid economic growth, China is increasingly in a position to project regional and global power and influence. Moreover, the political economy in East Asia and in the world is changing. In November 2014, Asia-Pacific economies' agreement towards a Chinese-backed Free Trade Area of the Asia-Pacific (FTAAP) signed during the Asia-Pacific Economic Cooperation (APEC) summit. It was widely considered as giving Beijing a bigger role in managing regional economic integration. Up to April 2015, 57 countries, including several US traditional allies, were approved as founding members of China-led AIIB. The establishment of AIIB is often regarded as a potential competitor to the US-led IMF and World Bank. Several countries' rush to be part of AIIB showed that the US-led American World Order has already lost its attractiveness. In response, American officials have welcomed the Chinese plan and expressed that FTAAP does not conflict with Washington's preferred TPP which excludes China.<sup>21</sup> It can be seen that China's rising and establishing the institutions network in economic integration became a challenge and worry for the US.

## American Strategy on China

The closer economic relations did not lead to more political trust. China is aware of the impact of its emergence on the US. Former Chinese President Hu Jintao in his speech to the US-China Strategic and Economic Dialogue in May 2012 proposed a new type of major power relationship. Moreover, China's leader Xi Jinping after President Hu Jintao also defined the concept of "new model of major country relationship" as no conflict and no confrontation; mutual respect; and win-win cooperation during his visit to the US in June 2013. Nonetheless, the US did not seem to fully embrace China's proposal of a "new model". China's demand for "mutual respect" would be a challenge for the US. China has made it clear that "sovereignty" refers to not only China's sovereignty over mainland China but also Taiwan and disputed maritime territories in the South and East China Seas.<sup>22</sup> The US could hardly stand neutral if its allies' national security was under threat of China's aggression.

<sup>19</sup> Min-Hua Chiang; "The US hegemony, East Asia and global governance", p.4

<sup>20</sup> G. John Ikenberry: "From Hegemony to the Balance of Power: The Rise of China and American Grand Strategy in East Asia", p.51 (Henceforth: G. John Ikenberry: "From Hegemony to the Balance of Power")

<sup>21</sup> "President Obama's speech to the Australian parliament, November 17, 2011", p.3

<sup>22</sup> Lawrence 2013, "East Asia Societies", <<http://www.researchgate.net>, 3052>, p.23

Under the Obama administration, its strategy was built on both realist and liberal logics. It was a strategy of engagement of China, reassurance of allies, and regional institution building. It was a strategy that sought to both entrap China in the global and regional liberal order, and create counterweights and soft balancing coalitions that restrain a rising China. It was a vision of Asia in which American-friendly economic, political, and security institutions both integrate and restrain China. It was a strategy that made grand geopolitical foundations under the American led order are stronger and more robust than anything that China can do on the other side.<sup>23</sup> It can be seen that they looked for ways to moderate and manage their contest for supremacy.

The US and China economic ties have grown, however, the US concerned about the business environment in China and its trade policies. Under the Trump administration has undertaken policy actions to target Chinese industrial policies, intellectual property (IP) abuses, strengthening investment review and export control authorities. The Trump administration sanctioned specific Chinese firms for violations of US IP and tied to the provision of surveillance technology to Chinese authorities in the western Chinese region of Xinjiang. However, China is the third largest market (US\$ 120 billion in 2018), the largest trading partner (with total trade US \$ 660 billion in 2018) and the largest source of imports (US\$ 540 billion in 2018) for the US. China is the second largest foreign holder of US treasury securities (US \$ 1.11 trillion as of June 2019).<sup>24</sup> Although the bilateral economic relations have tensions and disagreements, these two countries continued to generate their export and import goods for their economic interests by adoption of trade and investment policy.

Today, the US and China struggle and compete for leadership within East Asia. China gradually comes to dominate regional institutions. The US faces reducing its influence in economic sphere. However, the U.S still leads to the pivotal role with bilateral security pacts. The challenge of the US does not intend to block China's entry into the regional order, but look for opportunities to strike strategic bargains along the way. However, the US and China are increasingly interdependent in their economic relations. These circumstances of interdependence create incentives for the two countries to bargain and moderate disputes. Therefore, they cannot be secure and stable alone and they can only be secure and stable together.

### **Conclusion**

The US has tied itself to East Asia, creating stable political and economic partnerships. American hegemonic power into the region has been proved on US's willingness to shoulder defense burdens and work closely with East Asian countries. Long-term political relations have been built. Therefore, both the US and East Asian countries have organized their security and economic preferences around this American-led hegemonic order.

China's massive growth in economic capacity and wealth is providing a platform for a rapid buildup and modernization of its military power. The US welcomed China to enter the world economy. However, America's allies in East Asia were not interested in full-scale balancing against China. This world based on American led order could be more stable with an emerging Chinese rising power to support it rather than to be in confrontation with China. In this regards, the US dominant role in the world system continues and may continue to stay in place in the foreseeable future.

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<sup>23</sup> "President Obama's speech to the Australian parliament, November 17, 2011"; Washington, D.C.: The Brookings Institution, 2012, < <http://www.whitehouse.gov/the-press-office/2011/11/17>>, p.2 (Henceforth:

"President Obama's speech to the Australian parliament, November 17, 2011"

<sup>24</sup> "President Obama's speech to the Australian parliament, November 17, 2011", p.3

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