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Heterogeneity and Trade Dispute: Comparing U.S.-Japan Trade Friction and U.S.-China Trade and Technological Rivalry

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Abstract

This study conducts a comparative analysis of two major trade conflicts-the U.S.-Japan trade friction of the 1980s and the current U.S.-China trade war- to explore the critical role of heterogeneity in shaping these conflicts. The study posits that heterogeneity cannot be assimilated or eliminated because countries, as countries like China and Japan inherently develop models different from that of the United States. Moreover, heterogeneity is closely related to state power; when power levels between states converge, heterogeneity is often seen as a potential threat. However, this study also points out that similarities in political institutions and ideologies can help mitigate the scope and intensity of conflicts. In the case of the U.S.-Japan dispute, most of the conflict has been contained between the two countries through targeted bilateral negotiations and industry-specific agreements. In contrast, the -China economic game poses a more far-reaching challenge to the existing international order. While China's economic rise has followed certain similar path to Japan's, its unique political system and ideological differences have made the impact of this conflict more pronounced.

Keywords : U.S.-Japan trade friction, Sino-U.S. trade war, heterogeneity, trade friction, Rising power, Industry competition

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Introduction

The rise of China as a global power is one of the important events in modern world politics. It began with China's declaration of reform and opening-up in the 1980s, which China decided to join the economic liberal order. Over three decades, China has evolved from a peripheral developing country into a superpower engaging in near-peer competition with the United States. China's widespread and rapidly expanding trade and investment networks have established its political presence across all over the world. China's military power is increasingly asserting its influence in the regions surrounding China and beyond. The substantial resources China has invested in advanced technology also signify a comprehensive enhancement of China's strength. These developments collectively underscore a recurring theme throughout history: the shifting dynamics of power and the cyclical rise and decline of dominant powers.

In 2018, Trump announced a 30% tariff on solar panels, with China being the largest exporter. This action marked the beginning of the Sino-U.S. Trade War. As the trade war started, they were already numerous political commentators and publications advocated for a tougher stance against China, claiming an "end of engagement" (McCourt, 2022**)** and suggesting that confrontation and conflict had begun. Some scholars have even labeled this conflict the "New Cold War" (Kaplan, 2019). However, criticisms of China's practices—such as forced technology transfers, unfair trade practices leading to the United States's job losses, restrictions on foreign company access—have existed long before China's economic rise.

After the Second World War, Japan became the United States's closely allay and then had a quick development in economics. Japan was recognized as one of the Western camps, and a key player of the LIO. However, this perception shifted when economic competition between the United States and Japan intensified. Starting in 1982, Japan became the largest deficit trading partner of the United States. The growing trade deficit and indebtedness on the United States side sparked a debate about Japan's potential to economically overtake the United States.

Explanations emerged in the United States that Japan was different from the West, particularly in its deviation from free trade principles and market capitalism. New terms like 'developmental state' and 'comparative capitalism' were created to redefine Japan's economic model. In 1980s, despite the United States efforts through tariffs, negotiations, and various initiatives and frameworks, the trade deficit with Japan remained substantial, leading to questions about Japan's commitment to the liberal order. Those questions were attributable to fear and suspicion of the unparalleled speed of Japan's rise of power, and it even was believed to be promoting a 'Pax Nipponica', a neo-mercantilist order, in some scholar's thoughts (Vogel, 1986).

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Japan's economy came to be perceived as "different, closed, and threatening." A New York Times poll in 1990 found that the United States public considered Japan's economy a greater threat than the Soviet Union's military. (Lehner & Murry, 1990). Oyase (2022) addresses this phenomenon by proposing a heterogeneous perspective. He argues that the proximity and transition of power can easily give rise to a trend of emerging market countries being perceived as heterogeneous. It leads to further intensification of the antagonism of economic and trade friction. In US-China relations today, both the economic and security realms are areas of frictions, which makes the current overall tendency among the United States government agencies to securities China even more problematic.

The trade friction between Japan and the United States represents the most significant economic conflict between the United States and another country prior to the Sino-American trade war. Examining the Sino-U.S. trade conflict is important due to its distinct characteristics. Unlike the Japan-U.S. trade conflict, the Sino-American trade conflict is compounded by the fact that the United States are not allies, introducing more complex ideological and competitive factors. This paper seeks to address the underlying causes of this conflict. Departing from traditional realist theories such as balance of power and power transition theory, this study emphasizes the role of heterogeneity. It posits that heterogeneity becomes politicized as power converges. By comparing the differing cases of China and Japan, the paper argues that the degree of heterogeneity significantly influences the scale of conflict. This is evident in the varying global impacts of the China and Japanese cases.

Japan's Integration and the Question of "Otherness"

Japan's post-World War II transformation is often perceived as a "Western" liberation from its "feudal and militarized past" through allied occupation. The country's accession to the General Agreement on Tariffs and Trade (GATT) in 1955 was widely regarded as a symbol of Japan's "re-entry into the international community" (Morris, 2010). Japan's success was largely attributed to its "Westernization," leading to the perception that it had become "more like us" (Morris, 2010).

However, trade frictions in the 1980s prompted a reevaluation of Japan's integration. The discourse shifted to emphasize Japan's "otherness," questioning whether it had truly embraced the liberal economic order. this shift in perception foreshadowed later debates about China. The central question became whether maintaining the "free trade" approach would ultimately transform Japan or if this strategy had reached its limits. Gilpin (1989) observed, "Japan's uniqueness has increased the difficulty of integrating this dynamic and important nation into the larger economic system," highlighting the challenges of reconciling Japan's economic practices with the prevailing liberal economic.

The case of Japan serves as a critical precursor to contemporary debates about China's integration into the global economy. The ascendancy of China presents a more complex ideological challenge to the existing international order than previous economic competitors. Unlike Japan's post-war alignment with the United States norms, China's political system and economic model diverge significantly from Western liberal democracies, introducing additional layers of tensions to trade relations.

China and Intensified Perceptions of Heterogeneity

China's integration into the global economy, marked by its entry into the WTO and its rapid ascent to become the world's second-largest economy, has created some challenges for the world. Firstly, the influx of cheap Chinese imports has been linked to job losses and wage stagnation for factory workers in Western countries. Secondly, Accusations of China subverting the LIO from within, particularly through forced technological transfer, and industry subsidiary have gained prominence. These concerns have led to criticism of the decision of admit China into the WTO

China's economic governance model, characterized by significant state-oriented, shows lots of differences from LIO members. Especially China's interventionist industrial policies have become a greater concern. China is shifting from being the "world's assembly foundation" to aspiring to become a hub for high technology, as outline in its "Made in China 2025" policy. This initiative aims to achieve self-sufficiency in advanced industries such as robotics, artificial intelligence, electric vehicles, and aerospace through massive state funding and state-driven foreign direct investment. At the same time, China is implementing vast projects of regional integration, such as Asian Infrastructure Investment Bank, and Belt and Road Initiative.

China's initiatives are viewed by some scholars as efforts to assert influence and promote alternative models of international governance. The construction of China as the "other" reflects a heightened emphasis on heterogeneity. The United States perceives China's rise as not only an economic threat but also an ideological challenge to the liberal underpinning the LIO. This perception intensifies trade conflicts and complicates efforts toward integration.

Rising power countries, in their pursuit to effectively catch up with dominant powers, tend to adopt ideologies and policies that differ from those of dominant powers. Rather than relying on spontaneous activities of private actors, these emerging markets are inclined to implement government-led approaches that guide and support economical sector activities to achieve industrial development. Both Japan's industry development and China's export-oriented economic growth model have employed similar government-led development strategies. From this perspective, China and Japan share more commonalities with each other than with the United States.

The United States' perception of China and Japan as heterogeneous extends beyond mere differences in political systems. It encompasses a broader view of their political-economic systems as different, including industrial policies and government-business relationships. In other words, as the national power of rising states approaches that of the hegemon, the existing hegemonic power tends to emphasize the heterogeneity of the rising state while downplaying their similarities. This perception helps garner domestic support for more aggressively trade policies against the rising power, further intensifying frictions and conflicts. The tendency to emphasize heterogeneity in rising powers can be observed in both the U.S.-Japan economic frictions

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of the 1980s and the current U.S.-China trade tensions. In both cases, the United States has highlighted the "otherness" of its economic competitors, often framing their economic models as incompatible with LIO.

In the follow sections, this framework will be applied to analyze the resolution of U.S.-Japan economic frictions, providing insights into how perceptions of heterogeneity influenced negotiation processes and outcomes.

The Japan-US trade Friction

The process of the Japan-U.S. trade friction is categorized into three phases. (1) the 1950s to the late-1970s, (2) the late-1970s to the mid-1980s, and (3) the mid 1980s to the mid-1990s. While these conflicts occurred in stages, they also exhibited interconnected characteristics across the different periods.

Phase one: Voluntary Export Restraint-Based Friction

The period from 1950s to the 1970s marked the early stages of Japan-U.S. trade disputes. The Japan-U.S. auto trade friction from 1979 to 1981 exemplified the characteristics of the first phase of Japan-US trade disputes. In the 1970s, the automotive industry was regarded as a symbol of American economic prosperity, providing over 1.1 million employment opportunities in 1979 (Singleton, 1992). The second oil crisis in 1979 led to increased gasoline prices, shifting American consumers preferences towards fuel-efficient and affordable Japanese compact cars. This shift led to a rapid increase in Japanese auto exports to the United States, posing a great challenges to domestic American automakers.

In 1980, the United Auto Workers (UAW) began lobbying the United States Congress, government, and even the Japan Automobile Manufacturers Association and Japanese government to restrict Japanese exports to the United States and ensure Japanese manufacturers established plants in American to safeguard the United States employment (Feenstra, 1984). In June of the same year, the UAW filed a petition with the United States International Trade Commission under section 201 of the United States Trade Act, seeking import restrictions on Japanese vehicles. However, the ITC did not find Japanese auto exports had caused substantial harm to the United States industry, based on free trade principles, the ITC recommended continuing Japanese auto imports without any restrictions. However, the ITC's decision was insufficient to resolve the auto trade friction between the United States and Japan.

In March 1981, Japanese Foreign Minister Masayoshi Ito visited the United States. During his meeting with President Regan, he was informed of the United States government's desire for Japan to implement VER. Despite opposition from Japan's auto industry, there was internal support within the Japanese government for compromise through VER. The Ministry of Foreign Affairs advocated from the perspective of maintaining stable Japan-U.S. relations. Concurrently, the Ministry of International Trade and Industry (MITI) recognized the necessity of considering the economic interdependence between the two countries. Ultimately, the Japanese government agreed to the compromise. In May 1981, Japan and the United States reached a consensus to reduce Japanese auto exports to the United States to 1.68 million units annually. This agreement finally resolved auto trade friction between the two nations.

This auto trade friction reflected the characteristics of the first phase of U.S.-Japan trade frictions. The issue originated from domestic the United States industries and labor unions demanding action from Congress and the government. The lawsuit based on Section 201 of the Trade Act catalyzed widespread domestic attention and congressional action. According to the United States constitution, the authority to manage international trade belongs to Congress, compelling the government to address congressional demands for protecting domestic enterprises.

In summary, the first phase of Japan-U.S. trade friction was characterized more by the interplay of various factions within both governments and industries rather than a confrontation. During this phase, Japan was not viewed as an "other." The Regan administration exhibited numerous reservations about trade restriction measures. In the end, rather than imposing formal punitive tariffs on Japan, they negotiated to persuade Japan to agree to VER, containing the dispute within a manageable scope successfully.

Phase Two: Voluntary Import Expansion-based Trade Friction

From the late 1970s to the mid-1980s, Japan-U.S. relations grew increasingly tense. The semiconductor trade friction emerged as a paradigmatic case of this period, with causes similar to the earlier automobile trade disputes. The root of this conflict lay in the significant growth of Japanese semiconductor exports to the United States. In the late 1970s, Japanese semiconductors had begun to flood the United States market. Despite bilateral negotiations resulting in VERs, this measure failed to effectively improve the operational environment for American semiconductors firms. As the 1980s progressed, Japanese semiconductor products continued to expand their market share in the United States, while Japan's low import volume from the United States emerged as a new problem.

Japan began to emerge as a significant producer of semiconductors in the late 1970s, particularly in Dynamic Random Access Memory (DRAM). During the 1980s Japan had gained a dominant position in DRAM technology, monopolizing the market with more than 75% of global market share (Noyce & Wolff, 1986). This dramatic shift prompted a strategic response from The U.S. semiconductor manufacturers, leading to the formation of the Semiconductor Industry Association (SIA) in 1977.

The SIA's initial concerns focused on Japan's industrial policies and market access barriers. Despite the United States semiconductor industry's global market share exceeding 50%, its penetration of the Japanese market remained limited to 10% (SIA, 1983). The 1984 global semiconductor recession exacerbated tensions, prompting the SIA to file a Section 301 petition against Japan in 1985. This action led to bilateral negotiations, culminating in the 1986 U.S.-Japan Semiconductor Agreement.

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This agreement addressed three key areas: price monitoring of Japanese exports, prevention of third-country dumping, and opening of the Japanese market to foreign semiconductors. Notably, it included a controversial "secret clause" targeting a 20% market share for foreign semiconductors in Japan (Prestowitz, 1989).

The Japan-U.S. semiconductor friction escalated after the signing of the agreement. In April 1987, the United States government accused Japan of violating the 1986 Agreement, claiming multiple violations including inadequate regulation of semiconductor dumping in the United States market via third-party countries and insufficient promotion and marketing of the United States semiconductor products within Japan. In response to these perceived breaches, the United States Trade Representative (USTR) took unprecedented action. Invoking Section of 301 of the Trade Act of 1974, the USTR imposed $300 million in punitive tariffs on a range of Japanese electronics exports, including computers and colour televisions. This action represented a significant escalation in trade tensions and marked a historic moment in post-World War II economic relations between Japan and the United States, it was the first instance of Japan facing economic sanctions from the United States since the war.

The impact of these agreements on Japan's semiconductor has been the subject of considerable controversy. A central element of the semiconductor agreement involved the Japanese government agreeing to set quotas on the export of DRAM chips. However, the restrictions on the sale of DRAM chips to the United States led to increased prices for these chips in all regions outside of Japan. Japanese DRAM producers benefited from these higher prices (Savary et al., 1990). Contrary to the agreements' intentions of bolstering the United States semiconductor industry, particularly in the memory chip sector, the outcomes were mixed. Most the United States semiconductor manufactures chose to exit the memory chip market, allowing Japanese companies to maintain their dominant position in the global memory chip market. Trade agreement failed in saving the United States memory chip industry.

The resurgence of the United States semiconductor industry was primarily driven by strategic shifts toward research and development (R&D) and the outsourcing of production. Silicon Valley maintained trade relations with Japan while simultaneously diversifying its production base, outsourcing chip production to emerging semiconductor hubs in Taiwan and South Korea. the United States semiconductor firms moved away from capital-intensive manufacturing processes, focusing instead on chip R&D to regain their competitive edge. For example, Micron successfully challenged Japan's dominance in the memory chip sector through technological advancement and cost reduction strategies. Today, Micron is one of the leading DRAM chip manufacturers in the world. The industry's landscape was further transformed by the rise of personal computers and the growing demand for microprocessors. The United States companies capitalized on this trend more effectively than Japanese counterparts, who failed to adapt to the rapidly evolving PC market. By 1993, the United States regained its leadership with a 43% share of the global semiconductor market (Kanz, 1994).

The second phase of U.S.-Japan trade friction was characterized by the emergence of an unprecedented trade management approach that involved setting specific numerical targets for the market share in Japan's domestic market. This approach, known as voluntary import expansion (VIE), potentially conflicted with free trade principles and raised concerns about its compatibility with the principles of the LIO.

As Japan's economic power further approached that of the United States, concerns about Japan's economic practices began to emerge. The United States trade deficit expanded after 1981, with the deficit with Japan reaching a record high of $58.6billion in 1986. This growing trade imbalance led to a perception in the United States that invisible, hidden barriers within Japan's economy were obstructing the United States exports to Japan. These trade deficits growing concerns within the United States policy circles, particularly in congress. In March 1985, the Senate passed a resolution declaring that the trade imbalance with Japan had resulted in the loss of hundreds of thousands of jobs in the United States, while Japan enjoyed extensive access to the US market, US exporters lacked equivalent access to the Japanese market.

This shift in trade policy and perception marks a critical juncture in U.S.-Japan economic relations. It reflects the growing tensions between maintaining the principles of free trade within the LIO framework and addressing perceived inequities in bilateral economic relationships. The implementation of VIEs and the focus on numerical targets for market share represent an attempt to manage trade imbalances through more direct interventions, challenging traditional approaches to trade liberalization.

Phase Three: Economic Structure Reform-Related Trade Conflicts

In the late 1980s, the concept of Japan's 'otherness' became prevalent in the United States (Morris, 2013). This narrative characterized Japan's political and economic system as fundamentally different from Western norms. Against the backdrop of the growing the United States trade deficit with Japan, the United States Congress passed the Omnibus Foreign Trade and Competitiveness Act of 1988. This legislation included the Super 301 provision, mandating the USTR to annually investigate unfair trade practices abroad, designate priority targets, and eliminate these practices through negotiations within a year, or impose sanctions if necessary.

Super 301 was used to impose sanctions in three areas: satellites, supercomputers, and wood products sectors. Japan responded not only by continuing VIE measures but also by undertaking institutional reforms (Puckeet & Reynolds, 1996). In June 1990, Japan announced Structural Impediments Initiative (SII) with the United States, encompassing six main area with approximately 240 specific items, including land use policy, public expenditure, and amendments to distribution system laws. Many of these negotiation points can be seen as interfering with Japan's domestic affairs (Matsushita, 1990).

Within the Japanese government, the semiconductor trade disputes negotiations were regarded as negative precedent, leading to strong resistance against setting specific numerical targets in agreements. However, The United States government maintained that while not mandating obligatory numerical standards, setting related figures was necessary to effectively

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promote the opening of the Japanese market. Moreover, the United States also argued that setting these targets did not violate GATT principles; rather, it was Japan's market closure that undermined the open trade principle by GATT (Lincoln, 2000).

Japan-U.S. trade negotiations during this period experienced multiple breakdowns and interruptions. The collapse of automotive sector talks in 1994 led the United States to threaten sanctions under Section 301 and contemplate filing a complaint with the newly established World Trade Organization (WTO) regarding Japan's market closure. Uncharacteristically, the Japanese government responded by filing a counter-complaint with the WTO against the United States sanctions. Although the Japanese refused to set specific numerical targets, major Japanese automotive companies still developed plans to increase purchases of the United States -made auto parts, indicating a certain degree of concession (Pollack, 1995).

In the third phase, as the economic power gap between the two nations narrowed, the United States political circles became increasingly wary of Japan, while Japan also exhibited a stronger stance of resistance. During this stage, the friction extended beyond trade issues, with divergent interpretations of free trade rules further exacerbating tensions. The dispute between the United States and Japan over setting numerical targets versus the principles of free trade reflected a conflict at the ideological level, resulting in sharp confrontation.

Under such intense friction, if the situation had continued to develop, the bilateral relationship might have deteriorated significantly. However, by the late 1990s. with the established of the WTO, countries gradually began to resolve trade disputes through the WTO's legal mechanism, and U.S.-Japan economic and trade relations began to stabilize. Additionally, with the collapse of Japan's bubble economy and its declining international competitiveness, the economic and trade frictions between Japan and the United States gradually came to an end.

Divergent Paths: Perceptions of Heterogeneity in U.S.-China Relations

The United States perception of China as "heterogeneous" has undergone several transformations over the past decades, reflecting changes in China's global position.

In the 1970s, amid Cold War tensions, China was viewed as a potential strategic allay against the Soviet Union (Kissinger, 2012). During this period, the "otherness" of China was perceived as malleable, with the United States policymakers harbouring expectations that economic engagement would catalyse political liberalization. This perspective persisted into the 1980s and 1990s, despite growing concerns over human right issues. The Clinton administration's support for China's accession to the WTO in 2001. At this period, the United States believes that deeper integration would accelerate China's assimilation into the LIO (Ikenberry, 2008).

As China's economic prowess burgeoned in the early 21st century, The U.S. perceptions shifted, China began to be viewed increasingly as an economic competitor. The "otherness" of China's economic model, particularly state involvement in the economy, became a point of contentions. This period marked a transition in how the United States conceptualized China's "otherness," moving from a focus on potential convergence to an emphasis on system differences (Friedberg, 2005).

Post-2016, the perception has further evolved, with China now being view as a strategic rival. The notion of China as fundamentally "other" has expanded beyond economic considerations to encompass political systems, approaches to international institutions, and global dominant ambitions (Foot & King, 2019).

The core dynamic in U.S.-China relations vis-à-vis heterogeneity lies in the persistent acknowledgement of China's distinctiveness, coupled with evolving the United States beliefs about the possibility and desirability of transformation. Initially, there was optimism that China's heterogeneous elements could be transformed through engagement and integration into the global economy. However, as China's economic strength grew, this optimism gave way to concern, with China being perceived as a formidable economic competitor-a position Japan once occupied in the United States strategic thinking.

Turing Point Periods in China-U.S. Relations

The current U.S.-China relationship has entered an unprecedented phase. This new stage is distinct from previous periods of economic rivalry, such as that with Japan, due to China's unique position within the LIO framework and its capacity to challenge fundamental aspects of the existing global order.

Before the outbreak of the U.S.-China trade war, American scholars were already debating whether the United States strategy toward China had been a comprehensive failure. Some scholars believe that Sino-American relations have entered a critical turning point, with China's rise posing an unprecedented challenge to the United States national interests (Blackwill & Tellis, 2015). In terms of policy toward China, the American academic and policy communities can be broadly categorized into three factions.

The first faction can be termed the "New Cold War" faction. This group argues that U.S.-China competition is a zero-sum game, and that the two countries have entered a "New Cold War" era. Is necessary for United States to take a more assertive strategy toward China (Friedberg, 2018). While drawing parallels with the U.S.-Soviet rivalry, proponents of this view acknowledge key differences in the current geopolitical landscape. Form Truman to Regan, American foreign policy focused on "containment" of the Soviet Union, advocates of the "New Cold War" approach argue for a similar prioritization of China as the primary strategic challenge for the United States. Matt Pottinger (2024), who served as Deputy National Security Advisor during the Trump administration, argued in Foreign Affairs that "America's competition with China must be won, not managed. "He advocates for emulating Regan's approach to the Soviet threat, suggesting that countering China should be prioritized as America's foremost task.

The second school of thought can be described as "Competitive Coexistence" perspective. Unlike the first group's advocacy for total confrontation, this faction believes that U.S.-China competition is not purely a zero-sum game, and that it is crucial to develop a strategy for coexistence with China. Campbell and Sullivan (2019) argue that competition with China should be

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viewed as a condition to be managed rather than a problem to be solved. This perspective advocates for a US policy toward that also prioritizes competition, while maintaining necessary cooperation. It seeks a middle ground between the extremes of complete decoupling and unrestricted engagement (Schell & Shirk, 2022).

The third can be referred to as the "Cooperation" faction. While this group shares concerns about China's political system and its growing global influence, they are more focused on the risks of U.S.-China competition escalating into more intense confrontation (Pepinsky & Weiss, 2021). This perspective advocates for a more nuanced and less confrontational approach to U.S.-China relations, emphasizing the need for engagement and cooperation on less controversial issues. Expanding on this perspective, Weiss (2021) suggests that the United States should present China with genuine choices, combining deterrence with assurances and engaging in direct about coexistence. This could include strengthening deterrence while clarifying the US "One China" policy and investing in inclusive global initiatives that do not exclude China. Moreover, this faction emphasizes the importance of understanding China's strategic concerns and avoiding policies that might push China towards more aggressive behavior.

The spectrum of policy prescriptions, from confrontational to cooperative, illustrates the ongoing debate with American policy circles about how best to manage the rise of China. Each approach carries its own set of potential benefits and risks. The "New Cold War" perspective emphasis deterrence and competition but risks escalating tensions. The "Competition Coexistence" view seeks a balance between competition and cooperation but may struggle to navigate the inherent tensions in such dual-track approach. The "Cooperation" thought emphasizes engagement and mutual interests but could underestimate the challenges posed by ideological and system differences.

It is crucial to note that these three schools of thought do not exist in a linear chronological progression but rather coexist within American academic and policy spheres. Their influence on government policy has varied with different administrations. The Trump era, for instance, was characterized by a "New Cold War" approach, while the Biden administration has leaned more towards "Competitive Coexistence." Despite their divergent views on specific policy approaches, all three factions agree that China poses a significant challenge to the United States and its leadership of the LIO.

From Trump to Biden

The diversity of China policy perspectives reflects the multifaceted nature of US-China relations, deeply influenced by perceptions of heterogeneity between the two nations. When Trump took office in 2017, his primary concern regarding China was the large THE UNITED STATES trade deficit. The Trump administration not only labeled China as a "revisionist power" and "strategic competitor" but also viewed the Chinese Communist Party as a threat to the "free world". (Mcfaul,2020). This characterization underscores the perceived ideological and system differences-key aspects of heterogeneity-that the administration believed posed changed to the United States interests.

The Trump administration adopted a comprehensive confrontational approach, engaging in competition and opposition with China across almost all issues. Economic and trade issues were at the forefront. The Trump administration imposed punitive tariffs on a wide range of Chinese export good. Subsequently, they expanded their actions by enhanced scrutiny and restrictions on Chinese investments, tightening export controls on high-tech products to China, and Implementing sanction on Chinese companies in critical technology sectors, such as Huawei and ZTE in telecommunications.

Perceptions of heterogeneity played a significant played a significant role in shaping these policies. The United States viewed China's state-led economic model, differing political system, and alternative approach to international norms as fundamentally incompatible with the LIO. This perception intensified fears that China's rise would undermine the United States global leadership and the values it promotes. By emphasizing the differences between the two nations, the Trump administration justified unilateral actions aimed at countering what it saw as unfair practices rooted in systemic heterogeneity.

Despite the confrontational rhetoric and punitive measures, the Trump administration's approach maintained a degree of flexibility. While implementing tariffs, the administration remained open to trade negotiations and demonstrated some willingness to compromise on technological competition issues (Kubo, 2019). For instance, even after announcing sanctions on Huawei, the administration delayed their implementation several times, suggesting a more nuanced approach than initially perceived.

Trump's "America First" policy resulted in Washington pursuing its China strategy largely in isolation, without coordinating efforts with other nations. Consequently, the administration failed in building a strong multilateral group to counterbalance China (Christensen, 2021). This unilateral approach underscores the emphasis on bilateral differences and the perceived inability to reconcile systemic heterogeneity through existing international frameworks. Some scholars argue that Trump's primary focus was on advancing the United States commercial interests, with an inclination toward negotiating deals with China rather than engaging in a comprehensive confrontation (Weiss, 2022). In November 2017, Trump made a state visit to China, a gesture that underscored his administration's willingness to engage diplomatically. In January 2020, two countries signed the Phase one trade agreement, aimed at addressing economic and trade disputes. Despite its overall hawkish stance towards China, the Trump administration maintained some flexibility in negotiating with China.

However, the outbreak of Covid-19 in 2020 altered the temporarily calm bilateral relationship. Trump blamed China for the global pandemic, further emphasizing the perceived heterogeneity by attributing the crisis to systemic shortcomings in China's governance. He suspended most bilateral dialogues, and adopted a hostile stance (Griffiths, 2020). At the same time, the pandemic's disruption of global supply chains forced the United States to rely heavily on imports from China. By the end of Trump's term, some analysts argue that his trade war with China had been unsuccessful in achieving its primary objectives (Bown, 2021).

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The Biden administration's China policy exhibits clear continuity with its predecessor, yet it also reflects a strategic shift in addressing heterogeneity. Biden has consolidated the confrontational orientation of Trump-era policies towards China, framing his strategy as "invest, align, and compete" (The White House, 2021). In his first foreign policy address in 2021, Biden referred to China as America's "most serious competitor" and pledged to directly address the challenges China poses to the United States prosperity, security, and democratic values.

Unlike Trump, Biden places greater emphasis on the importance of alliances and international organizations in shaping foreign policy and advancing technological. By aligning with other democracies, the administration seeks to create a unified front that can better manage the challenges arising from heterogeneity with China. The Biden administration also worked closely with Congress to launch large-scale infrastructure investments and industrial policies aimed at enhancing The United States competitiveness and reducing reliance on China. In August 2022, Biden signed an Executive Order to implement the Chips and Sciences Act, which is designed to strengthen chip manufacturing in the US and address supply chain issues (The White House, 2022).

To better compete with China in advanced technology sectors, the administration imposed stricter export controls on the semiconductor sector. Additionally, it fostered international cooperation by establishing the "Chip 4" alliance—a semiconductor partnership among Japan, South Korea, Taiwan, and the United States. The Biden administration has made technological competition a central element of its China policy, framing it within a binary context of "techno-democracies" versus "techno-autocracies" (Bradford, 2023). Furthermore, the Biden administration has successfully united traditional allies to counterbalance China, leading to a cohesive alliance of nations with shared values and objectives.

US-China Chip War

The semiconductor conflict between the United States and China has emerged as a prominent issue within the broader context of US-China trade war. This conflict has demonstrated remarkable longevity, spanning both the Trump and Biden administrations. The scope of the conflict has progressively expanded, evolving from initial trade frictions to technological restrictions. Under the Biden administration, the conflict has further incorporated elements of ideology competition.

The semiconductor industry's role in everything from consumer electronics to advanced military system make it crucial in the context of great power competition (Miller, 2022). The United States strategies include direct sanctions, export controls, and diplomatic efforts to influence alliance, all aimed at hindering China's semiconductor technological progress. However, these policies have sparked debate over their effectiveness and long-term consequences. Critics posits that these measures might inadvertently spur domestic innovation in China, potentially leading to a more sufficient and competitive Chinese semiconductor industry.

Furthermore, concerns have been raised about the implication of these policies on the United States semiconductor companies themselves and global supply chains (GSCs). The highly interconnected nature of the global semiconductor industry means that disruption can have unintended consequences. The United States firms, also embedded in these global networks, may face challenges in terms of market access, revenue streams and collaborative research and development opportunities. While this restriction may slow China's progress in the short term, the long-term consequences for global semiconductor development, and geopolitical stability are yet to be fully understood. As Farrell and Newman (2019) contend, weaponized interdependence in high-tech sectors may lead to a reconfiguration of global economic networks, with potentially destabilizing effects on the international order.

Analysing Heterogeneity in U.S.-China Policy Shifts

The emphasis on heterogeneity-the recognition of fundamental differences in political systems, economic models, and ideological values—has been a driving force behind the shifts in THE UNITED STATES policy from Trump to Biden. Both administrations have grappled with how to engage a rising China that does not fully integrated into LIO.

Under Trump, the heterogeneity between the U.S. and China was highlighted to justify unilateral and punitive measures. The administration framed China not just as an economic competitor but as a "threat" to the world (Rappeport, 2019). This framing allowed for aggressive policies aimed at decoupling and containment, grounded in the belief tat the differences were too vast from coexistence within the LIO.

Biden's approach, while still acknowledge the heterogeneity, shifts towards managing these differences through strategic competition and alliance-building. By investing domestically and aligning with other democracies, the administration seeks to strengthen the collective capacity to compete with China. Moreover, the Biden administration's policies suggest an attempt to mitigate the negative effects of heterogeneity by creating structures and partnerships than can bridge some gaps. Initiatives like the "Chip 4" alliance represent efforts to consolidate technological ecosystem among like-minded nations, thereby reducing reliance on China and insulating critical industries from the different regions. The emphasis on heterogeneity in the Biden era serves both as a rationale for strengthening internal capabilities and alliances, and as a barrier to connection with China.

In both administrations, the recognition of heterogeneity has led to policies that seek to preserve the United States interests and values in the face of a rising power with a different system. The challenge remains in finding a balance between competition and cooperation, acknowledging differences without allowing them to escalate into open conflict. The United States changing approach reflects an ongoing struggle to adapt to a multipolar world where heterogeneity is the norm rather than the exception.

Evolving Trade Tension: From Japan to China

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In the 1980s, Japan's economy experienced rapid growth, with its GDO reaching 67.47% of the United States GDP in 1995, marking a historical peak. Similarly, China's economic expansion following its accession to the WTO has been remarkable. By 2022, China's GDP had reached 74.35% of the United States GDP, making China the third country since World War II to approach economic parity with the United States. Following the outbreak of the U.S.-China trade war, many scholars have compared it to the U.S.-Japan trade frictions of the 20th century, seeking potential strategies for addressing current challenges. There are indeed similarities between these trade conflicts, and it could be even argued that they share intrinsic connections.

The rise of China in the early 2000s partially redirected the United States attention from Japan's economic issues. After Joining the WTO, China quickly became the primary source of the United States trade deficit and surpassed Japan in 2010 to become the world's second-largest economy. The 21st century has seen that the United States grappling with a substantial trade deficit with China, while its manufacturing sector has been impacted by the influx of Chinese goods, echoing the circumstances of U.S.-Japan trade frictions in the 1980s. Furthermore, after Trump took office, he adopted policies similar to those from the Reagan era, initiating a Section 301 investigation against China and imposing tariffs, which were widely used during the U.S.-Japan trade frictions.

A critical focal point in these trade frictions has been the debate surrounding government-led development framework. The United States frequently leverages these issues as a basis for accusations of information leakage, forced technology transfer, and industrial espionage. This pattern of dispute is not unique to contemporary U.S.-China relations but was also evident in historical U.S.-Japan trade frictions. These arguments are underpinned by a perception of "heterogeneity". From this perspective, the political and economic systems of China and Japan are viewed as significantly divergent from Western norms. This notion of "heterogeneity" extends beyond economic and trade domains, permeating aspects of political systems, cultural values, and other aspects.

Japan was frequently characterized as "Japan Inc.," a term denoting its alliance of Japan's government bureaucrats and corporations established and implemented unfair trade policies. This qualitative analysis emerged as early as the 1980s. at that time, The prevailing narrative emphasized that Japan adhered to a set of economic rules distinct from those of the West, asserting that its economic planning and operational methods fundamentally differed from Western nations. In analyzing the dynamics of U.S.-Japan economic competition, a prominent argument focused on Japan's alleged "unfair" practices. This perspective posited that Japan's "unfairness" was deeply rooted in its unique cultural and social structures. Scholars such as Prestowitz attempted to construct chains of equivalence by essentializing Japan's differences (1989). This discourse implied that Japan's characteristic was so deeply ingrained that they were immutable and thus "impossible to address."

As Japan's economic power continued to grow, the United States perception of Japan underwent significant changes. Japan's position in the American consciousness progressed from an initial competitor to a major economic rival, and by 1989, it was viewed as the second-largest industrial nation and a technological superpower. Eventually, Japan was recognized as the world's most technologically advanced country (Cusumano, 1991). This shift in perception reflects the United States's ongoing attention to and assessment of Japan's rise. However, the conflicts between the United States and Japan were confined to the economic sphere. The United States did not exhibit deep concerns that Japan's rise might threaten its global order. in official narratives, Japan continued to be positioned as a crucial ally, and key partner.

China's economic rise follows a trajectory somewhat similar to Japan's development in the late 20th century. Both countries experienced intense trade frictions with the United States during their rapid development phases. The core points of contention often centered on the "heterogeneity" of their economic models, technological catch-up strategies, trade surpluses and market access issues, and the role of government in industrial development. Just as the United States once viewed Japan's economic model as "heterogeneous", China's state-led economy is similarly seen by the United States as divergent from the Western free-market economic model. The United States critical of China's "state capitalism" echoes its earlier skepticism towards Japan's "Japan Inc" model.

Nevertheless, the era in which China is rising, its geopolitical position, ideological characteristics, economic scale, and global influence create a fundamentally different international environment compared to that faced by Japan. These factors contribute to substantial differences in U.S.-China relations compared to historical U.S.-Japan relations.

Conclusion

The three patterns of U.S.-Japan trade friction—export dumping, weak imports, and domestic structural challenges—are all simultaneously present in the current U.S.-China trade friction. The U.S.-China trade war began with issues surrounding steel exports and the United States agricultural imports but quickly expanded to encompass matters such as technology transfer and market access. Moreover, the U.S.-China trade friction has escalated to include broader issues like the competition of international order and the establishment of new global framework.

In the U.S.-Japan trade disputes, the focus remained primarily on bilateral trade in goods and services and on Japan's market access issues. The emphasis was on reducing the trade deficit and diminishing barrier to Japan's market entry. Only in the later stages of these disputes did demands for reform of Japan's economic structure emerge. In contrast, as U.S.-China interactions intensified, the focus shifted from trade deficits to technological hegemony and geopolitical competition.

The semiconductor industry dispute particularly highlights the differences between these two periods. The United States sanctions on Japan's semiconductor industry primarily aimed to expand The United States market share in Japan and limit Japanese dumping in the United States market. Importantly, the United States did not view Japanese semiconductor products as a national security threat. However, in U.S.-China conflict, China's semiconductor industry has been defined by the United States as a strategic threat directly endangering national security.

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The response strategies of Japan and China to the United States pressure also differ significantly. In U.S.-Japan interactions, the U.S. often took the initiative, while Japan adopted a relatively passive stance, rarely implementing retaliatory measures. To maintain stable U.S.-Japan relations, Japan negotiated agreement with the United States through self-regulating policies like VER and VIE. This strategy effectively limited the trade friction's impact. Japan's strategic concessions afforded valuable time for its industrial development. China has taken a much tougher stance in the face of the United States pressure. China not only implemented retaliatory tariffs of equal scale but also placed the United States companies on a negative list. In the U.S.-China trade war, both the United States and China have demonstrated an unwillingness to back down.

During the U.S.-Japan trade frictions, the United States industry groups and labor unions frequently utilized legal mechanisms such as trade litigation laws to directly influence government trade policy formulation. In contrast, the U.S.-China trade friction has been driven by government initiatives rather than industry pressure. While the United States industry representatives have expressed their expectations and concerns regarding trade with China through internal governmental organizations, they have not issued urgent demands or resorted to legal measures. In fact, some industry groups have even voiced concerns to the government about the potential negative impact of the trade war on the United States industrial development. For instance, the SIA published a comment articulating concerns that the trade war could disrupt semiconductor supply chains, affect the industry's future development and undermine US technological leadership (SIA, 2021).

Overall, the U.S.-China trade frictions are more intense and multifaceted than those between the United States and Japan, involving deeper issues of technological supremacy and systemic rivalry. The heightened perception of China as a strategic competitor and the mutual unwillingness to concede have led to a more protracted and complex trade conflict.

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