

The Construction of American Base In East Asia and The Reaction Of China

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Abstract: *The national defense expenditure of the U.S. is overwhelmingly greater than any other countries in the world, and the military technology is far more advanced incomparably. Compared to this, the military force and technology of China are not as strong. Accordingly, China has usually developed their power through offering of loans and economical cooperation rather than the construction of the military base in the way of expanding diplomatic influence. Currently, both nations are contending for the hegemony of the 21st century. The economy of the U.S. is daily weakening whereas the Chinese economy is continuing its rapid growth that is greater than 8%. Currently, although the U.S. has occupied much more advantageous position than China, if the U.S. economy keeps the faltering economy, the center of the world economy that was U.S.-oriented would be relocated to China, and thus although the U.S. may exceed in terms of military force, the center of the economy will come to China, and it is expected to not take too much time for the strong economic power of China to exceed the military power of the U.S.*

Currently, Korea is placed in a difficult location in a situation where the U.S. and China are going through struggles. Although China is economically an important nation as China is the 1st-trading nation for Korea, considering the territorial conflicts of China with the surrounding nations, it is regarded to be hard to expect the political fellowship to enhance even though the economical exchange with China may get closer. Accordingly, it would be necessary for Korea to see how to develop the Korea-China relationship by either maintaining or enforcing the military alliance with the U.S. until China accomplishes a certain degree of economical development and have their interests in democratization and political reforms in order to face the changing global situation.

Key word: *USA, foreign policy, soft power, hegemony, military, globalization, international relations, military base*

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Introduction

The U.S. has traditionally maintained the method of constructing the military base together when forming the diplomatic relationship with surrounding nations. Accordingly, many of military bases were established in the traditional ally regions, and currently about 700 of military bases and related facilities exist in places around the world. These policies by the U.S. have similarities with the diplomatic policies of the ancient Roman Empire. Surely, although they did not mobilize the dispatch-troops to attack the stationed nations like the ancient Roman period, it is true that it has functioned as the invisible political pressure for the nation where the U.S. stationed and the surrounding nations.

The period in which the U.S. military bases actually began to be established in overseas was after the end of the Second World War, and back then there were no nations other than the communism countries who either had complaints or believed it was intimidation for them to see the establishment of the U.S. military bases. It was because as the international community got into the period of the Cold War again after the World War, the war-like atmosphere was spreading. Accordingly, the construction of the military bases in strategically important areas was the policy that satisfied the needs of both the friendly nations and the U.S.

In case of Europe, since it took significant amount of recovery expense for most of the nations as they lost industrial facilities while experiencing the First and the Second World War, it was economically very unrealistic for them to protect their nations from the intimidation of the Soviet. The situation was the same for Asia and Africa as well, and since the reason why the number of the U.S. military bases is relatively fewer in African regions compared to Asian regions was because since most of the communism countries are located in the Eurasian continent, they are geographically away from the communism nations, and accordingly the U.S. military bases were not established except for some northern African region. However, in case of Asia, many military bases were established, and the reason is because in case when a war breaks out, if the Soviet intends to invade the U.S. in the direction of the Europe, they had the difficulty because they have to pass through European nations, whereas in the case of the Asian regions, since only few nations around the Pacific Ocean were adjacent to the communism

nations, it ended up to be indispensable for the U.S. to intensively deploy their military troops in Korea and Japan, the nations that were right close to the Soviet and China, in order to protect their own nation (U.S.). Especially as decolonization began to take place, when the colonies of the U.K. and France established their independent nations away from the powerhouses, the gap of power occurred in Asian region, and the invisible war of nerves between the communism region and the democratic region trying to expand their territories each. However, since the Soviet Union was also a member of the allies for defeating the Nazi of Germany, it was realistically difficult to treat the Soviet Union as the enemy right after the Second World War.

Main body

1. Marshall plan (European Recovery Program, ERP)

The U.S. begins the massive support policy to recover the industrial facilities of Europe destroyed due to the Second World War in 1948 and to re-establish the economy. The U.S. poured around \$13 billion in Europe for 4 years from 1948 ~ 1951, and considering that the GDP of the U.S. was \$258 billion, it can be understood that the U.S. invested significant amount of funds for the re-establishment of the European economy. Later, the Marshall Plan was replaced by the Mutual security plan in 1951, and as about \$7.5 billion of fund support was approved by the President Harry S. Truman on October 10th of 1941, the fund was supported to the Western European nations so that they could defend their nations from the communism nations.

Table1) The amount of money by Marshall plan (\$ millions)

Country	1948~1949	1949~1950	1950~1951	Total
Austria	232	166	70	468
Belgium & Luxembourg	195	222	360	777
Denmark	103	87	195	385
France	1,085	691	520	2,296
Germany	510	438	500	1,448
Greece	175	156	45	376

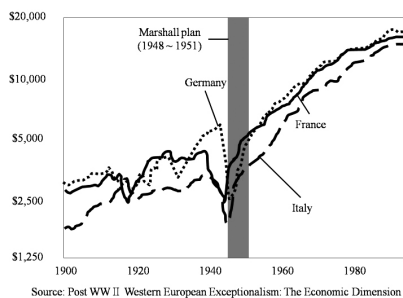
Iceland	6	22	15	43
Ireland	88	45	0	133
Italy & Trieste	594	405	205	1,204
Netherlands	471	302	355	1,128
Norway	82	90	200	372
Portugal	0	0	70	70
Sweden	39	48	260	347
Switzerland	0	0	250	250
Turkey	28	59	50	137
United Kingdom	1,316	921	1,060	3,297
Total	4,924	3,652	4,155	12,731

Source: Wikipedia & CIA Fact book

The main reason why the Marshall Plan was executed was that it was executed with the purpose of preventing the European nations becoming communists due to the slow recovery speed of the European economies. Back then, as for the economical power of the Europe, the agricultural industry was 83%, and the manufacturing industry was 88%, and the export was 59% compared to that in 1938 just before the break-out of the Second World War.²

Although the economical-re-establishment program including the communism nations was designed at the first time when the initial plan was established, the economical re-establishment program was confined to the Western European nations due to the objection of the Soviet.

Figure1) GDP per Capita since 1900



The nations that participated in the Marshall Plan begin to rapidly grow after the war, and the amount of industrial production of the Western Europe grew 35% between 1948 ~ 1952, and the amount of the agricultural production exceeded the pre-war level with having the poor nations disappeared. However,

² Michael J. Hogan, *The Marshall Plan, America-Britain and Reconstruction of Western Europe 1947 ~ 1952*, page 30

in case of the Eastern European nations that did not receive the Marshall Plan fund, the economic recovery speed was relatively slow compared to the Western Europe. Asian nations also received the fund support, and the U.S. supported \$5.9 billion to Asian nations in 1953 and they supported \$1.051 billion for China, \$255 million for India, \$2.44 billion for Japan, \$894 million for Korea, and \$803 million for Philippines, and globally \$44.3 billion was invested in the U.S. between 1945 ~ 1953.³

Although there were some negative view as well considering that the Marshall Plan was the conspiracy of the U.S. to expand their hegemony into Europe, as for such views back then was mostly the opinions of the socialists who were mostly in Western Europe, and since the economical growth rate was high compared to the Eastern European nations or their competitors, such claims seem to be unpersuasive. Especially, in Eastern European regions, since Hungary and Yugoslavia had demonstrations of force against the Soviet Union, considering the periodical situation back then, it can be understood that the Marshall Plan by the U.S. was for the economical re-establishment for preventing the Western European nations becoming communists. Accordingly, as for the foreign diplomatic policies of the U.S., the economical support and military base construction were simultaneously proceeded, and the results were appeared positively.

2. The collapse of the Soviet Union in 1991 and the war against the terror

As Warsaw Pact was decomposed due to the collapse of the Soviet Union, it became indispensable for the U.S.-oriented NATO to have the strategy that is suitable for new international affairs. Accordingly, although various discussions about the adjustment and reform of the roles of NATO begin to take place by hosting the 2002 Prague summit, 2004 Istanbul summit, and 2006 Riga summit, despite the fact that the Cold War period was over due to the opinion differences of Russia and the U.S., the reconciliation atmosphere between the Western nations and Russia was not formed. Especially, the difference perspectives of Kosovo War in 1999 by Western nations and Russia, caused the new Cold War after the collapse

³ All data from the official document, U.S. Bureau of the Census, Statistical Abstract of the United States, 1954, page 899 ~ 902

of the Soviet Union. The main reason why the relationship between the Western nations and Russia was not recovered was because as the Western nations included the Eastern European nations into NATO, they began to psychologically press Russia. After the East Germany became a member of NATO in 1990 due to unification of Germany, Poland, Czech, and Hungary registered and during the period when Prague summit was hosted in 2002, as Estonia, Latvia, Lithuania, Slovenia, Slovakia, Bulgaria, and Romania were invited, the Eastern European nations began to be on the side of the Western nations forcing the Russia to be slowly isolated from Europe. Especially in Czech and Poland, as the U.S. president Bush attempted the construction of the MD System (Missile Defense System), the tension between the two nations got deteriorated.

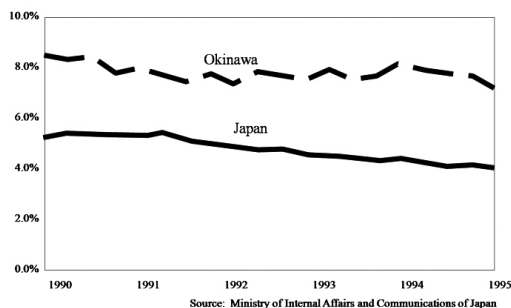
The 911 terror in 2001 intensified the conflict between Russia and the U.S., and Russia always announced that they were against the U.S. policies for terrors. As a result of the conflict between the U.S. and Russia, the U.S. begins to construct the military bases in major strategic hubs to hold Russia in check, and the perception of the international society for the U.S. military base construction was subtly different from the Cold War period. After the end of the Second World War, the military base strategy performed by the U.S. was proceeded together with the economical development policies. In other words, as for the nations that received the help of Marshall plan such as the Western nations, Japan, Korea, and etc., the speed of their economical growth much was much faster than other nations. Accordingly, forming the military alliance with the U.S. had the advantages of opening the route of export as well as defending the communist nation with little national defense expenditure. However, although the construction of the U.S. military bases after the collapse of the Soviet Union was taken place in the areas of conflict performing the function of suppressing the conflict, as it could not make contribution to the local economic development due to the U.S. economic depression, the negative perception about the U.S. military base construction began to grow.

1. The problem of the U.S. military bases : the U.S. military base in Okinawa of Japan

The presence of the U.S. military in Okinawa began from March around the end of the Second World War. At the time of the war, the number of the victims in the Okinawa Island was around 250,000 and 150,000 of them were the residents of the Okinawa Island. Okinawa Island was the only Japanese territory in which the U.S. landed, and due to this war, 25% of the Okinawa residents were killed. The U.S. constructed the U.S. military bases in Okinawa that was located in geographically important location in order to prevent the southward-movement of the communism force, and in a small land that is only 0.6% of the entire size of Japan, 75% of the U.S. military facilities were concentrated.

Back then, since Japan was the defeated nation, the U.S. directly governed Okinawa for 27 years and they returned it to Japan in 1972 by the Treaty of Mutual Cooperation and Security. Although there had been problems such as various illegal criminals, and environmental pollution by the U.S. troops after the construction of the U.S. military bases, since the U.S. military bases were advantageous for Japan which was rapidly growing economically after the Tokyo Olympic Games in 1964, as Japan was able to protect their nation from the communism nations while concentrating on their economic development, the Okinawa problem was the issue that was understood by them but it was something that they did not desire to mention about. However, as the Japanese economy went into recession along with the collapse of the bubble economy in 1989, the complaints about the U.S. military bases slowly began to appear on the surface. Especially due to the incident of sexual assault of young woman, the Okinawa Prefectural Rally occurred on October 21st, and as around 85,000 residents began to oppose the construction of the military bases, the long resistance began to take place.

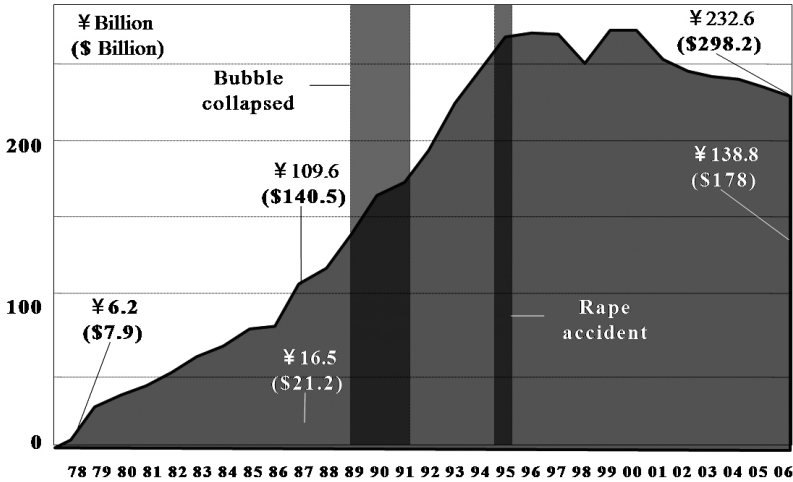
Figure2) The unemployment rate of Okinawa



The main industry of Okinawa is tourist business. During the period when the mainland of Japan made Okinawa as the victim to realize the high-growth, Okinawa had not realized the development due to the U.S. military bases and they were harshly attacked economically as the bubble economy collapsed in 1989. Some of the reasons why the incident of sexual harassment of young Japanese woman in 1995 resulted in the opposition of the construction of the U.S. military bases in Okinawa were because i) the fact that Okinawa was put under the U.S. trusteeship for 27 years carrying all the pressures that mainland Japanese were supposed to carry as Japan was defeated, ii) the fact that Okinawa went through relatively harsh economic environment not receiving the high-speed economic growth of Japan as the development of the Okinawa Island was limited due to the military bases constructed in each region even after it was returned to Japan, and iii) the fact that the number of the visitors from the mainland diminished after the collapse of the bubble economy which deteriorated their living environment with lower income, were all exploded after the rape incident by the U.S. soldier.

However, the resistance of these Okinawa people did not become the national issue being proceeded in small scale as the U.S. largely influenced the development of the Japanese economy, but as the sympathy budget rapidly increased causing big pressure for Japan, the mainland Japan began to have their interests in the U.S. facilities problems that are in regions other than the U.S. military base in Okinawa.

Figure3) The sympathy budget and Anti-U.S. military base movement (Blue line)



Source: Ministry of Foreign Affairs of Japan (日本外務省)

Through the above chart, it can be understood that the Japan had significant amount of the military expenditure back then when the rape incident occurred, and the problem of the U.S. military base could turn out to be an issue in Japanese society in any moment. Especially, since various kinds of crimes caused by the U.S. soldiers occupied a very high portion in Japan, or the nation with very low criminal rate, and as for the number of crimes, it recorded 1,994 of them in year 2002, 2,079 crimes in 2003, 1,866 crimes in 2004, 1,755 crimes in 2005, and 1,549 in 2006.

The expense of the U.S. military base in Japan was paid by the U.S. military. However, by the sympathy budget that was signed between the U.S.-Japan after 1978, the Japanese government began to pay some portion of it. The total amount of it paid by the Japanese government from 1978 until 2008 was 5,370 billion yen (\$6,884 billion). The above chart reflects that after the collapse of the bubble economy, Japan continuously increased the sympathy budget even in the long period of recession, to reach 275.6 billion yen (\$353.3 billion) in 1999, and the construction of the U.S. military base was not only not helpful for the national economic development, but

also it became a huge financial pressure for them. According to the US-Japan Status of Forces Agreement, since Japan is supposed to provide the place of the U.S. military base and the U.S. is not supposed to give expense pressure to Japan, the sympathy budget in 1978 was violation of the treaty in principle.⁴

But considering the Japan-U.S. military alliance relationship, the Japanese government paid for the sympathy budget in order to maintain smooth relationship with the U.S. and to focus on the economic development as well. However, the demand of the U.S. got greater and it reached a certain level that was hard to accept any longer. Furthermore, as the U.S. military demanded Japan to pay for the expense of relocating the U.S. military base from Okinawa to Guam, and the realignment expense of the U.S. military in Japan, the anti-U.S. emotion began to rise in Japan.

2. The problem of the U.S. military base: The U.S. soldiers crimes in Korea

Although the U.S. army has constructed many of the U.S. military bases in major strategic bases of Korea after the Korean War in 1950, they have steadily withdrew the U.S. army and according to the data that was announced by the U.S. Department of Defense, it is known that 87 of the U.S. military facilities exist in September of 2007. In case of Korea, since the situation was similar to that of Japan, the atmosphere was that they were welcoming the construction of the U.S. military bases after the Korean War. It was because in a situation where the military force was weaker than that of North Korea, it was hard to protect the nation without the help of the U.S. army. However, as foreign corporations entered Korea after the financial crisis in 1997, they were able to possess the real estates and stocks, and in the minds of the Koreans, the negative images about the Western nations or especially the U.S., began to grow. In this situation, the Yangju highway incident that occurred on June 13th of 2002 became the catalyst that caused the complaints about the crimes caused by the U.S. army that have been tolerated by the Korean government due to economic development for a while to be exploded.

⁴ 思いやり予算 特別協定, 米軍に至れりくせり 2 年延長狙う政府「共産党」, Japanese Communist Party, 2006

Figure4) the rate of the criminal occurrence by the U.S. army



Source: *Munhwa Journal*

Through the above chart, it can be understood that although the number of the U.S. soldiers is decreasing, the rate of the criminal occurrence by the U.S. army is increasing. Due to this, the number of NGOs that oppose the U.S. soldiers staying in Korea may increase and it may cause negative effects in Korea-U.S. military alliance. As for the reason that caused this problem, it was because of unfair trial results of the U.S. soldier. Among 129 of the U.S. military criminals arrested in 2010, only 2 of them were arrested, and the remaining 127 of them ended up with either probation or simply fined. In other words, the U.S. army was never punished even though they harmed the residents of the region where they stay. This punishment increased the possibility of the U.S. soldiers to provoke more crimes, and the above chart, that shows the increasing rate of criminal rate despite the fact that the number of the U.S. soldiers is decreasing, can be an example. Eventually, as the U.S. military leaders were not able to thoroughly manage the U.S. military soldiers, it caused the formation of negative effects in Korea-U.S. military alliance.

3. China's deterrence strategy of the construction U.S. military base

The diplomatic policies of the U.S. have not largely changed after the Second World War. The U.S. has formed the relations with surrounding nations in the way of constructing the military bases in the major regions of the world and deploying the U.S. armies based on strong economical power.

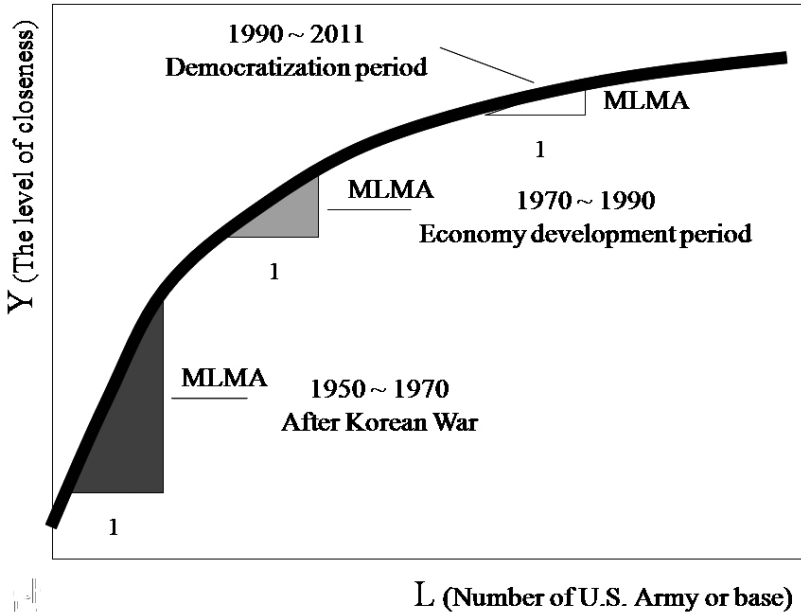
Although there were no problems with these kinds of policies during the period of U.S. economic boom, but they are not desirable in a situation like nowadays in which the U.S. has huge financial deficits, and it is regarded to be unavoidable to fully modify the policies. The U.S. has not only offered the cause of weakening the military alliance by causing struggles with the local residents of the surrounding nations by constantly expanding the military base after the collapse of the Cold War, but they also suffered from huge amount of financial pressure, and these kinds of diplomatic policies by the U.S. are regarded to be proceeded in the direction of weakening the influence of the U.S. in the long-term perspective.

1. The U.S. military base: (Diminishing marginal product)

The claim that the expansion of the U.S. military base is negative can be explained by the theory of diminishing marginal product utility that is present in theory of macroeconomics. As the U.S. constructs or expands the U.S. military base to strengthen the alliance relation, the alliance relation becomes closer. The Marginal Level of Military Alliance: MLMA is defined as the intimacy of the military relation that is increased in case when additional base is constructed after the initial U.S. military base, and it can be expressed in functional form as follows.

K indicates the military expenditure that is needed for constructing the U.S. military base, and L indicates the number of the U.S. military base or the number of the U.S. soldiers. Since the reactions of the local residents that occur globally for the U.S. military base show the tendency that changes negatively as the number of the U.S. military base or the U.S. soldiers increase unlike the past, and it is presumed that it has reached the uppermost limit level of the military alliance.

Figure5) The functional relation of the construction of the U.S. military base in Korea and the solidarity of the military alliance



$$MLMA = F(K, L+1) - F(K, L)$$

For example, if this is put into an equation, in a state where the U.S. increases L, the number of the bases or army to make it L+1, while having fixed amount of the maintenance expenditure K that is used for the U.S. military base of Korea due to recent economic recession, they will run out of funds and they would end up with passing over the pressure of facility-maintenance expenditure to counterpart nation which will decrease the marginal level of the military alliance (MLMA).

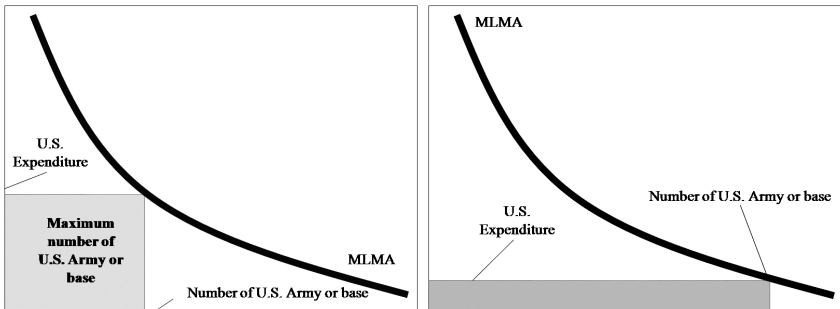
The development of the alliance relations due to the increase of the U.S. military base or U.S. soldiers is determined by how the MLMA and the base-maintenance expenditure are shared. In other words, if the U.S. military base or the soldier increases by 1, the MLMA also increases accordingly, and it is as follows.

The relation of two nations = The number of the U.S. military bases (U.S. base) * MLMA - Local expenditure of the ally

In other words, if the U.S. intends to expand their influence by increasing the construction of the U.S. military bases and the army to by increasing the number of the U.S. bases and soldiers to a level in which the marginal utility gets maximized.

Local Expenditure = Number of U.S. base * MLMA → MLMA = Local Expenditure/Number of U.S. base

Figure6) The maximum number of the military bases or the number of soldiers for the U.S. by agreement



In other words, even though the MLMA decreases for the ally, the U.S. will keep minimizing the local expenditure for facilities-maintenance and increase the number of the U.S. military bases or soldiers until they the maximum through the agreements with the allies in order to expand their influence as much as possible, even though the MLMA of the ally diminishes (left graph)

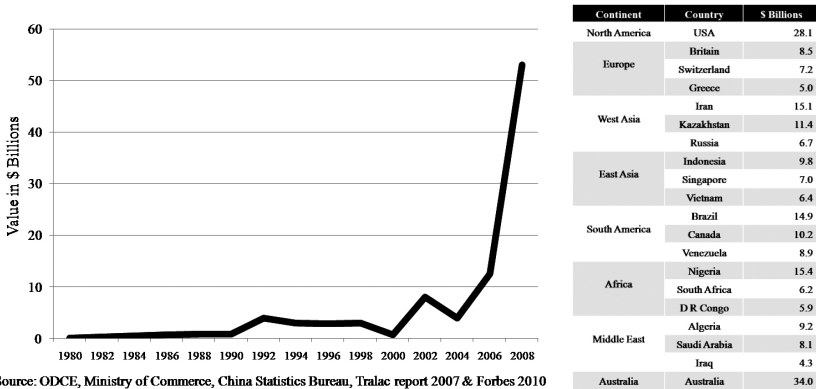
However, there are some problems with the foreign policies of the U.S. Despite the economic recession, as they not only have constructed the military bases in Korea, they also already possess military bases in many other countries, and since they are constructing the military bases newly in Eastern Europe and the Central Asia, there is a difficult problem of not being able to use a lot of military expense for the military facilities maintenance expenditure. Accordingly, the more the U.S. newly constructs the military bases in strategically important regions, since the U.S. army tries to increase

the number of the U.S. army or base while decreasing the U.S. expenditure, it will increase the amount of expense shared by the conventional allies for maintenance of the U.S. bases, and there will be high possibility of the anti-U.S. emotions from the allies where the U.S. army is deployed. Due to this, there would be the possibility in which the conventional traditional military ally relations may get worse. (Graph on the right)

2. The expansion of the influence of China through foreign investment policies

Unlike the U.S. that tries to shift the pressure to allies by pouring significant amount of funds along with the allies or the nations that need to be allied with the U.S., the policy of expansion of influence by China pursues the policy that can Win-Win with the negotiating nations while minimizing the expenditure. China lacks the military force to be able to contend with the U.S. Accordingly, it would not only be undesirable for China to construct the military bases equally against the U.S. for trading with the U.S., but also it would be inappropriate for them as they must depend on the import of raw materials by using the sea route. Accordingly, China seeks for the expansion of the influence through foreign investment rather than constructing the U.S. military bases.⁵

Figure7 & Table2) China Outbound Foreign Direct Investment



⁵ China outbound investments to eclipse inbound for first time, Seeking Alpha, 27 September 2009

People's Daily prospected that China will be converted from the role of the global factories into the capital investment nation in the international society from now on. Fan Chun Yong, director of China Industrial Overseas Development and Planning Association, mentioned in the interview that China was able to accumulate huge amount of funds as the result of the successful economic development for 30 years, and as for the huge amount of fund of China, it would be invested overseas when it is expected to generate higher profits than the domestic investment.

China invested \$55.9 billion for non-bond investment since 2008 that is twice as much as the \$26.5 billion in 2007, China has been continuously investing more than \$55 billion since then. The reason why China is decreasing the amount of the treasury purchases is because after the U.S. sub-prime mortgage loan crisis in 2008, the economic power of the U.S. weakened and the purchase rate of the treasury was decreased and they were changing the investment direction into other field. Accordingly, although the U.S. increased the interest rate by 1% until 3.73%, they are being ignored even in the U.S. Especially, as China sold \$1.12 billion worth of the U.S. Treasury in November of 2011, they have been reducing the amount of the treasury possessed while increasing the investment for the non-bond field, in order to protect the asset values of their foreign exchange reserves.

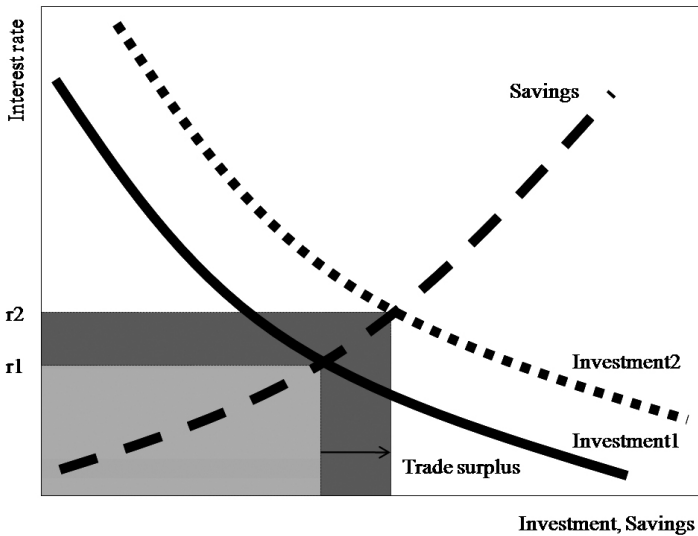
Table3) Investment by sector in 2010

Sector	Investment (\$ Billions)	Engineering & Construction	Troubled
Agriculture	3.4	0.2	5.4
Energy and power	102.2	43.6	31.1
Finance & Real estate	39.2	4.9	30.6
Metals	60.8	4.9	37.3
Technology	1.5	3.2	9.5
Transport	7.3	35	9.5
Other industries	1.1	1.8	0.3
Total	215.9	93.6	122.2

Source: The Heritage Foundation, "China's Outward Investment 2010"

China is investing in such a form that is for holding equity stakes of the local energy corporation, oil field, and securing of the mines in order to secure the main resources needed by China such as oil, gas, and mines, in terms of investing the financial capital in other field instead of the U.S. treasury. The field in which China is primarily investing is the energy sector, and they have invested the total amount of \$102.2 billion until 2010, and \$60.8 billion of iron ore, followed by the \$39.2 billion for financial & real estate investment. China, after when the U.S. was attacked by Al Qaeda in 2001, since the Bush administration ignored the opinions of the surrounding nations unilaterally dispatching the troops in Middle East with having the justification of war against the terrorists, they have generated many anti-U.S. nations in the international community while offering the loans to the nations that are not close with the U.S. including the construction of hospitals, highways, and harbors, in order to strengthen the economical solidarity by executing the generous policies that could allow them to curry favor with the surrounding nations.

Figure8) The overseas investment of China and the economical developmental relation with the nations



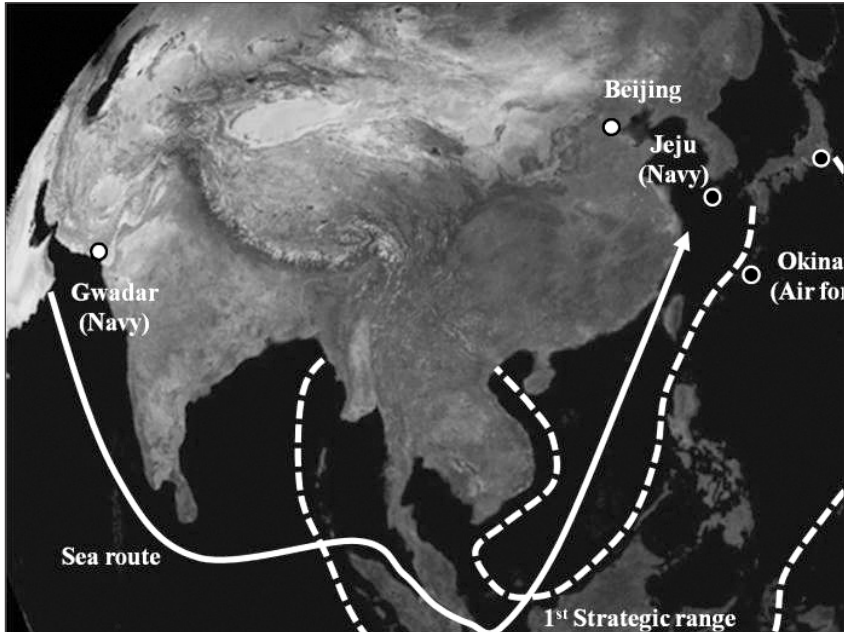
Accordingly in case of the foreign policies of China, from the macro-economic perspective unlike the U.S., as the influence of China gets expanded, their GDP grew with the economical development and many foreign nations began to expand the economical exchange with China. In other words, since China's foreign policies can take the expansion of the influence as well as the economic benefits at the same time, there are no cases in which the expansion of the influence is led into financial deficits due to the expansion of the national defense expenditure like the U.S. foreign policies.

Therefore, as the influence of China gets greater, the surplus fund gets remained, and since it is possible to generate financial profits with greater influence by investing this surplus funds into overseas, from the long-term perspectives, there is a high possibility for the U.S. to lose in foreign policies with China. After the Second World War, the reason why the construction of the U.S. military bases could be welcomed by the nations was because it was helpful for the economical development of the nations. Accordingly, it is regarded to be necessary for the U.S. to establish new foreign policies so that the expansion of the influence for the surrounding nations can become proportional to the economic development.

3. Interference suspicion of the U.S. military base construction through the foreign investment of China

After the collapse of the Soviet Union, the U.S. could not re-set the strategic relation with the allies and as a result of repeating the conventional ways, they ended up with contending with the allies over the problem of constructing the U.S. military bases. By using these conflicting relationship, China is expanding their influence in the way of currying favor with the nations through economical support or through providing the loans to the nations that are struggling with the U.S. in better conditions than the Western nations. Especially, the Varyag aircraft carrier that was launched in 2011 can be regarded to be meaningful as it was the first attempt by China to make pelagic fleet in order to supplement the weakness of importing most of the resources that are needed by China through the sea route. China planned the maritime defense ranges for protecting the mainland, and the 1st strategic range was from the Kyushu of Japan to Okinawa, and the part of South China Sea, and the 2nd strategic range is set for the East Pacific coast of Japan and the entire East Asian region.

Table 4) The maritime defense range of China and the maritime routes for importing resources



Especially China is concerned with the maritime defense of the far east in order to protect the Beijing region that is the central area for politics, economy, and culture, and the reason is because since Beijing is right adjacent to the West Sea, if there is an invasion from the other countries, it would be difficult to protect.

Accordingly, if China expands the navy force in order to actually control the 1st Strategic range, it would be inevitable for them to struggle with the U.S. military bases that are located near the inner or border area. (Yellow circle). In this situation of invisible competition between the U.S.-China, new navy base is expected to be constructed in the Gang-Jung village of Jeju-Island of Korea, and there are struggles due to the opposition of the local residents, and also in Futenna base of the Okinawa of Japan, there is increasing anti-U.S. emotion with strong resistance of the citizens, and China ended up with having the opportunity of withdrawing of both the U.S. military base in Okinawa, as well as the navy base that is expected to be constructed in Jeju-Island to Guam.

One of the policies for China to hold the U.S. in check while avoiding the military conflict in terms of the energy competition is the interruption of the U.S. military base construction through the purchase of the real estate. As for China, the Chinese real estate corporations and the individual investors have already been purchasing massive amount of real estates, and the common features of them are as follows.

- **Forest area that cannot be developed due to absence of roads nearby and the head bay protection region**
- **Surrounding regions of military facility, nuclear power plant, airfield, government agency buildings**
- **Unclear source of the fund by purchasing the real estate through phantom companies established in tax-avoidance**

In other words, the Chinese investors are investing huge amount of money to purchase the land in the regions that can generate profits through the development of the real estate. Surely, although there are some regions that are purchased for the construction of the large-scale resort complex, since there are many regions that have been stopped during the construction, there are not many places in which the actual businesses are propelled. In other words, it can be understood that the real estate investment in Japan by the Chinese is quite different from the general investment methods.

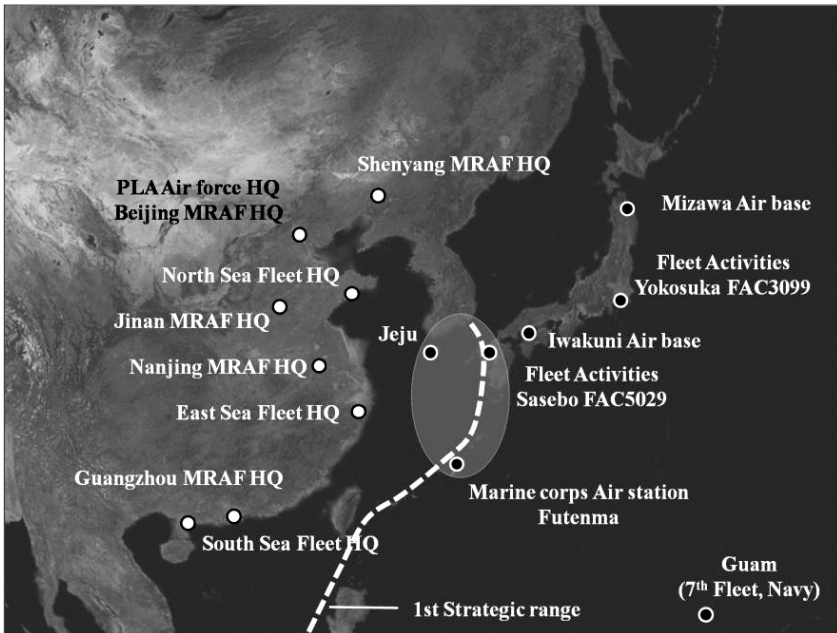
According to the Japanese journalist Arimoto Kaori, although the purchase of the real estate in Japan by the Chinese people is regarded to be the strategy for securing the headbay of Japan, but based on current situation in which the U.S. and China are contending for hegemony competition in the East Asia, the intention of the Chinese is regarded to have military strategic purpose rather than securing of the water resources. As for the reason, it can be understood from the withdrawal problem of the Futenma base that is being occurred in Okinawa of Japan, and the U.S. and the Japanese government have been negotiating for a long time over the problem of withdrawing the Futenma base to other location. At this point, the Chinese prevented the Futenna base from being relocated as they purchased the real estate near Hennoko that was the land of candidate where Futenna base was to be relocated as well as some land near Tokunosima airport.⁶

⁶ Arimoto Kaori, 中rの日本買r計r, WAC, page 34 ~ 35

If the rage of Okinawa residents kicks up and the Japanese government takes it seriously, since the U.S. military bases in Okinawa would end up with having to be relocated to Guam of the Pacific Ocean, and it would be possible for China to realize what they are aiming, the 1st Strategic range. In addition, the Chinese are even purchasing the Yokosuka base where the U.S. base is located, lands near Sasebo base, and all the small islands where the Japanese Self-Defense Forces are placed. Accordingly, it can be understood that the goal of purchasing the real estate near the military bases by the Chinese people is the military strategic purpose rather than the purpose of investment.

4. *The problem of purchasing the real estate in Japan by the Chinese*

Table5) Military bases in East Asia



Although the Japanese government attempted making the bill in order to restrain the purchase of the real estate in Japan by the Koreans and Chinese in 2011, they have been blamed for their narrow-minded racist thinking

that is not suitable for the international community. However, since the real estate purchase problem by the Chinese has the military purpose rather than for the investment purpose, it is regarded to be surely considerable. Especially, it is noticeable that the Japanese politicians claimed that the Koreans are also purchasing the real estate lands in Japan along with the Chinese.

According to the announcement made by the Japanese government, it is that the Koreans have purchased all the lands near the military bases of the Japanese Self-Defense Forces coated in Tsushima. But here, what is unclear is that although the only foreigners who bought the real estate near the military bases in Japan was Chinese, but they claim that Koreans bought lands exceptionally near Tsushima area, and it is quite unacceptable. Since Tsushima is the rural area that is distant from the major economical regions of Japan, and it is a place in which the population is only expected to decrease due to decreasing birth rate as well as the urban centralization of population, it is quite suspicious that the Koreans have bought all the lands near the military bases in Tsushima, the land that cannot be developed at all. Then, how would the Koreans have bought the lands in Tsushima? This is perhaps regarded to be closely related to the Foreign Investment Law that is being executed in Korea.

The municipalities of Korea are attracting the foreign investors by making the law of giving permanent residency to foreigners who invest more than \$50,000 in order to expand the local finance and activate the domestic market as the local economy gets deteriorated due to global economic recession, and for this, Jeju-Island is the most active among them. Most of the foreigners who acquire the permanent residency investing the real estate in Korea by utilizing this system are Chinese. In fact, Chinese are regarded to be using this system to block and use the navy bases that are expected to be constructed in Jeju-Island, but since the Gang-Jeong Village or the candidate land in which the navy base is to be constructed is struggling against the strong opposition of the local residents, in case when the navy base cannot be constructed in Gang-Jeong village by purchasing the real estate in the coastal area in which the harbors can be constructed to prepare the navy base that may be relocated to other regions, it is known to be impossible to construct the navy base in Jeju Island.

At the same time, it is suspicious that they may be purchasing the land of Tsushima of Japan by using the Korean permanent residency acquired in Jeju region. Even though it may be the Koreans who have purchased the land, they are would probably be the businessmen who are either working together with the Chinese, or they are the spouses who got married to Chinese or they are just relatives. If it is true that the Chinese bought the real estate in Tsushima by changing their nationality in Jeju-Island, China can obtain the benefits as follows.

- **First: They are able to relocate the U.S. military base that is to be constructed in Okinawa and Jeju Island into Guam.**
- **Second: They can use the regions that they bought for the military purpose in the future.**
- **Third: They can provoke anti-Korean emotion in Tsushima, making Korea and Japan to go through diplomatic struggle.**
- **Fourth: The Korea-U.S.-Japan military alliance can be weakened due to this.**
- **Fifth: The 2nd Strategic range that is set as the goal of China can be realized.**

Like this, the real estate purchase by the Chinese that is occurring in East Asia is an important issue that can be developed into diplomatic struggle. Nevertheless, the reason why this problem has not been developed to be an issue was because the local residents got extremely angry due to the increase of the crimes by the U.S. soldiers and the weak punishments by the U.S. government, and as various human rights organization and civil organizations supported the local residents, the politicians who were conscious of the elections could not ignore the opinions of the local residents and the press any longer, and due to the problem of relocating the U.S. military base, the interest of all the press and mass media were focused. Eventually, the human rights organizations and the media press are regarded to be utilized by the military strategy of China.

CONCLUSION

Over the last 60 years, Korea and Japan have received a lot of diplomatic and military help from the U.S. and especially the role of the U.S. was very big in terms of the economic development. Surely although there have been good happenings and bad happenings including the war with the U.S., and trading conflicts nowadays, no one will doubt the fact that the U.S. is a nation that needs to be closely kept in touch with in the macro-perspective.

In such a situation in which the China is focusing on the economic development while not democratizing the political system, the surrounding nations anxiously see the expansion of China. It is because the communistic ideology believes that it is possible to combine the power with the capitalists, or in other words, the purpose can justify the means. It is possible to understand whether the economic development of China can recover the world economy and contribute to the world peace through the policies that are currently implemented by China, and although China has succeeded in the quantitative growth to reach the 2nd rank in terms of the economic power, but they are sometimes showing selfish nature with very passive attitude for the obligations and responsibilities that are needed for the strong nation in the international community. Accordingly, it is regarded to be necessary to not weaken the military alliance relationship with the U.S. until China becomes democratized and stops the expansive diplomatic policies.

Also if the U.S. intends to maintain the military alliance with Korea and Japan, it is regarded to be necessary for them to abandon their unilateral attitude while enacting the legislations that can respect the positions of the allies as well as preparing the measures to resolve the complaints of the local residents. Especially, it is regarded to be necessary for them to formulate the military expenditure sharing problem with the allies to a level that can be rationally agreed, in order to reduce the financial pressure of the U.S. and maintain the friendly relationships with the allies as well.

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