Grand Plan for Korean Unification 2011-05

US-China Relations and Korean Unification

KINU Unification Forum 2011

Edited by *Choi Jinwook*

KINU Korea Institute for National Unification

US-China Relations and Korean Unification

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Preface

The Korea Institute for National Unification (KINU) is working on a four-year project (2010-2013) on the subject of Korean unification. The objective of this project is to propose a grand plan for Korean unification. The Unification Forum series is one of the tasks of this project. Last year the purpose of the forums was to review the positions of neighboring countries on Korean unification. The result of the forums has been compiled into a book titled *Korean Unification and the Neighboring Powers* (Seoul: Neulpum, 2010).

This year the forums have focused on US-China relations and their implications for Korean unification. These forums are also intended to serve as a channel to deliver our unification vision to the international community. This year's fifth forum, held on November 16th, was oriented toward diplomats based in Seoul. KINU invited around thirty diplomats from major embassies, most of them deputy chiefs of mission, to share views and visions of Korean unification.

The forum was organized by a planning committee composed of 20 experts on North Korea and international politics. This committee was involved in every aspect of the forum, from selecting speakers and topics for discussion to participating in the discussions and offering policy suggestions.

This book is the result of this year's forums. It is composed of two general papers as well as five forum papers. The first two papers serve as a sort of introduction. "Building a United Korea: Visions, Scenarios, and Challenges" suggests a four-stage unification process which may be the most desirable and feasible approach for South Korea. "Security Dynamism in Northeast Asia: Emerging Confrontation between US-ROK-Japan vs. China-Russia-DPRK" is an overview of the changing unification environment. Each forum produced one paper, except for the second forum which produced two papers.

I am indebted to many people for the successful completion of this year's forums and the publication of this book. First of all, I am deeply grateful to our speakers - Drs. Lowell Dittmer, G. John Ikenberry, David M. Lampton, John S. Park and Fei-ling Wang - for their insightful and stimulating presentations as well as their enthusiastic discussions at the forums. I appreciate Dr. Zhu Feng's participation as a discussant in the third forum. The speakers' prompt and professional revisions of their forum transcripts helped ensure the timely publication of this book. I am also grateful to Dr. Sachio Nakato for writing an introductory paper as I suggested. It was my pleasure to work with them throughout the year.

Members of the Forum Planning Committee helped to arrange for prominent scholars to speak at the forum. I am particularly grateful to Drs. Choo Jaewoo and Kim Taehyun for their help. Dr. Lee Eugene continues to be as indispensable an advisor this year as he was last year. The various committee members also helped to make each forum productive and enjoyable through their enthusiastic participation as discussants. I am also grateful to our staff members for their assistance. Lee Kyunghwa's exceptionally sincere and competent management made the forum administration and publication a pleasant process. Meredith Shaw's artful English is such an asset to the forum series. She compiled all the forum transcripts based on the presentations and discussions. Kim Ah Young, Lee Hwan-Sun, and Jung Yunmi deserve my special appreciation.

November 2011

Choi Jinwook

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eds.) *Informal Politics in East Asia* (Cambridge, 2000), *South Asia's Nuclear Security Dilemma: India, Pakistan, and China* (Armonk: M. E. Sharpe, 2005), (with Guoli Liu, eds.) *China's Deep Reform: Domestic Politics in Transition* (Lanham, MD: Rowman & Littlefield, 2006), (with Yufan Hao and George Wei), eds., *Challenges to Chinese Foreign Policy: Diplomacy, Globalization, and the Next World Power* (Louisville: The University Press of Kentucy, 2009), (with George Yu), eds., *China, the Developing World, and the New Global Dynamic* (Boulder, CO: Lynne Rienner, 2010). and numerous scholarly articles. His most recent book is *Burma or Myanmar?: The Struggle for National Identity* (London: World Scientific, 2010).

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Korean Unification in an International Context

Building a Unified Korea
Visions, Scenarios, and Challenges

Choi Jinwook

Introduction

The goal of our North Korea policy has always been unification. The question of how to achieve that goal has varied, however. In the 1950s, slogans such as "March to the North" and "Victory over Communism" dominated North Korea policy and the military option was publicly discussed. During the 1960s, the "Construction First, Then Unification" approach reflected South Korea's passive stance on unification. The functional approach appeared in the 1970s, but at that time peaceful coexistence between the two Koreas was regarded as more important than political integration.

It was after the end of the Cold War that the South's policy direction shifted toward engagement, advocating a gradual and step-by-step approach. Moves toward engagement have dramatically intensified under the Sunshine Policy. The Sunshine Policy was replaced by the "principled" North Korea policy, however, when the Lee Myung-bak government took office in 2008. It also pursued a paradigm shift in unification policy "from managing division to preparing for unification." New visions and values of Korean unification began to attract attention.

The purpose of this paper is to propose the most feasible and desirable unification scenario. Presenting a blueprint for Korean unification is the clearest way to recover the public's will to pursue unification, and it enables us to implement the present North Korea policy effectively by minimizing the uncertainties of a unified Korea. For this purpose, the paper will review the changing unification environment and evaluate the principles of Korean unification.

I. The Changing Environment for Korean Unification

1. North Korea: Gloomy Future

Due to its chronic economic hardship, North Korea can no longer afford to provide resources even to the elites who bolster its system, revealing the desperate reality they face. Indeed, the North's most desperate need is for food. North Korea has been pleading for food aid to various countries around the world. Furthermore, economic cooperation between Seoul and Pyongyang was suspended following the sinking of the Cheonan warship, causing more serious financial problems for North Korea.

Driven into a corner, North Korea has been trying to overcome its difficulties by strengthening its relationship with China. Kim Jong Il visited China twice in 2010 and twice again in 2011. The main goal of those visits was to secure economic aid and new military equipment such as fighter jets. The North's trade volume with China has doubled in three years: from US $1.9 billion in 2007 to US $3.4 billion in 2010. In the year 2011 it is expected to record more than US $5 billion.

This trade does not seem to be substantially relieving North Korea's problems. The increase of trade volume between China and North

Korea is attributed to North Korea's export of strategic mineral resources such as anthracite coal and iron to China, which resulted in severe electricity shortages in North Korea and exacerbated its economic problems. North Korea's mineral resource exports to China increased from US$50 million in 2002 to US$860 million in 2010, or 17 times. This accounts for 63% of North Korea's total export volume to China.

Some have predicted that North Korea will make up for the reduction in inter-Korean economic cooperation through expansion of trade with China. Careful examination of the situation, however, reveals that this will not be the case. The main staples of inter-Korean trade were pine mushrooms and sand, but we have not seen any substitution effect in Sino-North Korean trade for these commodities.

Along with the economic difficulties, Kim Jong Il's failing health is currently the main cause of instability for the regime. The military-first system, Kim Jong Il's unique political style, is characterized by rule by man rather than rule by law, Kim's direct control of state affairs bypassing the party, and divide-and-rule tactics. This military-first system puts Kim Jong Il in an indispensable role, as all major policy decisions are made by him alone. Thus, his health is directly linked to the stability of the whole political system. At the Third Party Conference in September 2010, North Korea officially announced Kim Jong-un as heir apparent by naming him vice chairman of the KWP's Central Military Committee and also executed a large-scale reshuffling of elite posts. However, the North Korean people do not seem happy with their new leader-to-be.

Kim Jong-un's emergence as heir apparent does not indicate any definitive change to North Korea's military-first system, although various Party organs such as the Central Military Committee, the Politburo and the Secretariat were reorganized at the Third Party Conference. The military still appears to maintain its economic power by operating most of the foreign currency-earning companies. The military also dominates the policy-making process towards South Korea and directly attends negotiations with South Korea.

The total censorship of information, the tight control mechanisms, and the absence of any alternative power can be listed as the main obstacles to sudden change in North Korea. However, from history we know that dictatorships can suddenly collapse without any notice or warning, as seen in the recent Jasmine Revolution and earlier during the collapse of socialism in Eastern Europe. Although North Korea's socialist system has shown much greater staying power than those of the former Eastern European countries, North Korea's present financial difficulties may one day lead to a massive uprising within that society as well. In a crisis, North Korea's ruling elite would be more concerned about their own security than protecting the dictatorship, and in due course the regime could become destabilized. The chance of a sudden collapse of North Korea will be even greater after Kim Jong Il dies.

2. South Korea: Visions and Values of Unification

The widening gap between South and North Korea has made South Koreans more confident of Korean unification. Now attention has gravitated to new visions of Korean unification and estimates of its

potential value. A united Korea could emerge as a strong middle power with a population of 80 million.[1] It could also function as a key gateway connecting Eurasia and the Pacific Ocean. Also, the welfare and human rights of the North Korean people would be greatly improved by unification.

In terms of military and security aspects, unification would mean the elimination of the biggest security threat to South Korea once and for all. Negative influences that threaten the stability of Korean peninsula and Northeast Asia, including the North Korean nuclear issue and the existence of long-range missiles, would be resolved. If unification brings the answer to the threats posed by the North's conventional military power, nuclear weapons and missiles, it will be a tremendous boon not only for the Korean peninsula but also for Northeast Asia and the rest of the world.

In the area of politics and diplomacy, after unification national power can be concentrated on economic development and social integration, since the political conflicts over North Korean issues will have been eliminated. Unification can strengthen the nation's image as a contributor to peace and integration in the region, reinforcing the national brand and national competitiveness.

Economically, unification will generate a strong synergistic effect through the combination of South Korea's capital and technology and

[1] If the united Korea could follow the China-Hong Kong model rather than absorbed to South Korea like Germany, the real GDP is forecasted to surpass France, German and Japan with the figure of 6.5 trillion dollars in 2050. Kwon Goohoon, "A United Korea? Reassesing Nort Korea Risks (Part I)" Global Economic Paper, No: 188, Goldman Sachs (September 21, 2009).

North Korea's mineral resources and labor. The economic advantages will include the elimination of the "Korea discount," removal of the costs of division, expansion of the domestic market, and enhanced international status. Other economic benefits will include reduction of the defense budget, opening of new markets linked to the northeastern part of China, and the use of oil and natural gas from Russian Far East.

In socio-cultural terms, unification will help to heal the regional conflicts and hostility resulting from division, thus heightening the nation's self-esteem and maximizing its innate power.

3. The Neighboring Powers: Favoring the Status Quo on the Korean Peninsula

Korean unification is not only beneficial for Koreans but for the region and the world, and international cooperation will be indispensable in achieving it. China favors maintaining the status quo on the Korean peninsula, however. China suspects that the US-ROK alliance is part of a United States policy to encircle China. Thus, China regards North Korea as a strategic asset needed to balance the US-ROK alliance. China believes that the continued existence of the current North Korean regime coincides more closely with its own national interests than unification dominated by the South.

The United States may also prefer the status-quo in the short-run. It has pursued its "China First Policy" since 2002, when North Korea admitted to having a uranium enrichment program (UEP). The China

First Policy has continued in the Obama administration under the new name of "strategic patience." From the US perspective, China should suffer the cost of a stronger U.S.-ROK alliance if it fails to curb Pyongyang's nuclear ambitions.

In the aftermath of North Korea's military provocations and the disclosure of its UEP last year, the United States has been trying to talk with North Korea to ease the tension on the Korean peninsula and handle the issue of UEP. US efforts to tackle North Korea's issues have been further stimulated by growing concern over North Korea's long-range missiles. Washington's efforts to talk with Pyongyang could lead to a more a fundamental shift to an engagement policy, although at the moment it is primarily focused on managing the current crisis.[2]

Washington would likely support South Korean efforts to achieve unification, however, when the chance comes. In the "Joint Vision for the US and the ROK" statement issued on June 16, 2009, Seoul and Washington agreed that "We aim to build a better future... leading to peaceful reunification on the principles of free democracy and a market economy." President Lee Myung-bak's formal state visit to Washington on October 11th highlighted South Korea's emergence as a key global partner. South Korea has become more important to the US not only in terms of China policy but on a global level. The US also seems determined to deter North Korea's military provocations through a strong alliance with South Korea rather than making concessions to North Korea.

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2 The United States may need to provide Pyongyang with security assurances in return for the elimination of its nuclear weapons and programs. G. John Ikenberry, KINU Unification Forum 2011, Westin Chosun Hotel, July, 21, 2011.

II. Principles of Unification[3]

1. A South Korea-led Unification Process

Since the end of the Cold War, South Korea's "unification" policy has indeed been focused on managing the division of the Korean Peninsula rather than promoting unification. The aim has been to encourage *de facto* unification (as opposed to *de jure* unification) through mutual recognition of the two political systems, establishment of a peace mechanism, and exchanges and cooperation between the two Koreas.

The previous unification discourse regarded any immediate plans for unification as burdensome, since the ideologies and political systems of the two Koreas are vastly different from each other. In the absence of any definitive principles or visions of unification, a convergence theory emerged in which the South and the North make incremental compromises toward a unified Korean political system. Even the theory of 'one-on-one integration,' which requires no fundamental changes in the North, was openly discussed.

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3 This part was rewritten based on my previous paper; "Preparing for Korean Unification: A New Paradigm for Discourse on Unification," Choi, ed., *Korean Unification and the Neighboring Powers* (Seoul: Neulpumplus, 2010).

As the unification vision grew hazy and South Korea's confidence in its ability to dominate the unification process dwindled, its interest in and commitment to unification gradually receded. The South Korean government has tried to push unification as far off into the future as possible, although the necessity of unification has not been denied. After the side effects of German unification were magnified by the Asian Foreign Exchange Crisis of 1997, Korean unification became something to fear and avoid rather than hope for.

Contrary to the expectations of two decades ago, the North Korean regime has not changed in any meaningful way. It has instead pursued nuclear weapons and moved away from reform and opening. Thus, we should admit that unification through mutual agreement by both South and North based on reform and opening of the current North Korean regime is unlikely to happen.

There is little about present-day North Korea that can be incorporated into the system of unified Korea. North Korea's situation is deteriorating politically, economically, and socially; in fact, some believe it is close to collapse. South Korea, which successfully achieved both economic development and democratization, should take responsibility for rescuing its North Korean brethren from their current plight. It is time for us to propose a South Korea-led unification policy. The peaceful integration of North Koreans into our liberal democracy and market economy is an indispensable step to Korean unification.

2. Alleviating Unification Costs

It has often been said that the costs of unification have been exaggerated and the various benefits of unification have been underestimated. The costs, by definition, would last for only a limited period of time, while the benefits would continue to be reaped indefinitely, so it should be encouraging to see that the total benefits outweigh the costs. These newfound benefits, however, will not completely eradicate concerns about the costs. The costs will be borne intensively for a period of time, while the benefits will be reaped only after an initial difficult period has passed. That is, the unification costs will be borne by the current generation, whereas most of the benefits will be enjoyed by the generations to come.

Therefore, because of the time discrepancy between the costs and the benefits, arguments of this sort will persist. No matter how great the benefits will be compared to the costs, the generations that experience unification will bear a hefty burden, so they may still have reservations about pursuing it. A key to preparation is devising ways to lessen the costs and obtaining consent from the public before implementing those plans; the process of implementation is as important as formulating the vision.

Considering the fear that unification may come suddenly, a gradual economic integration instead of rapid one could be promoted as a way to alleviate the costs. A plan for rapid economic integration must provide education, training and welfare benefits in the North similar to those presently available in South Korea and must build up social and economic infrastructure within the territory of North Korea

immediately after the unification. On the other hand, in a more gradual economic integration process the economy of North Korea could be managed separately, enabling the economic costs and benefits to be spread out over a longer period of time.

Supposing a pro-South reformist regime is established in North Korea, we can anticipate a "two states, the same system" scenario in which large-scale inter-Korean economic cooperation occurs, instead of a sudden unification scenario like that of Germany.

The establishment of a pro-South reformist regime in North Korea, especially in terms of economic policy, provides a chance to reduce the costs of unification while beginning to discuss unification plans in detail. Inter-Korean economic cooperation prior to unification can be carried out relatively easily in our own way without requiring the approval of the North's citizens. Before proceeding with inter-Korean economic cooperation, we must reach a national consensus on the size and conditions of assistance.[4] North Korea should be reconstructed with a unified Korea in mind.

After a period of inter-Korean economic cooperation, we must reach an agreement on proceeding to the next stage of unification. To alleviate costs and social confusion, we will need to have public consensus on the establishment of a Special Administrative District of North Korea, which will be managed as a separate economic unit. The details of the economic integration process should be discussed before unification. Once political integration has occurred, the North Korean

4 Lee Suk, "Economic Problems of Unification: Concept and Perspective," *KDI Review of the North Korean Economy*, Vol. 12, No. 8 (August, 2008), pp. 7-11.

people will have the same rights and duties as South Koreans. Not surprisingly, the North Korean people will want immediate economic integration, and the situation will not be as easily controlled as it was before unification.

III. Unification Scenarios

From South Korea's perspective, two unification scenarios are acceptable and feasible: one is a gradual system transformation of North Korea and unification by agreement between the South and the North; the other is a rapid deterioration of the North Korean regime and unification via absorption by South Korea.[5]

Figure 1. Various Unification Scenarios

	STAGE 1	STAGE 2	STAGE 3	STAGE 4	
A	Two States, Two Systems	NK's Reform	Two States, the same System	One State, One System	South Korea-led Unification
B	Two States, Two Systems	NK's Reform		One State, One System	Korean National Commonwealth Unification Formula
C	Two States, Two Systems	NK's Reform		??	Sunshine Policy
D	Two States, Two Systems			One State, One System	Unification in the aftermath of NK's Sudden Collapse

5 Han Sung Joo, "Division Management and Unification: Korea vs. Germany," *Korea Review*, Vol. 1, No. 1 (August 2011), p. 17.

1. Gradual System Transformation of North Korea

This scenario (A) is the least expensive and most desirable South Korea-led unification process. It would entail four stages: 1) two states with two systems, 2) the advent of a reform-oriented regime in North Korea, 3) two states with the same system, following a system transformation of North Korea, 4) one state with one system.

While still in the first stage, there is little we can do as long as North Korea resists reform. A meaningful unification process can start only after a reformist government appears in North Korea, although it is not certain when or how that may happen. The advent of a reformist regime in North Korea, however, does not necessarily guarantee the path to unification.

The most important stage will be the third stage, in which the two states still function independently but are able to closely cooperate on building a common system and values. Once this South-initiated unification process starts, we must make every effort to unify the two Koreas within 5 to 10 years.[6]

The difference between Scenario A and Scenario B is whether the stage three is included. Korean National Commonwealth Unification Formula, which has been South Korea's official unification formula since 1989, does not include a stage in which North Korea undergoes a political transformation into liberal democracy before the two

6 Lee Sang-Woo, "The Character Change in Unification Tasks and A New Role of KINU," International Conference for the 20th Anniversary of the Korea Institute for National Unification (Seoul Plaza Hotel, April 8, 2011).

Koreas are unified. In fact, it is not clear what kind of political system a unified Korea should have. Some may take it for granted that unified Korea will be a liberal democracy with a market economy. Others may not necessarily accept that as a given. The Inter-Korean Summit of 2000 resulted in some public confusion about the anticipated political system of a unified Korea, because both Koreas agreed at the summit that each would contribute something to the unification formula.

It is unreasonable to expect that the two Koreas will be unified at some point in the future without also assuming dramatic changes to North Korea's political system. When East Germany was under pressure to change its political system in the spring of 1989, a prominent East German scholar, Otto Rheinhold, argued that the existence of two different political systems and ideologies in East and West Germany was the very reason that the GDR should remain as a separate political entity.[7]

A new reformist regime may gradually emerge over the course of several regime changes within North Korea. North Korea, like the former Romanian state, does not have an alternative group vying for power. When the other countries of Eastern Europe such as Poland, the Czech Republic, and Hungary underwent their regime transitions, their Communist Party organizations faced competition from alternative groups such as intellectuals, religious organizations, and labor unions which had grown through the 1950s and 1960s. However, there was no such group in Romania due to the absence of

7 Philip D. Zelikow and Condoleezza Rice, *Germany Unified and Europe Transformed: A Study of Statecraft* (Cambridge: Harvard University Press, 1995), translated by Kim Tae Hyun and Yoo Bok Kun (Seoul: Moum Books, 2008), p. 82.

reforms, the extreme closed-door policy, and the cult of personality which enabled the continuation of Ceausescu's legacy. After the revolution, the absence of a "civil society" meant the absence of an alternative power center, and thus the former Communist Party returned to power in due course.

Hence, if a new reformist regime appears in North Korea, it is more likely to proceed gradually towards Vietnamese-style reforms by way of Chinese-style reforms,[8] rather than embracing sudden changes after Kim Jong Il's death. However, if the new regime achieves some degree of economic revitalization under a pro-China policy, the division of the Korean peninsula may continue for quite some time with no progress towards unification. To avoid this, while assisting the North's reform and opening South Korea must make careful strategic consideration of ways to encourage the North Korean people and elites to proceed in a pro-South direction.

2. The Sudden Collapse of the North Korean Regime

Scenarios for the sudden collapse of the North Korean regime should not be ruled out, though they may not be desirable in terms of costs. These scenarios can be divided into two possible cases. The first is the case in which the current ruling authority tries to regain control but a

8 Vietnamese reform is often characterized by distributive gradualism, while Chinese reform is accumulative gradualism. Annette Miae Kim, *Learning to be Capitalists: Entrepreneurs in Vietnam's Transition Economy* (New York: Oxford University Press, 2008), p. 5; Leszeck Balcerowicz, "Understanding Post-Communist Transitions," *Journal of Democracy*, Vol. 5, No. 4 (October 1994), p. 82.

state of anarchy shortly follows. The second is the case in which a new government emerges but cannot contain the crisis. In any case, in the wake of the collapse there will be popular revolts in North Korea due to accumulated discontent of the people. The tight cohesion of North Korea's power elites may disintegrate due to the worsening economic situation, social instability caused by lax social control, and the expansion of China's influence.

The first case starts with the complete dynastic succession of Kim Jong-un, in which Kim is reduced to a figurehead and the ruling elites struggle over political power. Eventually the ruling elites lose their grip on power. This case can be divided into the following sub-scenarios: 1) As the leaders struggle to continue with conservative policies, the general public and opposing political groups generate an organized resistance; 2) Power struggles break out within the controlling power structure; or 3) The absence of leadership within the fragmented state apparatus causes the whole social structure to erupt in chaos, as was the case in Romania.

In the second case, the North Korean regime collapses suddenly without warning after a popular uprising or coup d'etat. A new government is formed but then this government also collapses suddenly. This case also can be divided into several possible sub-scenarios: 1) Inner conflicts between the conservatives and the progressives result in a sudden collapse, as was the case in the Soviet Union; 2) The ruling power turns reformist and actively implements new policies for socialist regime change which produce unexpected changes, as happened in Hungary; or 3) The conservative party maintains its grip on power initially, but the opposing party eventually

overthrows the ruling conservative power, as happened in Poland.

In any case, when the center of political power disappears after Kim Jong Il's death, the social control mechanisms and policy-making institutions will cease to function. In this state of power vacuum, various groups will vie for power, including the group advocating a return to the military-first policy, the China-backed group, and the group in favor of a completely new system. In such circumstances, international intervention should be minimized. If any international organizations or countries intervene to control North Korea, it will weaken South Korea's initiative for Korean unification. South Korea should actively support the South-leaning group out of consideration for the future. The best approach will be to work with this group to promote a South-initiated unification process.

Conclusion

The current environment surrounding the Korean peninsula provides both challenges and opportunities for Korean unification. North Korea's deteriorating situation has heightened expectations of a collapse of the North Korean system leading to Korean unification. The widening gap between North and South Korea has encouraged South Koreans to believe they should dominate the unification process, and they now perceive unification in a more positive light as a necessary event, although this does not mean that they hope for the sudden collapse of North Korea.

South Koreans have begun to recognize the need to prepare for unification. Thus far, however, they have only advanced from a state of "total lack of preparation" to "nearly total lack of preparation" for unification, and early unification at this point may still be a disaster.[9] China is nervous about the possibility of collapse and continues to support North Korea for the sake of its stability and survival, pushing aside concerns about the nuclear issue. This has made North Korea more dependent on China, allowing China to exert more influence. The United States also favors maintaining the status quo, although

[9] Victor Cha, "The Dangers Ahead," paper for the annual USIP-KINU conference, March 2011, Washington, DC.

it shares South Korea's visions of Korean unification. North Korea's military provocations have severely threatened the stable management of division.

These challenges have led to growing demands in South Korea for a more flexible unification policy. There is no guarantee that a new policy will be more successful, however. We should not settle for unrealistic short-cuts, nor expect a dramatic breakthrough in inter-Korean relations.

One thing we can do in this difficult phase of inter-Korean relations is to present a realistic and desirable blueprint for Korean unification via a South Korea-led unification process. This will contribute to a common vision of unification and shared values, helping to both prepare for unification and restore the public's commitment to a unified future. A clear vision of unification will greatly reduce the uncertainties of the current North Korea policy and contribute to a more effective and efficient policy.

Unification will not necessarily come in a gradual and phased manner and cannot be achieved simply through the expansion of exchange and cooperation between the two Koreas. It should be supported by deliberate strategies and the strong determination of the national leadership. Above all, we should publicly present our vision of a unification process led by South Korea. Unification can be achieved only through such leadership.

Security Dynamics in Northeast Asia

Emerging Confrontation between U.S.-ROK-Japan vs. China-Russia-DPRK?

Sachio Nakato

Introduction

In response to recent North Korean aggressive external behavior such as a rocket launch, a nuclear test, and the bombardment of Yeonpyeong Island, the United States has increased its commitment to its allies as well as security issues in Northeast Asia. On the other hand, recent North Korean diplomacy with Russia and developing closer relations with China are at least partly intended to counterbalance such changes in the strategic environment in Northeast Asia. Some analysts interpret Russia's readiness to participate in joint military

exercises with North Korea, deepening relations between China and North Korea and enhanced U.S.-ROK-Japan trilateral security cooperation as steps toward a new Cold War in Northeast Asia. In other words, North Korea's recent military provocations have not only posed a greater challenge for inter-Korean relations but have also created a new environment of reduced security in Northeast Asia.

This paper analyzes emerging security dynamics in Northeast Asia especially focusing on North Korea's foreign behavior and the response from neighboring countries. First, both the Obama and Lee Myung-bak administrations' North Korean policies are analyzed. This section endeavors to asses the assumptions of respective North Korean policy as well as challenges for these policies. Next, section II explores the implications of North Korea's provocations and their impact on the U.S.-ROK-Japan trilateral security cooperation. How the U.S.-ROK-Japan security cooperation has been enhanced will be discussed as a result of North Korean aggressive acts. Then, section III will discuss recent developments in Chinese-North Korean relations as well as Russian-North Korean relations. The implications of North Korea's deepening relations with China and Russia will be analyzed. Finally, a brief conclusion follows.

I. Strategic Patience, Vision 3000, and Challenges for These Policies

1. Strategic Patience and North Korea

The North Korean policy under the Obama administration has been articulated as "strategic patience."[1] Although President Obama himself had claimed that he would meet national leaders in hostile relations with the United States, the U.S.-North Korea relations have not seen any progress especially with regard to nuclear problems since President Obama took office. "Strategic patience" consists of patiently waiting for North Korea to come back to the negotiation table while the United States and its allies keep pressuring North Korea through economic sanctions, non proliferation measures, and joint military exercises in response to North Korea's aggressive foreign behavior. Also, the United States and its allies would not give North Korea a carrot only for the purpose of North Korea's coming back to negotiations, but strategic patience is a strategy of waiting for North Korea to change its foreign policy behavior.

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1 Emma Chanlett-Avery and Mi Ae Taylor, *North Korea: U.S. Relations, Nuclear Diplomacy, and International Situation*, CRS Congressional Research Service, November 10, 2010, p. 5.

Notwithstanding this stance, the United States has not excluded the possibility of starting to negotiate with North Korea while adopting the policy of strategic patience. Stephen Bosworth mentioned in his testimony at a Senate hearing in March 2011 that a dual-track approach of pressure and dialogue under the Obama administration is the most appropriate for denuclearization and the stability in Northeast Asia.[2] While the Obama administration has continued to impose sanctions on North Korea, it has, at the same time, indicated certain conditions which include apologizing to South Korea for the sinking of the warship Cheonan as well as the attack on the Yeonpyeong Island by North Korea in order to start negotiations between the United States and North Korea. Thus, North Korean policy under the Obama administration exercises pressure in response to missile and nuclear tests, while it pursues conditional engagement with North Korea. Such an approach is not completely different from those in previous administrations. If we borrow the phrase by Bruce Klinger at the Heritage Foundation, the Obama administration's North Korean policy is articulated as "pressure and conditional engagement."[3]

However, such a wait-and-see policy has been challenged by the following two aspects. First of all, pressure and conditional engagement have produced neither much in the way of compromise from North Korea nor changes in the pattern of North Korea's foreign behavior. This looks like deja-vu if we recall U.S.-North Korea relations and

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2 Stephen W. Bosworth, Special Representative for North Korea Policy, before the Senate Foreign Relations Committee, March 1, 2011.

3 U.S. Congress, *North Korea's Sea of Fire: Bullying, Brinkmanship and Blackmail*, hearing before the Committee on Foreign Affairs, House of Representatives, One Hundred Twelfth Congress, March 10, 2011, p. 20.

North Korea's foreign policy in the past. The United States demanded that North Korea "complete, verifiable, and irreversible denuclearization (CVID)," before engaging in negotiations during the first Bush administration, but it was eventually dropped due to North Korea's fierce opposition to the demand. Rather, critics argue that progress on denuclearization of the Korean peninsula was made to a certain degree under the second Bush administration when the United States and North Korea moved forward on the denuclearization process based on the principle of action for action articulated in the Six-Party talks.

In addition, the present situation has given North Korea the opportunity to proceed with development of its nuclear program which obviously contradicts the U.S. global strategy and interests of the non proliferation of weapons of mass destruction. Independent Task Force Report: *U.S. Policy toward the Korean Peninsula* of Council on Foreign Relations explicitly expresses U.S. concerns about nuclear proliferation issues. The report warns that the strategic patience of the Obama administration involves a significant risk that it will result in acquiescence to North Korea's nuclear status as a fait accompli.[4] As a matter of fact, it was reported that Dr. Hecker who visited North Korea in November 2010 had been "stunned" by the sophistication of the new plant to enrich uranium in North Korea. After all, North Korea has advanced its uranium enrichment program during the past few years because U.S. officials know that the plant did not exist in April 2009, when the last Americans and international inspectors were thrown out of the

4 Charles L. Pritchard and John H. Tilelli Jr., *U.S. Policy Toward the Korean Peninsula*, Independent Task Force Report No. 64., Council on Foreign Relations, p. 10.

country. Virtually no substantial negotiations have been conducted since the six rounds of the Six-Party talks which ended in December 2008.

2. North Korean Problem and North-South Relations

The Lee Myung-bak government's North Korea policy is branded "Mutual Benefits and Common Prosperity." The essence of the policy is the so-called Vision 3000 thru Denuclearization and Openness of North Korea. Vision 3000 supports economic growth of North Korea to reach a per capita income of 3,000 dollars when or if North Korea moves toward denuclearization and the opening of the country. The priority of the Lee Myung-bak government is denuclearization and finding ways for both North Korea and South Korea to gain mutual benefits and common prosperity. However, this policy has been criticized for having no exit strategy prepared while it imposes only conditions before engaging in talks with North Korea. Also, there is no action for the Lee government to take but to wait, if North Korea does not respond to the policy.

There are at least two perceptions shared by the United States and South Korea about why the wait-and-see policy has been both implemented and maintained by both governments. First of all, the United States and South Korea have been doubtful about the possibility for North Korea to give up its nuclear weapons. While conservatives and liberals or progressives both in the United States and South Korea have fairly different views with regard to North Korea's nuclear and missile issues, the rocket launches in April 2009

and the second nuclear test in May 2009 support such views on North Korean nuclear issues. One former U.S. government official who worked as the director at the Korea desk in the State Department mentioned in an interview with the author that very few people in the U.S. State Department believe that North Korea will eventually give up nuclear weapons since there is no rational reason for her to move forward to denuclearization. The Vision 3000 thru Denuclearization and Openness was not developed under the assumption that North Korea would first move toward denuclearization and openness, but rather is a policy to promote these processes by showing North Korea benefits that it can obtain if it moves in that direction.[5]

Secondly, such a wait-and-see attitude is supported by the shared views on the North Korean regime instability between the Obama administration and Lee Myung-bak government. Since Chairman Kim Jong Il's health problem became the focus of attention of the world in August 2008, many analysts started to question how long the Kim Jong Il regime will continue to survive. According to the Chosun Ilbo, assistant secretary Kurt Campbell allegedly mentioned that Chairman Kim Jong Il would pass away within three years when he had a closed meeting in Seoul.[6] Such an assumption logically leads to the conclusion that the United States and South Korea may not have to make a hasty decision on starting negotiations with North Korea because the North Korean regime might be changed within a few years. In this sense, it may be rational for the Untied States and South

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5 Jae Jean Suh, *The Lee Myung-bak Governemnt's North Korean Policy*, Korea Institute for National Unification, p. 13.

6 *Chosun Ilbo*, March 17, 2010.

Korea to "wait" for changes in North Korea's foreign behavior while enhancing non-proliferation measures. Nonetheless, these assumptions are challenged by critics both in South Korea as well as in the United States.

First of all, if South Korea prioritizes the North Korean nuclear issues and demands that North Korea gives up its nuclear capability through sanctions and pressures, such a policy would bring crisis in inter-Korean relations and increase in North Korean nuclear abilities rather than promote denuclearization on the Korean Peninsula.[7] This line of argument assumes that North Korea has gone nuclear in order to assure its security and regime survival so that it could eventually give up its nuclear weapons when such policy objectives are guaranteed. If the recent unstable security environment on the Korean peninsula and North Korean development of nuclear capabilities especially during the first Bush administration are compared to when the denuclearization process was accelerated during the last half of the second Bush administration, critics suggest that the latter is a more practical and realistic policy direction.

Secondly, policy based on the assumption that North Korea may collapse is not realistic or strategic at all. Critics of "the theory of North Korean collapse" argue that there is no evidence that the North Korean leadership has weakened or that the economic situation in North Korea is worse when compared to the mid-90's when the

7 Sun Seong Park and Jong uk Kim, *Nambukwange Jeonhwanui Piryoseong Mit Pyeonhwawa Tongileul Wihan Hanbando Gusang* (Necessity for Change in Inter-Korean Relations and the Korean Peninsula Plan for Peace and Unification), The Institute for Democracy and Policies, pp. 10-14.

collapse of North Korea was seriously discussed. Also, considering the reality that the division of the Korean peninsula is not only due to the issues of the two Koreas but also the issues of the neighboring countries' strategic interests, a crisis of the Kim Jong Il regime would not lead to the collapse of North Korea as long as the balance of power in Northeast Asia is maintained. From this perspective, it is unrealistic to set North Korean collapse as a policy objective of South Korea or to pursue a policy based on the assumption that the North might collapse although it is necessary to prepare for various possible future scenarios of the Korean Peninsula including the collapse of North Korea.[8]

[8] *Ibid*., pp. 19-21.

II. North Korean Provocations and Enhanced U.S.-ROK-Japan Trilateral Security Cooperation

1. North Korean Provocations

The policy of strategic patience was not adopted by the Obama administration based on its original policy at the outset. Rather, this has gradually formed in response to North Korea's aggressive foreign behavior over the first six months after its inauguration in January 2009. More specifically, North Korea's rocket launch is the starting point for the Obama administration's strategic patience. On the same day, April 5, 2009, when North Korea launched its rocket, President Obama made a speech on nuclear weapons in Prague. In his speech, President Obama accused North Korea of violating the rules and claimed that the world must stand together to prevent the spread of these weapons. In addition he also suggested that violations must be punished.[9] Subsequently, the United Nations Security Council adopted a presidential statement criticizing North Korea for launching its missiles because it considered the missile launches in violation of UN resolution 1817. However, North Korea responded to such

[9] Remarks by President Barack Obama, Hradcany Square, Prague, Czech Republic, The White House Office of the Press Secretary (5 April 2009).

international pressures by conducting its second nuclear test in May 2009. As a result, the United States and its allies have exercised pressure through economic sanctions rather than moving toward negotiations with North Korea.

The author has previously made effort to explain the logic of North Korean aggressive foreign behavior by analyzing the case of the second North Korean nuclear test based on neoclassical realism perspectives.[10] Neoclassical realism presumes systemic incentives as primary independent variables and emphasizes that such systemic incentives must be transmitted through intervening variables at the unit level. If we apply this perspective to the North Korean second nuclear test, first, the negative system incentives from the international community in the form of the UNSC presidential statement along with external pressures criticizing North Korea's rocket launches functioned as independent variables. Secondly, such system incentives, which North Korea was perceived as violating its sovereign rights and basic principles of the Six-Party Talks, had been filtered through the North Korean perception that a nuclear test is required as a nuclear power when it feels necessary. Since the first nuclear test in October 2006 was not fully successful, a subsequent nuclear test was indispensable from a military perspective as well. Therefore, the UNSC presidential statement condemning North Korea for conducting the satellite launch along with other external pressures functioned as the trigger for North Korea to conduct the second nuclear test.

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10 Sachio Nakato, "North Korea's Second Nuclear Test: Neoclassical Realism Perspectives," (forthcoming).

If this analysis is correct, North Korea's nuclear policy depends on how North Korea perceives the changing international environment and how it transmits its domestic factors into its foreign policy formation. In other words, if North Korea perceives changing international situations as threatening to its survival, it is highly likely to conduct a third nuclear test as a result of incorporating its domestic factors together with its perception of international sentiment. Therefore, it seems logical to assume that North Korea has concluded that it is "legitimate" to keep its status as a "nuclear power" especially in light of Iraq and Libya. That is to say, if North Korea considers those countries like Iraq with no nuclear weapons or Libya which exchanged the declaration of denuclearization for better relations with the west as well as national security (the so-called Libyan Model) actually became targets of attacks from the United States and/or NATO due to their lack of nuclear weapons, it will ascertain that the only way to assure its security is by maintaining its status as a nuclear power.

Next, related to the above discussion, if North Korea perceives itself as a "nuclear power," North Korea may pursue its policies based on the assumption that nuclear deterrence functions between North Korea and the United States as well as South Korea. When North Korea and South Korea actually exchanged fire during the Yeonpyeong Island incident in November 2010, a second Korean War or massive U.S. military intervention did not occur. While the Lee Myung-bak government was criticized within South Korea for its weak posture toward North Korea, one could argue that this incident "proved" that it is virtually impossible for both South and North Korea to engage in unlimited military confrontation. If North Korea perceives that the

"impossibility" of total war in the Korean peninsula comes from its nuclear power, small scale military confrontations between the South and the North especially in the disputed areas might continue to occur more often than before, when North Korea did not possess nuclear weapons. Therefore, the possession of nuclear weapons itself might function as a decisive factor when military confrontations between South and North Korea occur.

2. U.S.-ROK-Japan Trilateral Cooperation

While the importance of U.S.-ROK-Japan trilateral cooperation in dealing with North Korean issues is often emphasized among concerned policy makers, there are at least two structural impediments to trilateral cooperation. First of all, policy priorities and interests of each country are different with regard to respective North Korean policies. Needless to say, all three countries do not want a nuclear North Korea. However, their approach as well as priorities shows some differences of interest. For South Korea, the issue of denuclearization is imminent and must be resolved through peaceful means. North Korea does not regard South Korea as its negotiating counterpart on this issue, thus South Korea is more in a position to support the denuclearization process along with the United States. The United States is concerned more about the spread of weapons of mass destructions; thus the nonproliferation issue is the highest priority. Japan prioritizes the abduction issues as more important than denuclearization. It also has no real policy to deal with North Korean nuclear issues.

Secondly, territorial conflicts along with historical legacies between Japan and South Korea remain an obstacle for U.S.-ROK-Japan trilateral cooperation. The Dokdo/Takeshima issue has always been a source of antagonism between Japan and South Korea. Recent attempts to visit Ulleungdo Island near this disputed island by conservative politicians in Japan certainly stimulated nationalism in South Korea and may have a negative impact on ROK-Japan cooperation. One American expert on Korea even suggests that Japan should renounce its claim on the disputed island for the sake of better ROK-Japan relations.[11] Although Japan needs to continue to claim this small island for political and economic reasons, it is unwise to anger South Koreans especially when U.S.-ROK-Japan cooperation is essential in dealing with North Korean issues. It is important for Japan's national interest to continue as an important player among the three countries, and thus be able to exercise more influence over North Korean issues. As a result, it also becomes easier for Japan to pursue its policy objectives in dealing with North Korea.

While "strategic patience" and "vision 3000 thru denuclearization and openness" have not accelerated denuclearization of the Korean peninsula so far, North Korea's aggressive external behavior during the past few years has actually promoted U.S.-ROK-Japan trilateral cooperation. After the onset of the North's recent bout of aggressive behavior, both the U.S.-Japan security alliance and the U.S.-ROK security alliance have been enhanced and subsequently, U.S.-ROK-Japan trilateral security cooperation emerged as a result of a series of incidents, i.e. the rocket launches, the second nuclear test, the

11 Peter Beck, "Consider a Korea-Japan alliance?" *JoongAng Daily*, May 27, 2011.

Cheonan incident, and the bombardment of Yeonpyeong Island. Its implications go beyond the North Korean issues. Such enhanced trilateral security cooperation among the U.S., ROK, and Japan is in alignment with the U.S. Northeast Asian strategy dealing with the various effects of the rise of China as well.

First of all, the Cheonan incident led to an enhancement of the strategic alliance between the United States and South Korea. For example, while the United States and South Korea had agreed that South Korea would reclaim wartime operational control of its forces from the United States as of April 17, 2012 during the Roh Mu-hyun administration, they agreed to put off the return of wartime control to South Korea to 2015 after the Cheonan incident. While U.S.-ROK alliance arguably seemed to be weakened during the Roh Mu-hyun government (which had once cited the Northeast Asian balancer theory to distance itself from the U.S.), this incident actually created momentum for the Obama administration and the Lee Myung-bak government to strengthen and transform the damaged U.S.-ROK alliance to a strategic alliance. The North Korean shelling of Yeonpyeong Island reconfirmed the importance of the U.S.-ROK strategic alliance and the need for U.S.-ROK joint military exercises (which in addition is a frustration for China).

Secondly, the United States and Japan also returned toward enhancement of its security alliance as a result of the Cheonan incident. From the time Prime Minister Hatoyama took office, the newly established Democratic government had pursued a more equal partnership in its alliance with the United States through the issue of the relocation of the Futenma U.S. military base, as well as a positive attitude for the

East Asian Community. While U.S.-Japan relations were drifting due to such new initiatives, the Cheonan incident functioned as an important opportunity for Japan to recognize the security threat in Northeast Asia including North Korean provocations, as well as other security concerns, such as the Chinese military buildup and military activities over disputed areas. As a result, U.S.-ROK-Japan trilateral cooperation was promoted in order to deal with threats from North Korea as well as instability in Northeast Asia. The United States has moved to strengthen its strategic influence on the Korean peninsula through its enhanced alliance with Japan and the ROK as well as U.S. military presence with its allies in Northeast Asia.

III. Deepening China-North Korea Relations and the Russia-North Korea Summit Meeting

1. Deepening China-North Korea Relations and the Chinese Dilemma

Aggravated relations between South Korea and North Korea under the Lee Myung-bak administration and enhanced U.S.-ROK-Japan trilateral cooperation have promoted cooperation between North Korea and China. First of all, economic relations between China and North Korea were deepened while South Korea's share in North Korea's external trade decreased over the past four years. According to a recent report by the Yonhap News Agency, bilateral trade between North Korea and China expanded from $1.97 billion in 2007 to $3.47 in 2010, which represents an increase from 41.6 percent to 57.1 percent of North Korea's overall trade, while the inter-Korean trade volume slightly increased from $1.8 to $1.91 despite severe tensions, representing a decrease of overall trade from 38.0 to 31.4 percent during the same period.[12] Some analysts in South Korea express concern over losing in competition with China for economic

[12] N. Korea deepens trade dependence on China, *Yonhap News*, September 25, 2010.

influence over North Korea. However, economic cooperation between China and North Korea remains limited to private initiatives at the local level such as with the special economic zone city of Rason which lies on the east coast of North Korea rather than at state level.

Secondly, China has certainly been a chief benefactor for North Korea not only in economic aspects but also in the politico-military sphere. While the United States and Japan openly supported South Korea on the issue of the Cheonan incident, China has not officially admitted that North Korea actually attacked the South Korean warship Cheonan. The United States and its allies repeatedly have criticized China for failing to prevent North Korea from engaging in provocative actions including the nuclear test as well as the attack on the South Korean island. Moreover, critics argue that China did not play an important role in trying to persuade North Korea to give up nuclear weapons as well as come back to the Six-Party Talks. In fact, China has limited ability to control North Korean foreign policy behavior especially in the area of military issues such as nuclear tests and missile launches. In this sense, economic dependence on China does not necessarily give China leverage to influence Pyongyang's decision making process.

While some analysts are critical of China's "pro-North Korea" attitude, China's strategic priority is to stabilize the Korean peninsula rather than to protect North Korea itself. China itself focuses on its economic development which is the highest priority for China's domestic and foreign policy, thus it needs to maintain the regional stability over the other concerns. China does not want North Korean provocations such as nuclear development, missile launches as well as the Cheonan incident, but at the same time it does not want any confrontation on

the Korean peninsula which destabilizes peace and stability in Northeast Asia. In other words, while China needs to maintain its traditionally friendly relations with North Korea, it emphasizes maintaining stable international order of the Korean peninsula as well as Northeast Asia.

Also, while China and North Korea have maintained their security alliance, China-North Korea relations are not the same as they were during the cold war period. This year China and North Korea marked the 50th anniversary of a bilateral friendship and mutual aid treaty that commits China to immediately render military and other assistance to its ally against any outside attack. However, China and North Korea seem to have different priorities regarding this security alliance. Many scholars in China now suggest the revision of Chinese commitment to military assistance to North Korea against outside attack. For example, one scholar argues that the article of military commitment of China virtually does not exist since it is highly unlikely for the United States to cause a war on the peninsula. Another also claims that it is impossible to gain understanding both domestically and internationally if there is no legitimate reason even though the treaty exists.[13] China also tries to keep a posture of distance from North Korea in order not to cause damage to its national interests.[14]

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13 *Asahi Shimbun*, July 21, 2011.

14 *Chosun Ilbo*, October 18, 2011, Prof. Chu Shulong of Tsinghua University in China mentioned that China would not support North Korea militarily in case of a conflict between North and South at a seminar on Korea-China security strategy at the Seoul Press Center.

2. Rapprochement between Russia and DPRK and Its Strategic Implications

The recent visit of North Korean leader Kim Jong Il to Russia and the following summit meeting with Russian President Medvedev which was held in Ulan-Ude on August 24, 2011 has stirred the interest of neighboring countries in Northeast Asia. It was the first time in nine years for the two countries to hold a summit meeting. The Ulan-Ude summit meeting reportedly produced two major agreements between Russia and North Korea. First, North Korea expressed its intention to return to the Six-Party Talks without any conditions. Leaders of both countries agreed to find a way to solve the nuclear issues on the Korean peninsula. Also, both leaders agreed to construct a gas pipeline linking Russia and South Korea via North Korea, therefore Russia could sell its natural gas to South Korea as well as Japan through the pipeline. Needless to say, stable inter-Korean relations are essential to realize this project.

The results of the meeting may imply several changes in the strategic and economic environment in Northeast Asia, and therefore, have provoked some concerns about such development. First of all, although not explicitly expressed, one could assume that Russia also agreed or at least implicitly supports the unconditional start of the Six-Party Talks as North Korea has proposed in exchange for North Korea's engagement in the gas pipeline project.[15] If this is the case, considering

15 According to Korea Central News Agency, the two leaders shared the view that the Six-Party Talks should be resumed without any precondition at an early date to implement the September 19 joint statement on the principle of simultaneous action at the talk, August 24, 2011. at <http://www.kcna.co.jp/item/2011/201108/news24/20110824-40ee.html> (searched date: October 1, 2011).

the current stage of U.S.-North Korea relations as well as inter-Korean relations, enhanced relations between Russia and North Korea could make an impact on future prospects for the Six-Party Talks. Therefore, the U.S.-ROK-Japan trilateral group is not necessarily positive about North Korea's expressed intentions of returning to the Six-Party Talks because the United States and its allies have demanded first stopping the uranium enrichment program before the start of the Six-Party Talks. They are also skeptical about the alleged statement by Kim Jong Il concerning a moratorium on missiles as well as nuclear testing once the Six-Party Talks begin.

Secondly, there has been some worry about recent rapprochement between Russia and North Korea, especially in the field of military affairs, after the summit meeting. The U.S. Department of State showed its concerns over the upcoming joint military exercises between Russia and North Korea, arguing that such military cooperation should not be aimed at canceling the message of the international community to North Korea; that its weapons program remains a matter of serious concern and that Pyongyang has to do what is necessary to return to the Six-Party Talks. Of course, military rapprochement between Russia and North Korea is intended to counter the military threat from enhanced military cooperation among the United States, ROK, and Japan. As a matter of fact, North Korea has also asked for joint military exercises with China.

However, as a Russian export on North Korea pointed out, the planned Russia-North Korea naval exercises consist of rather small scale efforts mainly of a humanitarian nature without any armaments,[16] so this concern may be an exaggeration from the Russian viewpoint, consider-

ing that U.S.-ROK joint military exercises are regularly conducted in the proximity of the North Korean border, with the combined armed forces and tens of thousands of military men. Russia also hopes that North Korea's military activities become more transparent through military contact with North Korea. In that sense, such rapprochement can be considered as a Russian style engagement policy with North Korea while North Korea tries to use this opportunity to avoid being isolated from the surrounding countries by strengthening relations with Russia.

Thirdly, the timing of the summit meeting between Russian President Medvedev and Chairman Kim may have been accelerated by deepening relations between China and North Korea as well. It may be rational for North Korea to be concerned about being overly dependent on China. As discussed in the above, North Korea's trade dependence on China has constantly increased. On the other hand, Russia is also concerned about the increase of Chinese influence around the border of the far eastern part of Russia. Russia and China were competing over developing the Rason area in North Korea in the early 90's, but China is now playing the leading role in engaging in economic development in this area. Also, China-North Korea military contacts have allowed the Chinese navy to enter the Wonsan port in North Korea as part of joint military exercises. Therefore, from the Russian perspective, it is necessary to have closer relations with North Korea in order to counter the increasing influence of China in the area. In this sense, relations among China, Russia and the DPRK are rather complex and dynamic rather than monolithic.

16 Alexander Vorontsov, Rapprochement between Russia and North Korea and the West's Real Korean Agenda, September 3, 2011. at <http://www.strategic-culture.org/news/2011/09/30/rapprochement-russia-north-korea-and-west-korean-agenda.html> (searched date: October 1, 2011).

Conclusion

Returning to the above discussions, a number of conclusions can be drawn. First of all, strategic patience and Vision 3000 have not promoted denuclearization of the Korean Peninsula so far. Rather, North Korea has engaged in aggressive external behavior over the past few years. As a result, some of the basic assumptions of these policies are challenged both in the United States and South Korea. For the United States, critics argue that strategic patience may result in acquiescence to North Korea's nuclear status which obviously destroys the U.S. non-proliferation interests. Also for South Korea, the progressive camp criticizes the vision 3000 program which emphasizes denuclearization as the first priority for failing to grasp the intentions of North Korea and thus inter-Korean relations have become unstable.

Secondly, North Korean aggressive foreign behavior as well as the Cheonan incident brought not only serious confrontation between South and North Korea but also created enhanced U.S.-ROK-Japan trilateral security cooperation which had been damaged during the Roh Mu-hyun and the Hatoyama administrations. The U.S.-ROK alliance as well as the U.S.-Japan alliance under U.S. leadership has increased its commitment and control over the strategic environment in Northeast Asia. The U.S.-ROK-Japan triangle tries to increase

their strategic influence and strengthen the position over the issues on the Korean Peninsula as well as with Northeast Asian international relations.

Thirdly, it is certain that China, Russia and North Korea all have felt unease about the increasing U.S. presence and commitment to security issues in Northeast Asia through its enhanced security alliance with the ROK as well as Japan. North Korea responded to the changing security environment by deepening its economic, political and military relations with China. Also, Chairman Kim Jong Il's visit to Russia to meet President Medvedev for the first time in nine years was aimed at promoting military and economic cooperation between them. Although it is too exaggerated to interpret such increasing cooperation among China, Russia and DPRK as the return to a new era of the Cold War in Northeast Asia, it seems obvious that the former Cold War allies in the East would move to try to check the increasing influence of the U.S.-led allies, while pursuing respective national interests through cooperation.

Finally, North Korea's expressed intention to return to the Six-Party Talks which has also been agreed on in the meetings with Chinese and Russian leaders brings quite different implications among six players in Northeast Asia: one positive and other negative. If the hidden agenda of U.S.-ROK-Japan for North Korean policy includes regime change in North Korea in favor of unification led by South Korea and containing the rise of China, increasing cooperation among China, Russia and DPRK may not necessarily be positive. On the other hand, China and Russia will continue to support North Korea because it can be used as a buffer zone against increasing influence of

U.S.-ROK-Japan cooperation. Although the surrounding four powers do not oppose Korean unification itself, the interests of each country are quite different with regard to respective policies toward the Korean peninsula.[17]

17 See Jinwook Choi ed., *Korean Unification and the Neighboring Powers: KINU Unification Forum 2010* (Seoul: Neulpumplus, 2010), pp. 188-196.

The First KINU Unification Forum

June 3, 2011, 16:00~20:00
International Conference Room, KINU

Beijing's "Sunshine Policy with Chinese Characteristics"

Implications for Korean Unification*

John S. Park

Background of Beijing's Sunshine Policy with Chinese Characteristics

To understand this, first we must look closely at China's bedrock foreign policy principles: 1) non-intervention in other countries' internal affairs; 2) cooperation & participation in multilateral institutions.

Four Sentences	Primary Target of Message
1. Non-proliferation in Asia	North Korea
2. Peaceful settlement through dialogue	All Six Party participants
3. Peace & stability on the Peninsula	All Six Parties, but especially North Korea & the U.S.
4. Security guarantee for North Korea	The U.S. (this was added later as China believed the U.S. did not take North Korea's security concerns seriously enough)

* The views expressed in this forum are those of the author and do not represent views of the U.S. Institute of Peace, which does not advocate specific policy positions.

In the 2003 period, the Chinese leadership tailored these two principles into the "Four Sentences," which has come to guide China's policy toward North Korea.

Sustainable economic development is China's No. 1 priority. China views all internal and external issues through that lens. Looking at North Korea through that lens, the top Chinese priorities are: 1) a stable external environment, especially in the border regions between North Korea and China, and 2) extensive and deep relations with the U.S.-China considers harmonious relations with the U.S. as an important stabilizing foundation for continued economic development.

The changes in China's diplomatic behavior have been remarkable. During the 1st nuclear crisis in 1994, China remained very discrete and behind-the-scenes, encouraging the U.S. and North Korea to work out the issues. However, in early 2003, China took a very proactive and entrepreneurial approach by launching and chairing the Six-Party Talks. This is an important trend to keep in mind in assessing the evolution of China's North Korea policy.

Stabilizing the political environment around North Korea is the foundational piece of China's North Korea policy. China has been building on this in two important ways: 1) by using its political capital to bolster the stability of the North Korean regime, particularly during the transitional period of power transfer to Kim Jung-un; and 2) by moving from rhetoric to action - China has been helping North Korea to develop its key border regions, with a particular interest in DPRK mineral resources. Parts of North Korea are reportedly suffering power shortages due to the large quantity of coal exported to China. Mineral

resource exports are important because they constitute a real element that we can track, and they reveal the nature of the China-North Korea relationship. China is paying less than world prices for North Korean coal; this indicates that their relationship is more complicated than the classic "lips and teeth" rhetoric suggests. This is all related to China's economic development strategy.

A Brief Chronology of the Relationship between the Chinese Communist Party (CCP) and the Korean Worker's Party (KWP)

- Oct. 1949: China and North Korea established diplomatic relations via their respective parties

- 1950s: The main era of "lips and teeth" rhetoric. When this rhetoric is used today it is done for Chinese propaganda reasons that bear little resemblance to this time period.

- Aug. 1992: In a game changer for Northeast Asian history, South Korea successfully implemented its *Nordpolitik*, normalizing relations with Beijing and Moscow in the closing days of the Cold War. North Korea denounced China's "great betrayal."

- 1990s: The "lost decade" in CCP-KWP relations. This was a critical period for North Korea, in which 1) it accelerates its nuclear activity at the Yonbyong Nuclear Complex, 2) Kim Il Sung dies, 3) the Great Famine occurs. In many respects, North Korea is still living in the shadow of this period.

  – For China, relations with South Korea were especially important

in the early 1990s. After Tiananmen in 1989, China became an outcast in the international community, and also faced many internal difficulties with its economic reforms. South Korea's trade credits to China and its help getting the Asian Games in Beijing, were critically important to Chinese efforts to restart their stalled economic reform activities. In return, China ended its patron-client relationship with North Korea.

- Oct. 2005: Vice Premier Wu Yi visited North Korea to celebrate the 60th anniversary of the founding of the KWP, accompanied by Commerce Minister Bo Xilai. The significance of the trip is that the Chinese began signing long-term leases for DPRK mineral resources. This marked the start of a series of ups and downs in the implementation of DPRK-China resource deals.

- Oct. 2009: Premier Wen Jiabao visited Pyongyang - a very significant visit aimed at offering a comprehensive relationship through the CCP-KWP mechanism. After this visit, Kim Jong Il began rebuilding KWP functions.

- May 2010: Kim Jong Il made the first of three high-profile trips to China, accompanied by Jang Song-taek. North Korea's delegation met all senior CCP officials, including all nine Politburo members and the future Chinese leadership. The underlying reason is likely related to the leadership succession processes proceeding in North Korea and China. But the visit ended abruptly, provoking speculation.

- Aug. 2010: Kim Jong Il's Second trip. At a summit meeting in Changchun, Kim deals with unfinished businessand seeks Chinese support for the DPRK's leadership succession process. Kim Jong-eun

is supported not as an individual but rather as the embodiment of the "rising generation of the Party" in North Korea - the same term China uses to refer to Xi Jinping.

- May 2011: Kim Jong Il's 3rd trip. It is unclear if the main purpose is to seek food aid or political support for the succession. But a pattern is emerging: an unprecedented turnout of high-level Chinese leadership to meet Kim, and further consolidation of recognition of Kim Jong-eun as the "rising generation of the Party"- all are crucial to the ongoing process of the two Parties supporting each other's leadership succession.

What does this Trend Mean for the Other Countries?

China's extensive commercial ties with North Korea are deepening with no direct linkage to denuclearization. Between the two Communist Parties, denuclearization has not been stated in any of the reporting on meetings and visits. There is no precedent of Hu Jintao linking the continuing economic development of natural resources in North Hamgyong Province to North Korean denuclearization. That subject is reserved for when China is acting as the Chair of the Six-Party Talks, where everything is linked to denuclearization.

Russia similarly avoids linking its commercial activities with the nuclear issue. North Korea has not lived up to past agreements with Russia. Thus, one has to wonder how Russia sees China's recent commercial activities in North Korea: does it see these activities as breaking new ground and possibly helping Russia to resume its stalled

economic and transportation deals with North Korea, or does it see the Chinese as competitors taking over Russian projects?

The U.S. links all of its planned concessions to DPRK denuclearization - i.e., no political, economic or diplomatic concessions unless North Korea commits to and carries out denuclearization. Freezes and other interim measures are no longer sufficient.

The important point is the relative distance between China and the U.S. China's two-party approach is very active, and the change this is causing in North Korea's stance toward the Six-Party Talks is a game-changer for all parties. Since China makes no linkage between denuclearization and economic cooperation, why should North Korea return to the Six-Party Talks? Significantly, right now none of the Six Party nations believe that North Korea will give up its nuclear weapons in the short term, but nevertheless they are pushing for a return to the Six-Party Talks. This is largely due to each country seeing a different short-term function of the Six-Party Talks.

There are increasing activities between private Chinese companies and North Korean trading companies, in spite of increasing sanctions by the United States, the international community, and South Korea. An important point is that North Korean trading companies no longer have to go Europe or elsewhere to procure and sell things; they can use their Chinese partners instead. There are two key realities at work here: 1) the world is coming to China; e.g., European companies produce identical products at their Chinese subsidiaries as they do in their home markets. So North Koreans can just go across the border to buy luxury items and other products. It is interesting to contrast

the activities happening on the western side (the Shinuiju/Dandong area) with those on the eastern side (North Hamgyong Province/Jilin Province). The eastern area is of most interest; this is where China is gaining access to coal, iron ore and rare earth elements, which factor heavily into China's economic development.

Why is China doing all these projects in North Korea? It's not altruism or the Communist bond; it's because of China's severe energy security challenges and its need to develop its northeastern provinces. The Chinese leadership is very concerned about potential instability due to the widening economic gap between the rich coastal region and the peripheral areas.

During Premier Wen Jiabao's visit to Pyeongyang in October 2009, the chief of the National Development and Reform Commission and the Chinese Commerce Minister, who are the key players in China's internal economic development, met with their North Korea counterparts. They worked out deals under the innocuous titles of tourism, education, and economic development.

After this visit, ROK Foreign Minister Yu Myung-hwan questioned whether these deals were a violation of UN Security Council Resolution 1874. The Chinese quickly pointed out that these were "economic development activities." Due to a unique clause in the UN resolution, member states are not prohibited from pursuing 'economic development' and 'humanitarian activities' in North Korea. China has been justifying its commercial interactions with North Korea as economic development, thereby allowing it to state its support of UNSC 1874 and similar sanctions resolutions. This is an important distinction between the

two-party and six-party approaches.

Western analysts mistakenly point to this picture as strong evidence of the reemergence of the "lips and teeth" relationship. Rather than simply seeing two Communist parties interacting with each other, we have to look at it from the framework of China Inc. dealing with North Korea Inc.; these commercial activities are the bedrock of this type of interaction, along with the idea of politically supporting the leadership successions of both countries and helping North Korea during this fragile period.

Economic Development Aspects of China's Dealings with North Korea

Trade and investment between China and North Korea is growing and has a synergistic character. Chinese companies are now actively developing North Korea's natural resources. Coal is being excavated in North Korea, withdrawn, and used in the bordering Chinese provinces. And, as previously mentioned, none of this is connected to denuclearization. The Chinese are increasingly confident that they can use their commercial capabilities to stabilize the "North Korean variable." This variable is very important to China because in recent years, through various provocations, nuclear tests, missile tests, etc. North Korea has used the 'threat of instability' to cause a lot of headaches for the Chinese government.

By contrast, the U.S.'s Strategic Patience approach places two conditions on North Korea: 1) it must return to the Six-Party Talks, and 2) it

must commit to irreversible denuclearization. Until those conditions are met, the U.S. will continue applying financial sanctions in an effort to shape the environment for North Korea's decision-making process.

It is important to view the current period in terms of the legacy of the Roh Tae-woo administration's effective application of its Nordpolitik. At the end of the Cold War, North Korea lost the positive security assurance that the Soviet regime had provided, which had guaranteed not only mutual defense but the survival of regime. Since that time, North Korea has been constantly seeking a replacement for the lost positive security assurance. The Chinese have offered it as part of a comprehensive relationship, yet the deep mistrust between the Chinese and the North Koreans is problematic. The maximum that the U.S. can provide to North Korea in a negotiated settlement is a negative security assurance (a pledge not to attack North Korea), whereas China is offering a positive security assurance, whereby it guarantees the survival of the North Korean regime by supporting the rising generation of the Party (i.e., Kim Jong-eun). Unfortunately, other countries cannot compete with this; the U.S. and South Korea lack the ability and the domestic political support to guarantee the survival of the North Korean regime.

Overview of the Chinese Characteristics

South Korea's Sunshine Policy is currently dead. Some legacy of it remains in the Kaesong Industrial Complex. Recently, North Korea announced that it is opening up the Kumgang tourism site to international investors, reneging on previous inter-Korean agreements. Kaesong still exists today not because of a ROK political desire to see

it flourish, but because of the way the previous administration structured some of the insurance policies. That is, ROK investors cannot recoup their initial investment if they leave voluntarily; if they have to be kicked out by North Korea to do so.

In contrast, Beijing's Sunshine Policy is growing, but it is a Sunshine Policy with the following Chinese characteristics: 1) It is much "brighter" than South Korea's Sunshine Policy - it covers the entire border region and natural resources industry, not just two small economic development projects; 2) The Chinese Communist Party has made a massive investment of political capital into the Worker's Party of Korea; 3) The Chinese have made no direct linkage between economic development and short-term denuclearization activity; 4) Most importantly, there is no foreseeable time limit to this policy; unlike South Korea and the U.S., the Chinese leadership will not be voted out of power.

What are the Implications?

My concern is that in the next South Korean elections, a debate may break out between conservatives and progressives over the question, "Who lost North Korea?" The conservatives' criticism is that the Sunshine Policy laid the foundation for China to come in and take over some of the openings that were created. From progressive's perspective, conservative's hard line policy more or less forced to North Korea into China's orbit. This debate could become very corrosive because both sides will have a lot of ammunition to use in supporting their respective arguments.

The recent United States-China Strategic and Economic Dialogue gave the sense that the two countries will try to deal with a host of issues. In the security area, North Korea is the No.1 third-party security issue in the evolving Sino-U.S. relationship. But right now the Chinese are putting on their own charm offensive, because they are going through a leadership transition as well, and the behavior last year was very destabilizing. It will be very important to monitor Chinese behavior after 2012, because plurality within China will continue to grow. While everyone in China is 100% behind "sustainable economic development," different voices are emerging over the issue of how to make that happen. The plurality of views in China, as well as concerns about internal issues, will weigh very heavily on external policy actions.

Japan was already marginalized before the onset of China's Sunshine Policy, but now after the earthquake disaster it will be even more so. What can Japan offer in a bilateral or multilateral sense, when Beijing's Sunshine Policy has really changed the game?

North Korea has not necessarily won the lottery by having China as a strategic partner. Recall the U.S. financial crisis. Companies like General Motors that received bailout packages also had to deal with a high level of government intrusion in internal company decision-making. Beijing's Sunshine Policy is similar to a bailout package for North Korea. The Chinese have their own expectations and strings attached to this bailout package, and how these things manifest themselves will have implications for the North Korea policies of South Korea and the U.S.

How Washington Makes its North Korea Policy

When the U.S. administration changes, a policy review is done to decide whether to a) maintain the policy of the predecessor, b) modify that policy, or c) replace it. In the early days of the Obama administration there was a great deal of continuity with the Bush administration's policies in general - e.g., continuing support for the implementation of the Six-Party Talks' September 2005 agreement.

However, after the Taepodong missile test in April 2009 and the second nuclear test in May 2009, the Obama administration changed its policy almost 180 degrees. Regardless of the administration, the U.S. continues to use the same conventional approach of carrots (economic, political and security inducements) and sticks (sanctions).

Going forward, there is a growing consensus in Washington on how to deal with North Korea - a principled approach is an important part of that.

Looking at who manages the structure and implementation of North Korea policy, we see a careful nomination process involving the White House's selection and the Senate's confirmationhearings. A particularly challenging task is maintaining the inter-agency process. In the first Bush administration, this inter-agency process led to a near stalemate on North Korea policy. The second Bush administration largely bypassed the inter-agency process; it was streamlined so that Assistant Secretary of State Christopher Hill answered directly to Secretary of State Condoleezza Rice, who coordinated directly with President Bush. Remarkably, officials at the Pentagon and in the intelligence

community reported that they were frequently not consulted prior to major policy decisions; they were usually notified after the fact. Congress is supposed to act as a failsafe, calling policy-makers in for periodic hearings to answer tough questions; if their answers aren't satisfactory Congress can withhold funding. But the second Bush administration used some unique ad-hoc measures that somehow bypassed this system.

Influential Figures in the U.S.'s Current North Korea Policy

In terms of the carrot-and-stick approach, Ambassador Stephen Bosworth (Special Representative on North Korean policy) represents the carrot approach in that his job is to negotiate with and engage the North Koreans. He has not been able to make any significant progress; of his 11 trips to East Asia, only one was to North Korea - the other trips were for policy coordination with other Six-Party Talks members. By contrast, there has been a wider application of sticks under the Obama administration. Even when officials are doubtful of the impact of North Korea sanctions, they reserve public judgment in the hopes that similar measures can be effectively adapted to counter Iran's nuclear weapons development.

The U.S.'s North Korea policy is now led by four key individuals (as of June 2011): Ambassador Stephen Bosworth (Special Representative for North Korea Policy), Ambassador Sung Kim (Special Envoy for the Six-Party Talks), Ambassador Robert King (Special Representative on North Korean Human Rights Issues), and Ambassador Robert Einhorn (Coordinator for Iran and North Korea sanctions). News of active

travel by any of these four individuals gives some indication of what aspect of the U.S.'s North Korea policy is being implemented.

South Korea's Influence on the U.S.'s North Korea Policy

The Obama-Lee relationship is one of the closest in the history of the U.S.-ROK alliance. On many issues related to North Korea, the Obama White House defers directly to the Lee Blue House. But as we approach the end of the Obama administration, there is considerable concern over the lack of progress in dealing with North Korea's nuclear program and proliferation activities.

North Korea is no longer a stand-alone issue, it is now the confluence of many different functional and regional issues, thus it will become harder to untangle. U.S. Treasury Department officials have said that even if the Six-Party Talks or U.S.-DPRK negotiations resume, they will not drop their sanctions. This is because there are different types of sanctions, and some sanctions related to North Korea's illicit activities will only be dropped by the U.S. when North Korea desists from such activities.

Implications for Unification

First, we have to contextualize China's evolving North Korea policy. PRC officials say that they do not have stand-alone policies for South and North Korea; rather, they have a balanced Korean Peninsula strategy, in which they will not favor one Korea over the other. No matter how

much criticism it gets or how many difficult exchanges there are between Beijing on one side and Seoul and Washington on the other, China will stick to this balanced approach because it believes it will be the most effective strategy for stability in the long-term. China's response to the Cheonan and Yeonpyeong incidents - when it consciously did not take sides - demonstrates this balanced approach in practice. These incidents set a dangerous precedent, because the North Koreans have realized that no matter what provocations they make, the Chinese will not pick a side, but rather seek to keep everyone calm.

Second, as we see in the CCP-KWP interaction, these innocuous deals under the heading of "education, tourism and development" provide a channel for the Chinese to extract resources they need from North Korea. As this type of resource development and political support of the DPRK regime grow, a consequence is that unification will no longer be a matter between just the two Koreas; China will be involved because of these deals and their physical manifestation. Recent CCP delegations going over to help North Korea with economic development are coming from the provincial and the municipal levels. This is because, having observed North Korea's economic reforms of July 2002 and the currency reform of November 2009, the Chinese have concluded that the North Koreans are not capable of managing the transformations and disruptions that come with reforms. China's efforts in North Korean border provinces are similar to what the U.S. is trying to do with Provincial Reconstruction Teams in Afghanistan - i.e., help the local groups develop the capabilities to do their own economic development activities.

Thirdly, financial sanctions are an important policy tool for political

messaging, but the unintended consequence is that Chinese private companies know that North Korean state trading companies are having a difficult time, so they are now demanding higher commission fees for doing transactions. Recently, the UNSC Sanctions Committee's Panel of Experts tried to issue a study documenting this phenomenon, but China reportedly blocked it. This North Korean trading activity is no longer a peripheral activity that can be easily blocked; it is growing on the back of Chinese internal economic development. As the tentacles of North Korea trading companies grow in mainland China they will likely perpetuate division on the Korean Peninsula, because the growing ability to tap into resources and political support from China increases the stability of the North Korea regime. In closing, it is conceptually important to conduct more research on the CCP-KWP interaction. In terms of expertise on this increasingly intertwined phenomenon, there is a scarcity among U.S. policy-makers and analysts. North Korea watchers do not understand the complex internal dynamics of different actors in China that are increasingly active in interacting with North Koreans. Likewise, China experts only look at North Korea as one of a large number of issues so conduct superficial analysis in many cases. This lack of expertise on a rapidly evolving Sino-DPRK relationship can lead to unintended consequences regarding U.S. policy prescriptions on North Korean issues.

Discussion

Dr. Choi Jinwook (KINU) served as moderator of the group discussion. Participants in the discussion were Bae Jung-Ho (KINU), Cho Jung-hyun (KINU), Choo Jaewoo (Kyung Hee Univ.), Hong Woo-Taek (KINU), Kim Changsu (KIDA), Kim Jin-Ha (KINU), Kim Taehyun (Chung-Ang Univ.), Lee Ki-Hyun (KINU), Park Jae-Jeok (KINU), Ryoo Kihl-jae (UNKS), Suh Jae Jean (KINU). KINU staff members Lee Kyunghwa, Kim Ah Young, and Jung Yunmi provided assistance.

Suh Jae Jean

You conclude that the close China-DPRK relationship may help perpetuate division, but my thinking is different. The Chinese approach to North Korea seeks balance between stability and denuclearization. Nowadays China is putting more emphasis on stability and relatively neglecting the nuclear issue. I think it creates a kind of paradox - China can delay the denuclearization issue, and this in turn can delay the recovery of the North Korean economy mainly due to the ongoing international sanctions. The Chinese government never fully delivers on its promises to North Korea, and North Korea remains isolated. This seems like a contradictory policy in light of the argument that North Korea would be more likely to denuclearize if it did not have China's help. However, this contradiction actually helps unification.

You heavily emphasize DPRK-China relations, but the real meaning of the relationship is rooted in the ties to the ethnic Korean community in China. These people are Chinese but they have emotional ties to North Korea. They hope for the expansion of trade between North

Korea and China, but in reality DPRK-China ties are not very strong because they lack sufficient capacity.

Your view seems to exaggerate the reality. It is not necessary to worry so much about DPRK-China ties; China's sense of kinship is not that strong. On the contrary the more China is able to maintain North Korean stability, the worse the North's economic problems will become, and this actually could benefit South Korea's strategy.

Choo Jaewoo

I agree that the study of the party-to-party relationship is critical to understanding DPRK-China relations.

You listed the major inter-party events between the two countries and identified October 2005 as the starting point of the revival of their relations; could you elaborate on the political reasons behind this? I would like to know what Washington's perception is.

Among the major incidents, you seem to have neglected the military aspect. I think it is also important to cover military exchanges between the two countries. Last October the two militaries marked the 60th anniversary of China's entry into the Korean War. This event deserves our special attention because it was the large military delegation that China had ever sent, and it included a lot of high-level military officials. How did you interpret this military activity last year?

Kim Changsu

I'm curious about your remark that the Obama administration is just following the Blue House's lead. I thought a Democratic administration would be ready to engage North Korea, and by appointing Bosworth as a special representative they seemed ready to get engaged. For Washington to follow Seoul's lead, that implies that the North Korean issue is not very salient. Is that so? Or is it that fostering good relations with Seoul is more important than solving North Korean issues such as provocations and the nuclear challenge? Why has Washington become so passive in its policies toward North Korea?

John Park

(Re: Suh Jae Jean) You have framed the issue well in terms of dilemmas, contradictions and paradoxes. The U.S. approach is very zero-sum; by focusing on one issue it detracts from another. What I've heard from the Chinese analysts is that they have no confidence that the U.S. is prioritizing denuclearization right now; hence the shift to prioritizing the stability of the North Korean regime. The ripple effects and unintended consequences of the growth in ties between these countries right now are unmatched. So it's easier to take a policy like strategic patience than to try to unravel these contradictory problems; if you solve one issue the situation could become more complicated.

It is true that there is a positive side to China's involvement in North Korea; for instance the Chinese Foreign Ministry's dedication to the Six-Party Talks has created positive opportunities. But right now, even

within the Chinese elites there are big sections - especially the military - that are cut out. China deals with North Korea not only through Party-to-Party contacts but specifically through the International Liaison Department of the CCP. The current Chinese ambassador to Pyongyang is not a career diplomat; he is a former vice minister of the International Liaison Department. Thus, the Chinese structure now is like the second Bush administration in terms of cutting out the inter-agency process.

You spoke of the role of ethnic Koreans in China; I agree that they have vested interests in what happens along the border. The important thing is that China has prioritized development of this region. The government has been encouraging Chinese industries to invest in this area, but those industries that are investing there are doing so not for profit but for opportunistic reasons; i.e., they want leverage over Beijing as they pursue business opportunities elsewhere in China.

(Re: Choo Jaewoo) One way of looking at the U.S. policy analysis of China is that they approach it like a doctor, looking at a patient's chart and analyzing genetic factors, etc. to determine whether to operate or treat the illness. The U.S. tends to either over-react or under-react to the meaning behind Chinese statements. There is a tendency to over-react to talk of the "lips and teeth" relationship between China and North Korea, and this has fed a lot of conspiracy theories about the two countries working together to undermine other players in the region.

For me, what's remarkable is that during Wen Jiabao's visit in 2009 he insisted on visiting the Martyrs' Cemetery where the dead Chinese

volunteers are buried. He gave a very emotional speech there, saying "Because of your sacrifice, we in China are living well." It's a really interesting bit of revisionist history; the war is no longer seen as a waste of Chinese lives, but as something that laid a foundation for China's successful economic reform and opening. Xi Jinping, who is designated as the future leader of the CCP, validated the North Korean interpretation of the Korean War: i.e., the Chinese volunteers supported the North Koreans to stop American aggression. Those are very interesting words. The context of recognizing the "rising generations of both parties" is not just propaganda; it is laying a foundation that we will see more of.

As to your point about military-to-military contacts, I agree we haven't been focusing on that enough. Hopefully that will come in the next stage. One area we do look at is the KPA; KPA state trading companies are the most profitable, and they can only exist if they have Chinese partners. On the PLA side, we have to start asking some tough questions. When Deng Xiaoping's reforms started in 1979, the PLA was the last group brought on board, and they were only co-opted with the promise that their children would become wealthy. In fact, China's early economic development was dominated by PLA companies because they had the organizational structure and resources to start producing consumer goods. Hu Jintao's last job before becoming general secretary was to oversee the divestiture of PLA company interests in the general economy. Those interests didn't go away; the generals took off their uniforms and put on business suits. We have to ask, what does a 4th or 5th-generation PLA company look like? I think some of them are involved in sensitive technologies and setting up independent R&D arms that are not declared in the Chinese

military budget. If the PLA has that kind of corporate power, we have to start asking how that may affect Chinese decision-making.

(Re: Kim Changsu) Regarding your question about the U.S. government's passive attitude - in the beginning, the Obama administration was very open to continuing the Six-Party Talks. They "unclenched their fist" and extended an open hand. The North Koreans said nothing for months, and then in April they launched a missile test, which they called a satellite. The Six Parties were divided; China and Russia defended it as a satellite launch, but to the U.S. it was insulting and embarrassing. President Obama had promoted "Global Zero" in his Prague speech and put a major priority on global denuclearization, and then North Korea launched a missile; according to senior officials, President Obama took this as a personal insult. With the sanctions and strategic patience, you see the influence of Secretary Gates clearly; he said, "We will not buy the same horse twice. We made a genuine offer, and North Korea slapped us in the face." Washington looks very passive now, but that is because they made that first move, and they were insulted.

Kim Taehyun

First I would like to ask about the title of your presentation - "Beijing's 'Sunshine Policy with Chinese Characteristics'" - is that of your own making or is it a commonly shared opinion in Washington? I ask because this would have a lot of implications not only for South Korea but for North Korea as well. The common understanding in South Korea is that when one applies a "Sunshine Policy" toward North

Korea, it's not only in the positive sense of the term. The final goal is to bring about the collapse of the North Korean regime. The previous government's Sunshine Policy was not successful in achieving that goal. If this "Chinese Sunshine Policy" is an expression of your own making, what does it mean? And how long do you think it will last? People look at the Sunshine Policy from many different angles, so it is important for us to understand what you mean by the "Sunshine Policy with Chinese Characteristics." This can also help us to understand your perceptions and predictions about the North Korea-China relationship, particularly the implications for South Korea and Japan.

In your presentation you mentioned the prospect, as DPRK-China relations grow stronger, of a debate in South Korea over who "lost" North Korea. There's been a lot of criticism that the government in Seoul is at fault because of its ineffective policy and lack of creativity and zeal. If your diagnosis is correct, this could lead to tremendous problems for South Korea. I agree with your assessment that the DPRK is becoming a third-party issue in the evolving U.S.-PRC relationship, and the PRC has not been able to rein in its DPRK ally. With respect to Japan, maybe it's true that Japan has been marginalized in the shadow of Beijing's Sunshine Policy, but they did so for their own domestic reasons. This may be part of the great scheme of the U.S. and Japan - to contain China. I.e., Japan has intentionally made it appear that they are marginalized, but actually they don't feel marginalized in the shadow of Beijing's policies.

Anyway, could you please elaborate on what you mean by a "Sunshine Policy with Chinese Characteristics"?

Park Jae-Jeok

I wonder what would be the implications of China's Sunshine Policy for South Korea's Sunshine Policy. It seems that one implication you make is that punitive sanctions might not be conducive to South Korea, due to China getting favorable terms when it deals with North Korea. Do you mean to imply that South Korea should resume its own Sunshine Policy?

Choi Jinwook

The question of the Sunshine Policy is an interesting one. The original Sunshine Policy started in 1995, and the U.S. was the biggest contributor at the time, but later South Korea took over that role, and now China has followed on a huge scale. In my opinion China is the most vicious donor so far; they have the largest scale of trade with North Korea, but looking at the contents of their aid and trade, they are mainly taking natural resources from North Korea, and the North does not seem very grateful. The expansion of trade is accompanied by China's political influence over North Korea. Because the North Korean leadership is facing such a difficult situation, Kim Jong Il had to make three trips to northern China within a year. Some in South Korea have said that the expansion of trade will eventually lead to China taking over North Korea and thus South Korea will have to re-assert itself in the North. This is used as a big rationale for why we need to change the policy of strategic patience. In other words, China's effort to expand its interests in North Korea benefits considerably from the strategic patience of the U.S. and South Korea.

Do you think people in South Korea should take the close North Korea-China relations so seriously? Or should we continue with strategic patience?

John Park

(Re: Kim Taehyun) The phrase "Sunshine Policy with Chinese Characteristics" was really designed to shock people. The analysis and debate about North Korea consists of the same arguments by the same predictable groups. The idea was to shock people out of their comfort zone, so they can look at it through a different lens. In Washington nobody really understood the Sunshine Policy to begin with - its motivations, its life cycle, etc. They just understand the key principles in relation to what the U.S. was doing at that time. When the first Bush administration was trying to pressure North Korea with demands for CVID, they thought of the South Korean progressives of the time as "the Taliban in the Blue House," because they seemed almost religiously pro-Sunshine. There was a sense of ideological rigidity on both sides.

We have to look at the evolution of various policies: the Northern Policy of the Roh Tae-woo period (which had its own origins), followed by the Agreed Framework under the Clinton administration, leading to the Sunshine Policy, leading to the Peace and Prosperity policy; looking at that flow, it made sense to call this phase "Beijing's Sunshine Policy with Chinese characteristics." Many of China's long-time Korea analysts are huge fans of Seoul's Sunshine Policy. They had a different interpretation: it wasn't a Trojan Horse designed to bring North Korea

to its knees - they thought if you economically engage the North Koreans you can show them an alternative way to realize peaceful coexistence and regime survival. So there are two different interpretations, but China's approach to North Korea through its International Liaison Department has some shades of the Sunshine Policy.

This phrase was designed as a Rorschach test, to see people's reactions, because you get more objective analysis and fresh arguments that way. The question is: what comes after that?

To your question about Japan, your point about Japan trying to pursue its own national interests is critical. Having had meetings with Hitoshi Tanaka and other Japanese architects of the Koizumi approach, my interpretation is that this was a very ambitious approach, seeking to lay the foundation for a new Japanese foreign policy based on a resolution of the lingering issues in Japan-Korea relations and legacies of the colonial period. Koizumi took the Japanese position so far ahead of the U.S. policy at the time (CVID), and did it in such secrecy that only two secretaries in the Japanese Cabinet knew about it. It truly was a remarkable effort to shed the baggage of the colonial period and move forward; but, of course, the abduction issue got in the way.

(Re: Park Jae-Jeok) I think the provocations of last year have killed any prospects for South Korea's Sunshine Policy. Unification is no longer seen as an idealistic, lofty goal, but as a pragmatic way to prevent future provocations. If there is an opportunity to implement unification, that would be the responsible and pragmatic way to prevent more and larger provocations.

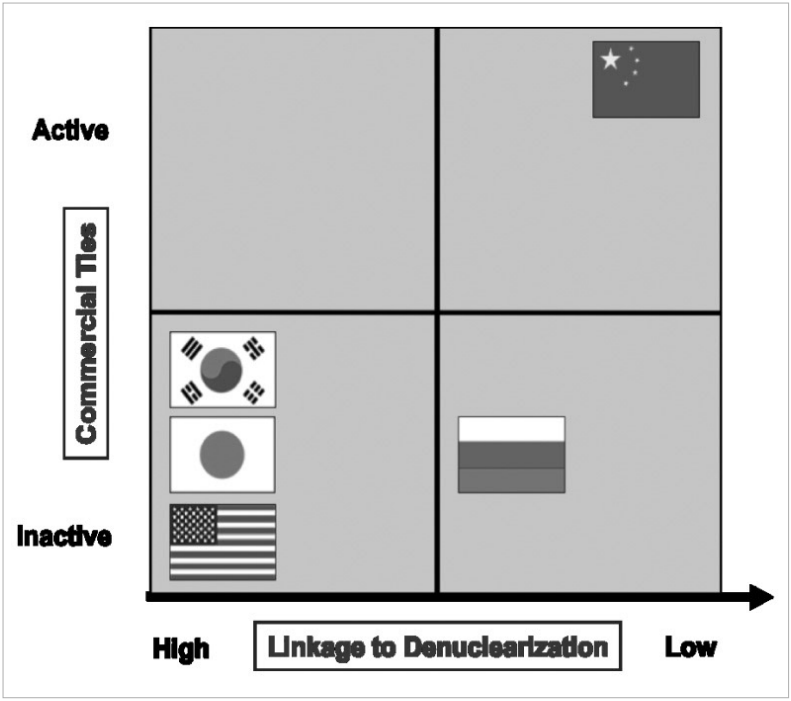
If you look at that progression of North Korea policies, one way to look at it is that each country takes turns bailing out North Korea, not out of a desire to help North Korea, but because they see an opportunity to maximize their national interests. The question is: what is China's plus-alpha? Why are they devoting so many resources to bailing out North Korea? Sustainable development and energy resources are really important, but the beauty of having China as a long-term partner is that the Chinese government does not have to answer to voters or shareholders. The latter is most important because these economic deals are not going to be profitable for many years. The only entities that can pull this off are state-owned enterprises. Looking at the global configuration right now, China is uniquely suited to this type of engagement of North Korea; they have the capability, the question is do they have the political will? What we're seeing now is evidence that they do, as they seek to monetize their political relationships in the party-to-party channel.

Regarding the South Korean public's view that there is a need to win back North Korea from China, this goes back to the fact that the relationship between China and Korea is mutually suspicious, with each side taking advantage of the other under the surface. The Chinese are paying less than world commodity prices for the coal, iron ore, and other natural resources they are extracting from North Korea. Can South Korea wait? These projects are going to take a long time, but the longer South Korea waits, the more China will become a third party in unification negotiations - i.e., the two-sided table will turn into a triangular table. How does South Korea mitigate this probability? There is no easy solution.

This isn't politicized, it is a very objective view of where we are right now; the U.S. and South Korea on one side, China on the other. China is in a very lonely position right now; no one else is doing what it is doing. The U.S., South Korea, and even Japan may shift, but no one will ever be in that category for as long a period as China is. That has implications for all of us.

Regarding the chart you showed of the different countries' positions on denuclearization vs. commercial ties with North Korea, why is Japan in that axis? Japan should be at the bottom, don't you think?

(Chart from presentation inserted for reference)



John Park

This is an interesting point. In Japan, while trade with North Korea has decreased a lot, there are legacy issues (e.g., North Korea state trading companies dealing with Chosen Soren) that qualify it. But I do need to correct South Korea's position, which right now is below the U.S., especially after the provocations last year. We'll see shifting of the three countries within that box, but on a sustained basis I have a hard time imagining any of them moving outside of that box.

Ryoo Kihl-jae

I also think this trend of cooperation between North Korea and China will continue in the future, and that means the opportunity for South Korea-led unification will decrease. In your view, what can we do to prevent this? Our real concern must be what happens if North Korea collapses in the future.

Second, a minor question regarding Kim Jong Il's third visit to China, there are reportedly two reasons for this visit: to gain support for the next leader of North Korea and to get economic aid from China. I don't think the first reason is valid, because North Korea historically hates interference by any foreign powers, including China. Even with the need for economic aid to achieve "kangsung daeguk" by next year, I can't imagine North Korea would allow any foreign power to influence its succession process. Do you have any other ideas of the reasons behind these China visits?

Kim Taehyun

I attended a seminar in Beijing last year by the Renmin University, where they were talking about Premier Wen's 2009 visit as an indicator of how Beijing will change its policy toward Pyongyang. You point to the quotation on "tourism, education, and development" deals as paving the way for more intervention by the Chinese in North Korea. This is such an important point that you make, but I don't remember any Chinese at the seminar mentioning this quotation; they mentioned only much broader strategic points. So I'd like to know where this comes from - maybe from an oral communique?

My second question concerns your last slide on the implications for unification. This is very important because Beijing is trying to limit North Korea's nuclear programs, but there is understandably no way for them to do this overnight. But I think this is sacrificing a big thing for a small gain. Unless China is willing to show that it is going to work to resolve the nuclear issue, its relations with Washington will be strained. Your assumption is that China is willing to abandon this card in order to gain the bigger goal of stability in their part of the world. I see some contradiction in these two points that differs from my own understanding, so I'd like some clarification about that.

John Park

(Re: Ryoo Kihl-jae) There's no easy answer to the question of what we should do. That's part of why I'm giving this presentation to different people, to see the reaction and get some different ideas. I use the

analogy of a doctor treating a patient; in the first stage, they hear the patient's complaints, and they run tests. Then, based on that, they develop hypotheses. That leads to the second stage, which is treatment: surgery, medication, and change of diet, etc. The third stage is monitoring the results and side effects. As policy analysts studying North Korea, right now nobody is doing stage one in an in-depth manner. There are a lot of people doing stage two, and some stage three, but not many in stage one. Stage two is just more sanctions - because "sanctions have to work." If you ask what data they have, they say "Well, I don't have any, but I know sanctions will work." So what I'm trying to do here is engage in a process of diagnosis, because the paradoxes and contradictions - or, in the medical analogy, complications - are growing in such a way that diagnosis is crucial.

The way I think of China's Sunshine Policy is like the South Korean mobile phone industry. SK Telecom and Samsung handsets dominated this market. Then the iPhone came along and ate up market share at an unprecedented speed, to the point that it was like a near-death experience for Korean companies like LG. I think Beijing's Sunshine Policy is like that - it's the iPhone of Northeast Asian security policy. We have to recognize that Northeast Asia and the world is a competitive marketplace of ideas. When we get into the category of uprisings and unrest, there is a tipping point in terms of sustainability of momentum for change; Egypt, for instance, has passed that point. The idea behind China's Sunshine approach is not going to go away soon, because it is connected to economic aspects and energy security.

Regarding the rationale for Kim Jong Il's trips to China, I've heard similar arguments in terms of economic and political support. But

they aren't satisfying. To me, the fact that China sent out all nine members of the Politburo to greet Kim Jong Il is not a sign of trust, but rather a sign of suspicion. The reason I feel more confident about that is that I looked at the Strategic and Economic Dialogue in Washington last month. The Obama administration hosted the Chinese delegation at Blair House; they don't even host some allies at Blair House. The U.S. also gave the Chinese the highest-level debriefs on the Bin Laden operation. That level of interaction, to me, seems like a sign of deeper mistrust and overcompensation. I can't put that out as a conclusion; it's more of an observation.

The Chinese reportedly have issues with Kim Jong Il, but they would rather deal with a known quantity with whom they can do risk management and calibrate their policy. That partly explains why they are willing to go the extra mile for Kim Jong Il.

The statement about tourism, education and development was actually made by Wen Jiabao. It was printed in the official CCP press statement describing the summit conference. Wen Jiabao later explicitly mentioned these three types of deals in a subsequent press conference following comments by then ROK Foreign Minister Yu Myung-hwan who publicly stated that the deals that Wen signed may have violated UNSC Resolution 1874.

On implications for unification and consequences for the China-U.S. relationship: I think we're in a delicate period right now in which the Chinese are exhibiting enormous self-control because they cannot repeat what happened in 2010 before their own leadership change in 2012. In Dai Bingguo's essay "Stick to the Path of Peaceful

Development" that was published in December 2010, he used the word "peace" over 40 times. That is a sign of the charm offensive being pursued by China. After the 2012 leadership succession has been completed, I think we'll see more instances like in 2010, where discipline will give way to assertion and territorialism. Xi Jinping is considered already to be a weak leader who will need to develop his credentials; that is what many China watchers are worried about.

As a final point, I absolutely agree that the best-suited country right now to implement a policy like "Strategic Patience" is not the U.S. but the Chinese. China did not condemn North Korea after the provocations last year, because they are extremely confident that their balanced Korean Peninsula policy will ultimately succeed. They will suffer criticisms in the short-term, but they will not deviate from that approach even if there is another North Korean provocation.

Kim Taehyun

Yesterday North Korea disclosed a confidential dialogue between the two Koreas about a possible summit meeting. Interestingly, North Korea did not mention this to China until South Korea did, in spite of the very close relations between China and North Korea. How do you interpret this situation? Did this proposal take China by surprise?

John Park

China has consistently been encouraging the two Koreas to talk. If they were surprised, I think they were probably pleasantly surprised

that these efforts were happening. The Chinese plan for a three-stage process - inter-Korean talks, DPRK-U.S. talks, full resumption of a plenary of the Six-Party Talks - is entirely contingent on inter-Korean dialogue first. The Chinese are desperate right now. The central contradiction is why the countries are supporting the Six-Party Talks when none of them believes North Korea will commit to immediate denuclearization. I think the reason is that the countries have their own country-specific utilitarian motives. For China, the Talks are important because they ultimately enmesh the U.S. in multilateralism in Northeast Asia. The formative experience was when President Bush told Jiang Zemin in 2003, "If you don't deal with this North Korea problem, we will." Bush had a lot of credibility because he had just gone into Iraq. Looking at the Chinese response, they only act when they feel a situation could lead to actual fighting. The Chinese are really concerned that if the Six-Party effort collapses, it could revert to an unstable situation.

To me, the surprise is that the Chinese are trying this so late in the game. If we know anything about the negotiating behavior of the North Koreans, it is that they will not try to do anything grand towards the end of any U.S. administration. If there is a likelihood that a government will change, then any promises made by that incumbent administration are not considered likely to be carried over into the next, so why should North Korea even commit to anything that is uncertain?

The Second KINU Unification Forum

July 1, 2011, 16:00-20:00
Cosmos & Violet, The Westin Chosun Hotel

Uniting Korea
Enduring Dream, Elusive Reality

Lowell Dittmer

The Cold War, having long divided the world based on two opposing translational ideologies, Marxism-Leninism and democratic capitalism, unleashed a pent-up wave of nationalism upon its quiet extinction in the early 1990s. In many cases the consequences were divisive: the quest for repressed ethno-national identities led to the breakup of not only the Soviet Union (into 15 independent republics) but Yugoslavia and Czechoslovakia as well.[1] But the German case illustrated that nationalism could also lead to the reunification of nations that had been divided by the Cold War. Thus it revived interest in that possibility in one of the two Asian nations that remained divided, Korea. The Republic of Korea (ROK) undertook democratization in the era of bipolar detente amid a dawning recognition that anti-communism could no longer afford adequate political legitimacy in a post-Cold

1 See Kenneth Jowitt, *New world disorder: the Leninist extinction* (Berkeley: University of California Press, 1992); also Samuel P. Huntington (1993) "The clash of civilizations?," *Foreign Affairs* 72(3), pp. 22-49.

War world. And with the upsurge of nationalism in the ROK's vigorous new democracy, the issue of national reunification quickly rose to a starring position on the national agenda. The awakening need for national unity seemed to coincide fortuitously with the objective possibility, as the North simultaneously experienced unprecedented economic difficulties. Yet the route to unity, notwithstanding continued professions of resolve on both sides, has been all but smooth sailing.

The purpose of this paper is to review and analyze the division of Korea since the end of the Cold War provided a new opening to reconstitute its national identity. It consists of three parts. The first consists of a chronological review and preliminary assessment of the progress of reunification efforts in Korea since the end of the Cold War. The second part considers the impact of intervening outside factors impeding that progress, focusing particularly on the impact of political-economic divergence and the security dilemma (entailing the North's introduction of nuclear weapons to the peninsula) and the intrusion of outside forces in the reunification process. The third part offers some tentative suggestions for coping with these impediments.

I. Progress since the Cold War

Approaches to reunification have been variously categorized. Here we reduce them to three: (1) forced reunification by armed invasion (as in the Vietnamese case) or coercive bargaining backed by overwhelming force; (2) peaceful socio-economic engagement in the course of which one side collapses and the stronger side absorbs the weaker (as in the German case); and (3) gradual integration by mutual consent (e.g., Deng Xiaoping's "one country two systems," as successfully applied to Hong Kong and Macao). North Korea has relied primarily on the first approach, whereas South Korea has alternated between the second and third.

The DPRK's policy has been to seek reunification without what it sees as outside interference, aiming to establish a "Federal Republic of Koryo," and it has from the outset and consistently thereafter placed a higher priority on reunification than the South.[2] The unification goal was incorporated into the fundamental documents of both party and state. The preamble to the charter of the Korean Workers' Party

[2] For example, while the North has consistently advocated a relatively centralized "federation," the South has preferred a more loosely affiliated "confederation." Jong-Yun Bae, "South Korean Strategic Thinking toward North Korea: The Evolution of the Engagement Policy and Its Impact upon U.S.-ROK Relations," *Asian Survey*, Vol. 50, No. 2 (March/April 2010), pp. 335-355.

(KWP) states that "[t]he present task of the [KWP] is to ensure the complete victory of socialism in the Democratic People's Republic of Korea and the accomplishment of the revolutionary goals of national liberation and the people's democracy in the entire area of the country." Nominally South Korean delegates were ensconced in the national legislature. And although the DPRK's seat of government has always been Pyongyang, the DPRK constitution from the outset stipulated that "the capital of the Democratic Republic of Korea shall be Seoul." Although it has from time to time been willing to engage in negotiations and has also attempted to mobilize revolutionary support in the South, when neither of these availed the North has always been prepared to resort to violence. The Korean War was after all essentially an attempt to achieve reunification by force, and had it not been for the unanticipated intercession of the US this might well have succeeded. While in the initial post-war period the North, like the South, was preoccupied with domestic reconstruction, in the following two decades it launched a massive military buildup aimed at achieving decisive military superiority. In the early 1960s, the Korean People's Army (KPA) manpower is thought to have been just over 300,000. By the late 1970s North Korea's armed forces were apparently approaching the million mark, backed by a high and steadily rising share of economic output devoted to defense readiness. But as US troops remained in the South the North refrained from a second invasion, shifting frontal assault to the use of commando raids, political assassinations, abductions and other irregular tactics.

There are many lengthy lists of such provocations: in January 1968, North Korean commandos penetrated the Blue House in an assassination plot against the president; in August 1974 DPRK agents attempted

once again to assassinate Park, instead killing his wife; in October 1983, 17 senior members of President Chun's entourage in Rangoon were killed by a North Korean bomb; in November 1987 a Korean Airlines commercial jet flying out of Baghdad exploded in mid-air killing 115 passengers; in 1996, 26 North Korean commandos infiltrated the south from an offshore submarine: and finally, in 2010, the North evidently torpedoed the South Korean frigate Cheonan and subsequently launched an artillery barrage on Yeongpyong Island, both incidents taking place just outside North Korean territorial waters, where the South had been holding military exercises.[3] What is the purpose of such provocations? The most obvious answer is they are like commando operations in wartime-designed to incite revolution but failing that to sow confusion in the enemy ranks, to intimidate and demoralize the civilian population, to eliminate the South's outstanding leaders and otherwise pave the way for military victory. Yet any empirical evidence of progress toward achieving any of these goals is hard to find. Indeed the impact seems to have been generally counterproductive: as in the 1995-1996 Taiwan Strait crisis, the electoral backlash against such incidents seems to outweigh any conceivable tactical gains. One would think the North would over time become aware of this discrepancy between intention and effect and learn to modify its behavior accordingly (as has the PRC, in its

3 The most intense period of provocations seems to have been the latter half of the 1960s, when North Korea is reported to have infiltrated a total of 3,693 armed agents into South Korea. For a list of North Korean provocations, see Dick K. Nanto, *North Korea: Chronology of Provocations, 1950-2003*, Congressional Research Service, The Library of Congress, Washington, D.C., updated March 18, 2003; also "Record of North Korea's Major Conventional Provocations since 1960s," compiled by the Office of the Korea Chair, Center for Strategic and International Studies, May 25, 2010. I know of no systematic analysis of Pyongyang's provocations.

post-2005 Taiwan policy). Some observers have suggested that incidents are a form of coercive bargaining to win aid from the South, and the fact that the North indeed experienced a sizable increase in aid and trade with both South Korea and the United States in the wake of the first Korean nuclear crisis in the 1990s lends some plausibility to this hypothesis. But is it not equally plausible that the increase in aid was not to reward blackmail but as a humanitarian response to the mass starvation that afflicted the North throughout much of the 1990s? (Of course it is also conceivable that while the South was motivated by humanitarian considerations the North perceived it as having been driven by successful blackmail.) In any event, such provocations have had diminishing marginal gains. There has been a substantial decline of aid from the West and the South since the North's nuclear tests in 2006 and 2009, leaving China as virtually sole donor. A possible reason for the adverse impact of the North's provocative tactics may have to do with the vast economic asymmetry between North and South. Even in strictly military terms the North has fallen technologically behind: the military superiority boasted by the North in the 1970s and 1980s was lost when overall GDP in the South so completely outdistanced that of the North, boosting the military budget correlatively. This means in effect that the provocations have become empty: the warning of more damaging attacks yet to come implicit in such provocations (e.g., Seoul to be engulfed in a "sea of fire") loses credibility, as both sides realize that full-scale war would be suicidal for the North. Why then do such incidents recur? One conceivable reason is that tales of high-risk derring-do may strengthen the regime's domestic legitimacy, demonstrating the efficacy of its "military first" policy. The immediate impact of such incidents is of course to

exacerbate North-South polarization, but this may have the useful side-effect of reciprocally strengthening the North's ideological solidarity with the PRC (particularly if and when the "enemy" is perceived to overreact to such provocations). Thus China has since the nuclear tests and ensuing trade sanctions vastly increased both aid and trade with the DPRK (in technical violation of the UN sanctions to which China previously agreed). Finally, it is also possible the provocations are designed to prevent further movement toward reunification, or at least to prevent a form of reunification the North could not control. In classic balance-of-power terms, inasmuch as the North is now weaker than the South in economic and even in conventional military terms, if it hopes to "balance" against rather than "bandwagon" (or reunite) with the South, its only strategic option might be perceived to be nuclear.

Despite facing an increasingly ambivalent partner, South Korea's interest in reunification, largely quiescent during the Cold War, has resurged since its termination. It has also been both more varied and innovative than that of the North, not only because of its increasingly dominant economic position but because concurrent democratization has made its policies reflect the temporal vagaries of local electoral constituencies, the business cycle, and other such stimuli. The South's approach has alternated between the second two options (peaceful engagement and gradual integration by mutual consent), with little serious attention given to reunification by force, even after the South's military capabilities began to outstrip those of the North. The only serious consideration of the use of violence arose in response to the North's threat to withdraw from the Nonproliferation Treaty in pursuit of nuclear weaponry in 1993, and that was initiated by the US, not the

South, over Seoul's strenuous objections. There are several reasons for the South's abjuration of violence, possibly including some version of democratic peace theory.[4] But the most decisive factor is no doubt the fact that a rather high proportion of the South Korean populace lives in Greater Seoul, well within range of North Korean artillery fire; should war occur, even if North Korea would eventually lose (as it probably would), the South would incur prohibitive losses.

During the 1988-1998 decade (i.e., under the presidencies of Roh Tae-woo and Kim Young-sam), as the economic conjuncture in the North fell to new depths, the preferred approach in the South became one of peaceful absorption. This represented a departure from Cold War confrontation, including the first arrangements for aid, trade, and talks with the North. There are three likely reasons for this shift. First, the Kwangjoo incident gave rise to a *minjung* movement in South Korea that was far more critical of the American role in Korea and willing to take a more sympathetic look at the North's position.[5] Second, the reunification of the two Germanys gave rise to an early diagnosis that the crisis was systemic and that the entire communist bloc could collapse, permitting a swift and easy reunification of Korea on roughly the same terms. Finally, the DPRK did in fact come very close to collapse, GDP growth plummeting to an average negative five percent

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4 Certainly there is little appetite among South Korean taxpayers for an offensive war of against nonproliferation or even for unification. This would not be orthodox democratic peace theory, however, which proscribes only wars between democracies, not war between a democracy and a nondemocratic regime.

5 See Hyun-Wook Kim, "Domestic Events, Ideological Changes and the Post-Cold War US-South Korean Alliance," *Australian Journal of International Affairs*, vol. 63, no. 4 (December 2009).

per annum and incurring mass starvation from 1990 to the end of the decade, evoking a wave of humanitarian sympathy in the South.

Roh Tae-woo signaled his shift to peaceful reunification in his February 1988 inaugural address, asking the North to "accept that dialogue, not violence, is the most direct shortcut to ending division and bringing about unification." And the years 1990-1992 witnessed a progression of state-to-state contacts that were extraordinary for the divided Korean peninsula. Those included eight official meetings at the prime ministerial level; the formalization of an agreement on "Reconciliation and Non-Aggression" and the initialing of a DPRK-ROK document on mutual nuclear inspections; and a five-day visit to the ROK by a DPRK vice premier who toured South Korean industries and discussed avenues of possible economic cooperation. In 1992 Roh introduced the important Korean National Commonwealth Unification (KNCU) Formula, which aimed at the gradual establishment of a national "community" as a precondition for formal reunification. The 6th round of the regularly scheduled prime ministerial meetings culminated in February 1992 in signing the Joint Declaration on the Denuclearization of the Korean Peninsula, as a result of which all American tactical nuclear weapons were withdrawn from Korea by December 2001. Roh's Nordpolitik (modeled after Brandt's Ostpolitik) was aimed at eliminating the North's isolation by opening relations with Pyongyang while simultaneously undertaking diplomatic normalization with both of its patrons. As he put it in his July 1988 'Declaration in the Interest of National Self-Esteem, Unification, and Prosperity,' South Korea was "willing to cooperate with North Korea in its efforts to improve relations with countries friendly to us, including the United States and Japan; and in tandem with this, we will

continue to seek improved relations with the Soviet Union, China, and other socialist countries."[6] But because Roh's diplomatic efforts proved more successful than Pyongyang's, Nordpolitik improved Seoul's options without alleviating Pyongyang's isolation. Seoul gained recognition from the (then) Soviet Union in 1990, joint admission (with Pyongyang) into the UN in 1991, and diplomatic recognition by China in 1992. Kim Young-sam's presidency (1993-1998), though also essentially premised on peaceful absorption of a collapsed DPRK, was to some extent thrown off stride by the 1993-1994 nuclear crisis, which tended to revive Cold War tensions. Kim was so upset by the American tendency to negotiate the nuclear issue bilaterally with Pyongyang without regard to the ROK's unification policies (or indeed, its security interests), that he gave unification policy top priority, outranking nonproliferation or (hypothetically) even alliance commitments.

From 1998-2008 the ROK shifted from an approach that presumed eventual absorption of a failed state to one based on gradual socio-economic integration by mutual consent. This shift occurred for at least three reasons: First, despite mass starvation and comprehensive systemic failure the DPRK defied early expectations by failing to collapse. Second, by this time the exorbitant costs of the German model had become clear, exciting doubt in the South over whether they could afford immediate reunification. Third, South Korea had in the meantime become engulfed in the Asian Financial Crisis, forced to

6 Roh Tae-woo, 'July 7, 1988 Declaration in the interest of national self-esteem, unification, and prosperity' (1993), as cited in James Cotton (ed.) *Korea under Roh Tae Woo: democratization, Northern Policy, and inter-Korea relations* (UK: Allen and Unwin, 1993), p. 317.

accept a huge bailout from the IMF to salvage its own economy. Under these circumstances, absorption of a bankrupt DPRK no longer appeared realistic. The new approach, quickly dubbed the "sunshine policy" in reference to the Aesopian fable, was inaugurated by Kim Dae Jung in his inaugural address, in which he promised not to try to "undermine or absorb North Korea." This represented a major step toward eliminating ideological and national identity differences as a prerequisite to unification. The new approach was premised on two assumptions: the separation of politics from economics and the principle of flexible reciprocity. Both were designed to insulate economic integration from political disputes.[7] And indeed, over the next decade, lubricated by some 200 inter-Korean political talks and two summit meetings in Pyongyang, 42 inter-Korean agreements were signed between the two Koreas - 17 during the Kim Dae Jung administration and 25 during the Roh Moo-hyun administration. A joint venture was set up to facilitate tourist trade to Mt. Kumgang and the Kaesong Industrial Complex was jointly established near the DMZ to draw upon South Korean capital and low-wage North Korean labor. Inter-Korean trade increased: by 2002 the ROK had become the DPRK's second largest trading partner after China, and by 2008 it claimed over a quarter of the North's external trade.[8]

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7 See Samuel S. Kim, "The Rivalry between the Two Korea's Inter-Korean Rivalry Conceived and Applied," unpublished paper, 2010.

8 Inter-Korean trade began in 1988 and 2002 the ROK became the DPRK's second largest trading partner after China. The Soviet Union had during the Cold War been the DPRK's leading trade partner, but that sharply diminished after 1991 when the Russian Federation recognized the ROK and shifted trade from socialist planned to capitalist cash basis. Sixty percent of the DPRK's export trade in 2002 consisted of trade with just three top trading partners: China (21%); the ROK (21%); and Japan (18%). But Japan's share of DPRK trade declined from 20% to

Yet with the election of Grand National Party candidate Lee Myung-bak in 2008, the forward momentum toward inter-Korean functional integration leading toward political accord was quickly lost; after reaching its acme in 2008, trade plummeted, leaving China the DPRK's main trade partner. Based on evidence that aspects of the previous functional integrationist regime (including the 2000 summit) had been underpinned by covert South Korean political subsidies and that the ostensible separation of politics and economics had been largely illusory, the new president attached demands for political reciprocity (specifically, progress in nonproliferation talks).[9] These demands were promptly met by indignant dementis and ultimatums from the North. Underlying the shift in mood were at least two factors. First was the evident failure of the "sunshine" narrative to achieve its desired effect of persuading the DPRK to adopt a more amicable posture toward the South. It seemed that instead, the North took full advantage of the separation of politics from economics to continue its nuclear and missile buildup and to resume provocations against the South. These actions posed an enhanced security threat to the South, as well as to Japan and the US. Perhaps the North never accepted the premise that economic integration could be divorced from politics: any cooperative venture, even if based largely on South Korean subventions, might be seized by the North as a hostage to extort various demands. Upon the

less than 10% after 2004, when the abductees became a cause celebre. By 2008, China (40%) and South Korea (26%) as top two trading partners comprised 66% of Pyongyang's total trade, with Japan's share having virtually vanished (0.1%).

9 Alexander Vershbow pointed out the critical problems of South Korea's cash payment to the North such as the North Korean laborers' salary in Gaeseung and South Korean tourists' entrance fee at Mt. Kumgang. *Hankyoreh Shinmun* [Hankyoreh News], October 19, 2006; as cited in Bae, fn. 19.

election of Lee Myung-bak, the premise was hence dropped by the South as well, and all cooperative ventures became politically conditional, making them far more difficult to sustain. Thus when an errant South Korean tourist was shot dead by a North Korean guard at Mt. Kumgang, the South banned South Korean tourism and the North in retaliation began seizing South Korean assets at the site, resulting in suspension of the project. Although the Kaesong Industrial Complex remains open, both sides have cut back their stakes appreciably, placing the whole venture on tenterhooks. Second, implicit in the Kim-Roh functional integration paradigm was the hope that via mutual cooperation the North would relieve the economic crisis and stimulate further reform. This would, it was hoped, reduce the yawning socio-economic gap between North and South and bring their developmental trajectories into closer alignment, mitigating North Korean paranoia and *revanchisme* vis-à-vis the South. Yet although this hope was shared by China and even the US, North Korean attempts at reform beginning in 2002 were politically anemic, economically ill-conceived, and generally unsuccessful, leading to inflation, corruption, and (most pertinent, from the regime's perspective) loss of political control. The central government has thus since 2005 reasserted centralized control. Yet it has still been unable to run its economy successfully, by 2011 again facing a steadily worsening food crisis.[10] Only the North's military modernization program (and indeed only in specific areas, e.g., nuclear and missile technology) has continued to make noteworthy progress.

10 See Stephan Haggard and Marcus Noland, *Engaging North Korea: The Role of Economic Statecraft* (Honolulu: East West Center, Policy Study no. 59, 2011).

II. Impediments

Why has the Korean division proved so intractable? Two impediments seem particularly troublesome. Domestically, in contrast to the China-Taiwan case, the developmental trajectories of the two political-economic systems seem to have driven them along divergent rather than convergent paths. The North, which began with the help of China and the Soviet Union as an exceptionally successful centrally planned economy, is an example of the diminishing returns of "extensive growth" and has been left far behind by the wave of socialist reform and international economic globalization that enabled China and Vietnam to survive the demise of the rest of the communist bloc. Beginning with an early informal factional pluralism, the leadership of the KWP has since the purge of inner-Party opposition in 1956 monocratized power under the Kim Il Sung family. This contrasts with the normalization of succession under collective leadership and the emergence of meritocratic norms in the leaderships of China and Vietnam. Meanwhile South Korea has become one of East Asia's most vibrantly successful free-market democracies. This corresponds to an increasingly wide gap in political values that has been difficult to bridge. Even more difficult has been the yawning gap in economic performance and living standards: while the South has become the world's 12th largest economy the North has become one

of the earth's poorest, with an aggregate GDP some 3-5 percent that of the South. This has enervated the will of South Korean politicians to consider unification in view of the enormous financial sacrifices its economic reconstruction would predictably entail, placing a crushing burden on South Korean tax-payers. But it reduces North Korean incentives for unification still more, as the North's political power would predictably shrink to fit its decidedly modest ability to contribute economically to the reunified nation-state.

The second factor frustrating inter-Korean integration has been the North Korean relentless preoccupation with security. This has been clearly implicit in Pyongyang's "military first" [son'gun] policy, but the priority placed military self-strengthening long antedates Kim Jong Il's 1995 coinage of the term.[11] To be sure, the focus on military defense has been reciprocal, resulting in a long North-South arms race; indeed from the end of the Korean War in 1953 until the early 1980s the ROK military was probably larger than the KPA.[12] The North launched a major modernization drive in the late 1970s, after South Korea received new technologies and equipment from the United

11 In 1997, an editorial published in Rodong Sinmun, the North Korean Workers' Party official newspaper, stated: "Never before have the status and role of the People's Army been so extraordinarily elevated as today when it is being led energetically by the Respected and Beloved Comrade Supreme Commander." By this point, the Korean People's Army had also become "synonymous with the people, the state, and the party." Cf. Byung Chul Koh, "Military-First Politics and Building a 'Powerful and Prosperous Nation' In North Korea" *Nautilus Institute Policy Forum* Online, 14 April 2005, http://www.nautilus.org/fora/security/0532AKoh.html, accessed September 19, 2011.

12 See Chung-in Moon, *Arms Control on the Korean Peninsula: International Penetrations, Regional Dynamics, and Domestic Structure* (Seoul: Yonsei University Press, 1996), p. 56; as cited in Samuel Kim, "Rivalry," p.6.

States, and gained what has been an enduring quantitative superiority in troops and in certain weapons systems (e.g., tanks, field artillery, landing vessels, and commando units), but it has fallen technologically behind, as the South's globalizing economy took off in the late 1980s and 1990s while the North's collapsed. Rather than focus on economic recovery (as it did in the 1950s), Pyongyang became obsessed with military armament, even as its neighbors claimed a "peace dividend" in the wake of the Cold War. The DPRK has come to approximate the "ideal type" of a garrison state, the most militarized country in the world today. Based on a population of only 23 million the Korean People's Army (KPA) is the fourth largest army in the world, at about 1,190,000 armed personnel (December 2008), about 20% of men ages 17-54 serving in the regular armed forces. Military service of up to 10 years is mandatory for most males. The North also has a reserve force of 8,200,000 soldiers and the world's largest Special Forces contingent (numbering some 180,000 men). As of 1993, over 60 percent of the army was located within 100 kilometers of the DMZ.

Compensating for the North's increasing technological obsolescence in conventional weaponry has been its development of nuclear weaponry and missile technology. The nuclear weapons program was not consciously developed in response to its technological obsolescence or by the perceived threat from the South as symbolized by the first Gulf War, though these may account for the tenacity with which the North clung to the program even after the withdrawal of US tactical nuclear weapons and declaration of a nuclear-free peninsula in 1991. The North's nuclear program started back in the late 1950s, when Pyongyang sent several hundred students and researchers to the Soviet Union to study at Soviet universities and nuclear research

centers under the "Atoms for Peace" initiative, modeled after Eisenhower's initiative of the same name. The Soviets also built a research reactor and associated nuclear facilities at Yongbyon in the 1960s. North Korean specialists trained at these facilities and by the 1970s were prepared to launch their own nuclear program. Pyongyang decided to build a gas-cooled, graphite-moderated reactor, probably because it can operate with natural uranium fuel (with which the North is well endowed) and does not require enriched uranium. After mastering all aspects of the gas-graphite reactor fuel cycle the North proceeded to build fuel fabrication facilities and a reprocessing facility to enable extraction of weapons-grade plutonium from spent fuel. Unlike the Soviet-built research facilities, these new facilities were built and operated without being declared or inspected by the International Atomic Energy Agency (IAEA). Pyongyang had no legal obligation to do so, as it was not yet a member of the Nuclear Non-Proliferation Treaty (NPT). American reconnaissance satellites picked up signs of the reactor construction in the early 1980s and the reprocessing facility in the late 1980s, but it was not until 1989, when South Korea leaked American satellite data of the reprocessing facility, that the international community first became aware of North Korea's nuclear program and its far-reaching strategic implications. Yet Pyongyang's claim that the reactor was needed for non-military purposes was not entirely bogus. To meet its growing energy requirements Pyongyang asked the Soviets to build light water reactors (LWRs). The Soviets asked Pyongyang to join the NPT as a precondition, which it did in 1985, but LWR construction was overtaken by the disintegration of the USSR and the Gorbachev-era Soviet-DPRK political fallout. Pyongyang kept inspectors out of its new facilities until 1992, by

which time it had all of the pieces in place for the plutonium fuel cycle. By this time, the five MWe experimental reactor was producing ca. six kilograms (roughly one bomb's worth) of weapons-grade plutonium per year (plus electricity and heat for the surrounding town). In 1992, Pyongyang opened the window on its nuclear program under Western diplomatic pressure, but closed it quickly when IAEA inspectors uncovered discrepancies between their nuclear measurements at Yongbyon and Pyongyang's declarations, much to Pyongyang's surprise and chagrin. Pyongyang responded by announcing its intention to withdraw from the NPT, the first signatory to do so. Negotiations started in June 1993 but stalemated in 1994, when North Korea unloaded the reactor's fuel containing an estimated 20 to 30 kilograms of plutonium, Washington and Pyongyang came close to war before Jimmy Carter intervened and brokered a freeze. Intense negotiations in Geneva then led to the Agreed Framework, fifth wherein Pyongyang agreed to give up its indigenous gas-graphite reactor program in exchange for the promise of two LWRs to be supplied by the United States, South Korea, and Japan. Operation of the five MWe reactor, the fuel fabrication plant, and the reprocessing facility was halted and monitored by IAEA. Construction of the two larger gas graphite reactors was also suspended. Meanwhile the heavy oil was delivered but construction of the LWRs fell years behind schedule.[13]

Is it possible to foster socio-economic integration and reunification by mutual elite consent while one's "partner" obsessively focused on developing a formidable military capability (including advanced

13 Siegried S. Hecker, "Lessons Learned from the North Korean Nuclear Crises," *Daedelus*, Winter 2010, pp. 44-56.

missile technology and the world's third largest chemical weapons stockpile), even at the "opportunity cost" of letting hundreds of thousands of its own citizens starve to death? There are only two conceivable aims of the North Korean military buildup: one is to attack the South and the other is to defend against an attack from the South. While these two aims are of course not mutually exclusive, KPA deployment suggests preparation for offense. In either case, it alters the power balance in at least three ways. First, it improves the chances that the North would prevail in any bilateral conflict. Second, it makes it possible for the North to engage in 'provocations" with greater impunity. Third, when the DPRK's development of long-range delivery vehicles finally bears fruit, it will make possible North Korean nuclear threats against Japan and US forces as well. One would think this situation might be psychologically challenging to any pursuit of national reunification. Yet that is exactly what the "sunshine policy" attempted to do. Indeed, this policy was sustained for a full decade (1998-2008) and with considerable success. Two summits (and many other meetings) were held, manifold formal agreements were signed, trade and cooperative ventures increased, as indicated above. And yet in the end, the movement to integrate by gradual socioeconomic integration failed: it was flouted by the North and repudiated by the electorate that had originally endorsed it.

How can we account for this perhaps unrealistic project being implemented in the first place, and how can we then account for its failure? It was launched at a time when both Koreas perceived themselves to be relatively weak: North Korea had not yet emerged from negative growth, and South Korea (under new leadership) was facing the prospect of sovereign bankruptcy in the Asian Financial

Crisis. The DPRK precipitated an international crisis by flouting an international accord (the nonproliferation treaty), shifting the configuration from bilateral to multilateral and bringing other interested powers into the game: the US was implicated by the threat to the ROK, its formal ally; and US engagement in turn invoked the DPRK's ally, China. These patron states had no immediate interest in reunification, which they supported in general while leaving operational details to their clients; their concern was with containing the security threat, since any conflict now had nuclear escalatory potential in which each was treaty-bound to come to the aid of its client. Although this certainly complicated the reunification scenario it was not necessarily fatal, since both patron states also supported reunification in general and it was hence potentially useful to have them engaged; moreover, the crisis seemed at this point to have been settled by the 1994 Agreed Framework. This agreement not only permitted the reunification program to proceed under the auspices of a superpower-backed international accord, but extended cooperation by adding such projects as the construction of two light-water reactors (awarding the US$4 billion contract to the ROK).

But the two patron-states were implicated by slightly different concerns, these having primarily to do with the possibility of conflict escalating to nuclear levels and involving a wider array of states (particularly themselves). When the Agreed Framework was abruptly terminated in 2002 upon the discovery of an ongoing covert uranium enrichment project proceeding in tandem, termination of the LWR project subtracted a significant piece of the economic integration effort. The South's effort to sustain North-South socio-economic integration was deemed incompatible with the US attempt to coerce the North to

keep its nonproliferation commitments, and when China sought to protect the North from sanctions this too was deemed unhelpful. Although five members of the Six-Party Talks initially agreed on the necessity to halt proliferation by the 6th, the ensuing disagreement over tactics created a split between Japan and the US on the one hand, who considered the "complete verifiable irreversible dismantlement" of nuclear weapons an overweening imperative justifying disabling sanctions against the North, China, Russia, and South Korea, who were also displeased by the North's relentless pursuit of nuclear weaponry but unwilling to impose severe sanctions for fear they might precipitate the North's collapse. When nonproliferation failed with the nuclear tests of 2006 and 2009, the North pulled out causing the talks to collapse, and the incentive for further cooperation among the anti-proliferation coalition was lost. The South, as a pivotal part of this coalition, was most disappointed of all, and the "sunshine policy" was a collateral casualty. Upon the GNP sweep of the Democrats in the 2008 national election, South Korea made further movement toward reunification conditional, North Korea preemptively curtailed a number of cooperative ventures, and North-South relations polarized. The anti-proliferation coalition remained split, the hard-liners (the US, Japan and now South Korea) maintaining a post-nuclear freeze, while Beijing plunged into a range of economic ventures with the North, tacitly accepting nuclearization as a fait accompli.

III. What Is to Be Done?

Korea's reunification project, coinciding with North Korea's no-holds-barred quest for nuclear weaponry and the international complications this brought in its train, has clearly suffered a severe setback. Our diagnosis attributes this to two impediments: the diverging trajectories of the two "halves," making any integration culturally, politically, and economically very difficult; and the North's quest for absolute security. The South's plan for peaceful reunification, by stressing that it be preceded by an incremental process of economic exchange and sociocultural integration, was well designed to cope with the first impediment. But in addition to the indigenous pitfalls in the North Korean reform process, the nonproliferation issue collided with and ultimately frustrated the process of inter-Korean integration. If Korea's enduring dream of national unity is to be revived, an adequate solution for both impediments must be found. What follows are some modest (and perhaps quite ill-advised) proposals for what might be attempted.

The problem of diverging developmental trajectories is of course that while the South has successfully pursued a variant of the East Asian "capitalist developmental state" approach to modernization, the North has stubbornly adhered to an indigenous variant of Stalinism in the

teeth of massive evidence of systemic failure. The DPRK case has been even more unfortunate than China's experience with radical Maoism (which also in its heyday precipitated notorious disasters), partly because "socialism with Chinese characteristics" was less consistently and thoroughly implanted than Kim Il-Songism, partly because North Korea never had a Cultural Revolution, and partly because the neo-traditional institution of dynastic succession leaves little opening for any significant change in policy "line," as the successor has genetic as well as political vested interest in continuity. Although the South Korean approach to reunification by a process a peaceful reintegration under coordinated mutual elite consent is a correct response and should (in my view) certainly be resuscitated if possible, I have two caveats. First, the road will be a long and rocky one, and will require great steadfastness and forbearance. Deng Xiaoping's comparable proposal for "three links" across the Taiwan Strait was originally made in early 1979, but met with prompt and firm rejection by the Chiang Ching-kuo regime and was not reciprocated by Taiwan until more than decade later-and Taiwan is a market economy! Despite being spurned, Beijing patiently maintained its offer until it was finally accepted. Second, the policy should be completely depoliticized, normalized and indeed privatized, lest the North again seize joint projects as hostages to blackmail the South. This may require arrangements for some form of political insurance for traders and investors, to be arranged either in talks with the North or if necessary unilaterally.

The nuclear issue is an even more challenging than that of diverging developmental trajectories, for in addition to the uncertainties of dealing with leadership dynamics in Pyongyang, it introduces outside powers whose interests go beyond reunification to unrelated questions of

regional inter-state security (e.g., to the US, Japan and China). Yet the challenge must be faced, for the North's *de facto* acquisition of nuclear weapons capability will otherwise again derail any prospect of Korean reunification (not to mention profoundly upending the regional power balance). In a sense, the horse is already out of the barn - it is far more difficult to reverse nuclear weaponization than to stop it in its tracks. Nuclear preemption, an option given serious consideration by the Clinton administration in the early 1990s before nuclear proliferation had succeeded, is no longer feasible now that the North has a credible nuclear deterrent. But successful nuclear weapon programs have been peacefully terminated under duress in Ukraine and South Africa since the Cold War, and Libya's program was terminated before it succeeded.[14] These successes were achieved with a combination of diplomatic pressure and trade sanctions. But sanctions have thus far failed in the North, largely because the PRC, though it originally voted for UN sanctions, has become increasingly lax in their implementation. Without an operational consensus on sanctions, attempts to enforce them will simply propel the North further into China's economic orbit.[15] In any event the "hermit kingdom" has such a low trade dependency ratio that sanctions, even

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14 William J. Long and Suzette R. Guillot, "Ideas, Beliefs and Nuclear Policies: The Cases of South Africa and Ukraine," *The Nonproliferation Review*, Spring 2000, pp. 24-40.

15 See Honkwon Kim, "A New Step of Sino-DPRK Economic Cooperation and South Korea: Interpreting 'Chang-Ji-Tu' and 'Ra-Son' through China's Foreign Strategy," unpublished paper presented at the World Congress for Korean Politics and Society, University of Incheon, Yonsei Songo Global Academy Campus, August 24-25, 2011; also Robert Marquand, "China's New North Korea Agenda: Economic reform trumps anti-nuclear message," *The Christian Science Monitor*, March 1, 2006.

if comprehensively enforced, might have little efficacy. One option might be to accept the DPRK's claim to be recognized as a nuclear-weapons state, analogous to India and Pakistan, as Pyongyang insists, and enter into mutual disarmament talks. Though this option seems to have been tacitly accepted by the PRC, there are two problems: first, the PRC is not a likely target of those weapons; second, North Korea is not India. North Korea's foreign policy has been erratic and violently high-risk, with a long record of terrorist provocations and other outlaw activity, and given even a minimal nuclear deterrent these may be expected to increase.

What, then, is to be done? Two modest suggestions, mixing carrots with sticks: By way of the former, the US should finally exchange diplomatic recognition with Pyongyang and commence negotiations for a formal treaty ending the Korean War, as was promised in the Agreed Framework but never delivered. The idea that mere talk is giving something away and refusing to communicate is an effective punishment is a strange one; talk should never be conditional though what is said of course depends on the conversation. Normalization should proceed, and trade sanctions should also in principle be removed; anything to facilitate successful economic activity in the North and normal economic intercourse with the international market is in the interests of the anti-proliferation community as well as North-South reconciliation and is long overdue.[16] This would also preempt one of the most persistent (and somewhat plausible) North Korean

[16] Unfortunately some sort of trade inspection program will still be needed to prevent nuclear proliferation by the North (not to mention traffic in counterfeit currency, drugs, and other contraband).

demands. And to achieve maximum diplomatic effect this should all be done "unconditionally," though the implicit quid pro quo will be clear enough.

Second, while the repercussions of North Korean *de facto* nuclear weaponization will be international, South Korea is most directly and seriously threatened: armed with a nuclear deterrent the North gains the capability to strike out at will (as in 2010) with an array of new provocations. The ROK has the inherent right of self-defense against such a contingency. Thus if diplomacy fails (or elicits only ridiculous counter-proposals), Seoul might consider (1) renouncing the 1992 Joint Declaration on the Denuclearization of the Korean Peninsula as no longer factually accurate; and (2) setting up a blue-ribbon study committee to consider either a) the restoration of American tactical nuclear weapons in the south, or b) the development of an indigenous nuclear deterrent. The committee should be authorized to "study" these two options and report back to the president within (say) a year. Option "A" would involve a less radical departure from precedent, be more legal (in terms of the NPT) and in this sense preferable, though it would obviously require consultation with Washington. Countering proliferation with more proliferation is obviously problematic in the sense that if proliferation is deemed unhelpful more cannot be better, and if the South decides to take this route Japan will not be far behind. But at the same time it is likely to be a highly effective bargaining chip, because the outcome would result in a more equitable distribution of negative outcomes (and corresponding incentives to push Pyongyang to denuclearize) than the provisory current outcome, which redistributes the balance of potential threats in a dangerously asymmetric way. The assumption would be that

putting these retaliatory options back on the table would be sufficient to lead to a more equitable negotiating outcome, though of course if the bluff is called the South must be prepared to act accordingly. In the worst case, the change would help restore the balance of threat even if it also escalated the level of multilateral risk.

Conclusion

North and South Korea have more than a millennium's history of political, linguistic, and cultural cohesion and both "halves" have since their division at the end of World War II cherished an enduring yearning for reunification. Yet the distribution of the incentive has always been asymmetrical, depending on the relative strength of the two halves. In the early decades the North took the (often violent) initiative, striving for a relatively centralized state structurally analogous to the DPRK, while the South paid lip service to a more loosely affiliated unity. In the post-Cold War era, as the South's economic takeoff far outdistanced the North's, Seoul became actively engaged in the reunification project, while the North took steps to defend its security. These steps included the development of nuclear weapons in defiance of an international treaty, invoking the participation of the world powers and ultimately making the reunification project impossible to pursue.

One of the central paradoxes inhibiting reunification efforts by either the North or the South has to do with relative power. The side that is more powerful has greater resources and capability to pursue reunification, while the side that has less power becomes fearful of being swallowed up by that power and acquires an enhanced

incentive to resist. Resistance may take the form of both internal balancing (e.g., rearmament) and external balancing (e.g., mobilizing the support of allies, such as the US or the PRC). The incentive to resist is not just a reflection of the ideal interests of an endangered elite but the nightmare of a loss of national identity. To the extent it is the latter it is conceivably more broadly shared. We have very little reliable information about the morale of the DPRK citizenry to verify this supposition (which seems belied by the refugee flow out of the DPRK at the height of the famine), but the fact that the North nevertheless survived such a catastrophe indicates that it has been able to retain a certain minimal legitimacy. This means that the road ahead is apt to be protracted and tortuous, demanding a high level of diplomatic finesse.

Status Quo Reassessed

China's Shifting Views on Korean Unification

Fei-Ling Wang

Introduction

Bridged by the Korean Peninsula, Northeast Asia - China, Japan, the two Koreas, Mongolia, and Far East Russia - has traditionally been a strategic focus of Chinese foreign policy at least since the late 19th century. This is now one of the most densely populated, highly dynamic, and fastest growing regions in the world. An excellent chain of production and a highly efficient division of labor among China, South Korea and Japan have transformed the region into a leading manufacturing hub and economic engine. There has also been impressive intra-regional trade and investment in the region, and massive regional integration and cooperation in recent years; many

have actively advocated the idea of forming an East Asian Community (EAC) or a Northeast Asian entity symbolized by the China-Japan-Korea Trilateral Summit meetings. An EAC or, more specifically, a Northeast Asia Community (NEAC) would powerfully facilitate a regional political reconfiguration, leading to a mechanism for lasting peace and prosperity in the region and beyond, and would also constitute a giant step forward in elevating the power and stature of Northeast Asia on the world stage.[1]

The reality in the region today, however, has yet to match up with the inspiring ideals of an EAC or an NEAC. Unlike its "peers" of Europe and North America, Northeast Asia remains politically divided and uncertain, culturally and ideologically fractious and conflicting, and militarily facing several serious frontlines among it members. It contains the world's second and third largest economies (China and Japan) and one of the world's poorest economies (North Korea). There are the Western-style mature democracies of Japan and South Korea, the young democracies of Taiwan and Mongolia, the non-democracy of China, and the communist dynasty in North Korea. Literally, all the leading religions and ideological systems of the world have large followings in the region. Most of the world's divided nations, unsolved territorial disputes, and lingering emotional and historical disagreements resulting from the Second World War (or even earlier) and the Cold War are in the region.

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1 Fei-Ling Wang, "East Asia: An Ideal Community," *International Herald Tribune*, November 5, 2005. Vinod K. Aggarwal & Min Gyo Koo eds., *Asia's New Institutional Architecture Evolving Structures for Managing Trade, Financial, and Security Relations*, Berlin: Springer, 2008.

The biggest and most striking political division, and also potentially the most explosive military confrontation in Northeast Asia, remains the division of the Korean Peninsula. This division was created over six decades ago by a very bloody war, the only direct war between the United States and China in history, and one that has yet to be concluded properly. It is no exaggeration to call Korean Unification the most widely-desired political future for the Korean Peninsula and the linchpin of international relations in Northeast Asia. It is the watershed course that could reshape the region politically and strategically for many decades to come. More specifically, Korean unification would unleash forces that have been confined and constrained by the post-World War II arrangement and truly bring the region into the post-Cold-War era. It would dramatically alter China's strategic space and neighborhood, greatly affect the current alliance structure in the region, and have a profound yet uncertain impact on the Sino-American rivalry that is poised to define East Asian international relations (and perhaps world politics) for years and decades to come.

The geopolitical structure of Northeast Asia, therefore, remains frozen in its post-World War II/Cold War state chiefly because of the Korean division, despite the highly dynamic and profound socioeconomic developments and transformations throughout the region. The United States is still deeply involved in the region's security affairs through its time-tested alliances with South Korea and Japan. The rise of Chinese power, so far mostly economic, has yet to meaningfully alter the geopolitical landscape in Northeast Asia but has already aroused new scrutiny and concerned reactions from China's neighbors and from the United States. Some have now openly asserted that Beijing is

seeking dominance in the region at the expense of the U.S. and its allies.[2] It is against this general background that China crafts and implements its policy towards Korean Unification.

As I have outlined earlier,[3] China has maintained a pro-status quo policy in Northeast Asia for at least two decades, downgrading Korean unification in favor of peace, manageability, and maneuverability on the Korean Peninsula, while developing pragmatic and beneficial relations with South Korea and continuing Beijing's sole alliance with the DPRK (Democratic People's Republic of Korea). This policy reflects Beijing's core interests centered around its particular need to preserve its political system in the post-Cold War world[4] and its growing desire to approach and counter the powerful American presence in the region. Over the past two years since the successful completion of the spectacular 2008 Beijing Olympic Games, however, China's policy towards the Korean Peninsula has exhibited some noticeable changes and developments, with potentially profound implications on Korean Unification.

In the rest of this paper, I will outline evolving Chinese views about

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2 Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia*, New York: Norton, 2011.

3 Fei-Ling Wang, "A Regional Play of the Global Game: China's Korea Policy and the Sino-American Relationship," *International Journal of Korean Unification Studies*, No. 14, Vol. 2, Seoul: Korea Institute for National Unification, 2006 and "Looking East: China's Policy Toward the Korean Peninsula," Chapter 3 in Sung Chull Kim & David C. Kang eds., *Engagement with North Korea: A Viable Alternative, Albany*, NY: SUNY Press, 2009, pp. 47-72.

4 Yong Deng and Fei-Ling Wang, eds *China Rising: Power and Motivation in Chinese Foreign Policy*, Lanham, Boulder, New York, & Oxford: Rowman & Littlefield, 2005.

the world and the all-important U.S.-China relationship. In particular, I will discuss the traditional Chinese worldview about the region of East Asia as a single "united" world and the current diverse Chinese ideas and views. Like the United States, China seems to distrust any political reconfiguration of the region in which Korean unification would comprise a key and central component, at least until China emerges as the true and undisputed leader of the region - a view deeply rooted in China's worldview and political tradition. Beijing's rapidly rising power and confidence have now started to alter that framework noticeably, and this seems likely to lead to new Chinese policies that could be more conducive to Korean unification (not necessarily on South Korea's terms) and entail more active Chinese involvement in a certain form of Korean unification in the not too distant future.

I. Diverging Reasons but Similar Views from Both Sides of the Pacific

Much of the future of Korean unification is shaped by two "external" powers facing off across the Pacific: China on one side and the United States on the other. These two powers come from different directions, motivated by very divergent reasons, but they share a similar policy of favoring the status quo over Korean unification. Indeed, this overlapping of Sino-American interests on the Korean Peninsula has created a rare but concrete and precious common strategic interest for the two to base their relationship on. This is arguably the only geopolitical objective that Beijing and Washington clearly share today. This cross-Pacific commonality has also helped to cement a status-quo preference in both countries to cautiously maintain their existing policies for the grander purpose of stabilizing the overall U.S.-China strategic game.

The United States has been a status quo power in Northeast Asia for decades and maintains a close military alliance with South Korea. For many reasons, the United States does not have much enthusiasm about any major reconfiguration of geopolitics in Northeast Asia which would necessarily result from a Korean unification. The security structure the U.S. set up at the end of World War II and maintained throughout the Cold War for the purpose of containing

the former Soviet Union and China (until the 1970s) has shown high degree of utility, resilience and longevity. While recognizing the new trend of reconfiguration and the emergence of a new order in East Asia,[5] Washington is in no hurry to alter this decades-old landscape. Always watchful of China's rising power, the United States appears to be still largely content with the status quo, despite the irritation and concern caused by defiant North Korea's nuclear program. Washington still appears to be confident about maintaining peace and stability in the region with its existing capabilities and arrangements. Therefore, the U.S. understandably does not share much of the enthusiasm for the region's rising aspirations of further integration, much less the Chinese vision of a political reconfiguration of the region that is poised to reduce, if not exclude, the U.S. presence. Korean unification may not necessarily enhance China's hand in dealing with the United States, but it would nonetheless be a gate-opening event for altering the status quo, implying considerable uncertainties and risks for the reigning superpower.

To be fair, Washington has been generally supportive of regional integrations, supporting multilateral and even supranational regimes since World War II. The United States has been instrumental to the creation and growth of the Europeans Union and many other regional groups and blocs including its own NAFTA (North America Free Trade Agreement) and ASEAN (Association of Southeast Asian Nations) groupings. What makes the United States lukewarm at best and often downright suspicious about a political reconfiguration and integration

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5 G. John Ikenberry and Chung-In Moon eds., *The United States and Northeast Asia: Debates, Issues, and New Order*, Lanham, MD: Rowman & Littlefield, 2007.

in Northeast Asia is that it does not want to see uncontrolled and uncompensated changes in the region's status quo. More importantly, Washington sees the PRC as an ideological, political, and geostrategic competitor and perhaps even a destined foe, and thus it greatly distrusts Beijing's intentions behind its push for a possible East Asian reconfiguration. In fact, this American view is shared by many local leaders and elites in East Asia.[6] Therefore, the American alternative idea of constructing a "Pacific Community" based largely on an unchanged political map that would insert the Unites States legitimately in the middle of the integrated region as a "Pacific nation" has a fairly receptive audience in the region as well.[7]

Both parallel and in reaction to the U.S. policy towards Korean unification, China has exhibited a similar status quo attitude, albeit with a more accommodating and sympathetic tone toward Korean desires for national reunification. From quite divergent standpoints and for quite different reasons, the two major external powers have similar attitudes towards Korean unification, pro tempera.

In recent times, at first practically and then conceptually, Chinese attitudes and perspectives have changed regarding the political reconfiguration in East Asia in general and the Korean Peninsula in particular. Beijing started to positively echo then-Japanese Prime

6 Author's interviews in East Asia, 2008-2011.

7 Michael J. Green & Bates Gill eds., *Asia's New Multilateralism: Cooperation, Competition, and the Search for Community*, New York: Columbia University Press, 2009. Mark Borthwick & Tadashi Yamamoto eds., *A Pacific Nation: Perspectives on the U.S. Role in an East Asia Community*, Tokyo: Japan Center for International Exchange, 2011.

Minister Hatoyama's new proposal for an EAC (East Asian Community). Vice President of the PRC Xi Jinping openly stated in 2009 that construction of an EAC is "a common objective for China and Japan" and worthy of joint efforts.[8] China has in fact participated in many activities related to the promotion and development of an EAC, including the annual East Asia Summit meetings since their inception in 2005. The new momentum for an EAC has chiefly, if not exclusively, come from the epic rise of China. Indeed, China has now become a real center of gravity and a new leader offering competing ideas, new resources and energy, and alternative leadership. China is rightfully becoming a decisive player in the political future of East Asia and beyond. Interestingly, a stronger and more confident China and a subdued Japan make for a more realistic chance of achieving an EAC. Yet China still officially exhibits its traditional ambivalence and reluctance towards the EAC idea. President For example, Hu Jintao repeatedly mentioned common (*gongtong*) development, spirit, and interests for a "harmonious Asia" in his speech at the Boao Forum for Asia in 2011, but did not once mention the word community (*gongtongti*) or the EAC.[9]

Regarding the Korean Peninsula, China continues its careful balance-of-power policy, making noises supportive of Korean unification but acting to maintain the status quo. However, hesitance and reluctance aside, observers generally agree that Chinese grand strategy and

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8 *Xi Jinping huijian riben hanguo xinwen jizhe* (Xi Jinping's interviews with Japanese and Korean reporters), Beijing: Xinhua, December 13, 2009.

9 Hu Jintao, *Tuidong gongtong fazhan, gongjian hexie yazhou* (Push for common development, construct a harmonious Asia), speech to the Boao Forum for Asia Annual Conference 2011, Boao, Hainan: Xinhua, April 15, 2011.

foreign policy are poised to evolve further as China inevitably grows into a true superpower. How that will play out in China's new policy towards Korean unification remains to be seen. For now, early signs of new thinking have started to emerge and deeper currents are shifting in Beijing, which is likely to lead to a reassessment and profound reformulation of Chinese policy towards Korean unification in the not-too-distant future. Furthermore, if the United States (with and through its allies), holding clear swaying power over prospects for Korean unification, is chiefly influenced by its apprehension about Chinese intentions and actions, then what China believes and how it behaves may in some ways mitigate American concerns. Will China take more assertive involvement in the Korean Peninsula and play a more active role in facilitating Korean unification? What are the costs for such Chinese facilitation, and would South Korea and the United States accept them? The prospects for Korean unification seem heavily dependent on the answers to those questions.

II. The Chinese Experience: An Empire-World Lost

Policies and policy preferences are not made in vacuum; path-dependency is of crucial importance to understanding a nation's internal and foreign policies and actions. Ever since the Qin Kingdom united most of the East Asian continent (the whole "known world" of the Chinese), China had more or less, sometimes in reality but often only in pretention, lived under "*tianxia yitong*" (all united under heaven). This continued even through some of the most brutal wars and spectacular diplomatic successes in the 3rd century BCE, lasting all the way up until the 19th century. The emperor and his court were the one and only center of all power and the legal and moral arbiter for the known world. Imperial officials and bureaucrats were appointed top-down to govern the people at the pleasure of their superiors (ultimately the emperor). No political dissention or opposition was allowed, nor were other political forces or uncontrolled sociopolitical organizations including religious groups. It was a world order based on centralized authoritarian politics.[10]

By the first century BCE, the Qin-Han empires had firmly established

10 The Qin-style governance system often resembled a totalitarianism model of governance (Hannah Arendt, *The Origins of Totalitarianism*, New York: Schocken Books, 1951), but it usually quickly evolved into the more sustainable governance form of aristocratic authoritarianism.

this world order for nearly all the subsequent Chinese rulers as a near-perfect form of governance. Despite its many serious problems and internal challenges, and despite external invasions mainly by northern nomads, the Qin-Han world government started to acquire an unshakable reputation and legitimacy in the minds of the Chinese after a decades-long period of peace and prosperity. Whenever an inevitable mass rebellion would destroy an old, rotten empire-world, it would only be replaced by a new ruling family with almost exactly the same political system and political culture. The boom-bust cycles of dynasties in Chinese imperial history, "global" politics to the Chinese, enshrined the Qin-Han governance order. In short, from the Han Empire of the 2nd century CE onward, a Chinese "world" order based on Confucian-coated legalist Qin-Han politics remained the dominant political norm and structure until the late 19th century. Chinese rulers have always valued and sought to preserve a singular, centralized system of world governance, through either Han or non-Han royal families. For the peripheral countries of the Chinese world, including the Korean Peninsula, an indirect rule through the so-called tributary system ensures that the whole known world is united as one.

The meticulously recorded and lavishly praised glory of the Qin-Han empire-world order in East Asia faded when the Qing Empire was thoroughly defeated, discredited, dissected, and destroyed by the Western powers and especially by the previously ignored, peripheral nation of Japan in the second half of the 19th century. In fact, had it not been for the "external" forces (chiefly the United States), the greatly Westernized Japanese Empire might very well have repeated the story of the Manchu (Qing) Empire (1644-1911) and continued the Chinese world order in East Asia by imposing another non-Han

imperial empire-world regime for East Asia, perhaps with its capital in Tokyo this time. The long Chinese experience of a united empire-world order (of Han, Mongolian, Manchu, or Japanese domination) decisively ended in the mid-20th century when the Japanese Empire lost the Pacific War.

III. The PRC Experience in the New East Asia

In the absence of external challenge, competition, and alternatives, the Chinese world-empire system could last forever, repeating and regenerating itself through costly cycles, condemning a great civilization and a great people (as well as other nations under the tributary system) to eternal stagnation, despotism and mass murders.[11] While the system, both its overall structure and its building blocks and ingredients, was forced to change by the new environment and great external forces in major ways during 1840-1949, the establishment of the PRC (People's Republic of China) was basically a "leap forward to the past" that restored much of the Qin-Han system on the Chinese mainland.[12] However, this time the PRC has to co-exist within a wider community of sovereign nations, many of which are qualitatively more advanced and stronger.

The traditional politics of authoritarianism has demonstrated its extraordinary staying power in China against all odds over the past six decades. Mao Zedong forcefully created an imperial rule and hoped to

11 Ross Terrill, *The New Chinese Empire: And What It Means for the United States*, New York: Basic Books, 2004.

12 Fei-Ling Wang, *Institutions and Institutional Change in China: Premodernity and Modernization*, London & New York: Macmillan Press & St Martin's Press, 1998.

also push for an expansion of the Chinese Qin-Han world order in the name of global revolution. His more pragmatic, arguably less imperial and less ambitious successors quietly abandoned the pretention of global revolution after Mao's death in 1976 and remained content with the power and privilege of ruling a country of 1.3 billon people. Deng Xiaoping wisely seized the opportunity offered by the Westphalian world order and actively pursued wealth and power chiefly through the globalization of the world market. In a grand exchange with international (mostly Western) capitalists, the PRC catered to foreign investors, inventers, and consumers. In return, Beijing has mustered world's fastest economic growth and largest foreign currency reserves over the last three decades. China also formally entered into many international agreements and regimes, acting like a typical sovereign nation competing within the Westphalian system of international relations for wealth and power, while forcibly maintaining a domestic political system that was essentially unchanged at the fundamental level from the old Qin-Han Empire (under the banner of the so-called Four Cardinal Principles.)[13] Deng Xiaoping wished for his "Basic Party Line" to be followed unwaveringly "for one hundred years" until the CCP succeeded in establishing an "advanced socialism in China" and reached the level of a developed country in terms of power and wealth, hopefully by the mid-21st century.[14]

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13 "To uphold the leadership of the CCP, to uphold socialism, to uphold the people's democratic dictatorship, to uphold Marxism-Leninism." First proposed by Deng Xiaoping in 1979 in his speech titled "jianchi sixiang jiben yuanze" (Uphold the four cardinal principles), *Deng Xiaoping wenxuan* (Selected works of Deng Xiaoping), Vol. 2, *Beijing: Renmin Press*, (1983)1994, p. 158-84.

14 Deng Xiaoping, "Nanfang tanhua" (Speeches in the South), February 1992. *Deng Xiaoping wenxuan* (Selected works of Deng Xiaoping), Beijing: Renmin Press, 1993, p. 370-1.

This vision has been reaffirmed and elaborated since then by his successors, Jiang Zemin and Hu Jintao.

In foreign relations, the PRC first (1972-89) acquired recognition and safety and gained crucial access to Western capital, technology, and markets in the name of joining the fight against the subversive force of the former Soviet Union, which was in fact instrumental to the creation of both the Chinese Communist Party (CCP) and the PRC. During that time, Mao (and later Deng) was largely working out an expedient alliance-like deal with the U.S. and the West to deal with the main enemy of the day. Beijing gradually moved from firmly supporting Korean unification on North Korean terms to maintaining the status quo on the Korean Peninsula and tacitly (and later openly) accepted the US-ROK alliance.

Then, after the political crisis of the Tiananmen uprising and crackdown in 1989, and especially after the end of the Cold War in 1991, China managed to continue its crucial access to world markets despite the sharpening of its political differences with the West. The CCP recognized the great need to make realistic and pragmatic adjustments and retreats. Not only did Beijing totally gave up any pretention of pursuing world revolution in either words or deeds, it deliberately adopted a low-key diplomatic stature as instructed by Deng's famous *taoguang yanghui* (lie low and bide for time) strategy, first elaborated in September of 1989. Beijing made extraordinary and largely successful efforts to paper-over its political and ideological differences with the West and quietly but firmly played the games of geopolitics and power politics. China showed greater cooperative and integrationist efforts by opening up progressively but selectively to the foreign

business community, culminating in its entry into the WTO (World Trade Organization) in 2001. A key event was the establishment of diplomatic relations between Beijing and Seoul in 1992 and the explosive growth of economic ties and personnel exchanges between them ever since.

Over the past three decades, the PRC remained steadfastly realistic and pragmatic by playing the game under the current, Westphalian, world order. However selectively, the PRC has participated in the current system and behaved accordingly, while maintaining its traditional Chinese politics at home. Despite setbacks such as its loss of credibility with its comrades in Pyongyang, Beijing's pragmatic and low-key policy of integrationist moves has been very well rewarded. China has risen greatly over the past two decades. The Chinese economy expanded by several folds over the past 30 years to become world's second largest. The revenue share of the PRC state has grown even faster, making the PRC perhaps the richest government in the world. Beijing's tax revenue alone has been growing every year at a rate 2-4 times faster than the already-fast growth of the Chinese GDP for the past two decades, something "unprecedented in history and unparalleled in the world," as a Chinese scholar on the history of taxation commented.[15]

It is especially meaningful that Beijing now controls the world's largest foreign currency reserves (over $3.4 trillion by late 2011), giving it a great source of financial power internationally. Furthermore, by 2011

15 PRC State Administration of Taxation data, 1993-2011. Comments by Gao Peiyong, deputy director of the Chinese Institute for Fiscal and Trade Studies, in *Zhongguo Caijing Bao* (China Financial Daily), Beijing, August 21, 2007.

the PRC held over $1.4 trillion in U.S. Treasury bills, 26% of the total U.S. government's foreign debt (or 8% of the total U.S. public debt) and had become by far the largest foreign creditor to Washington.[16] The Chinese state has become a financial superpower at home and abroad. All of this has enabled Beijing's extensive and impressively effective policies of "good neighbors" (*mulin*) and "enrich the neighbors" (*fulin*) to proceed over the past decade.

Both the mulin and *fulin* policies are intended to help maintain the status quo of a peaceful environment in which for the PRC to develop itself further through friendly relations and sound economic measures. Both policies have been impressively successful. China has managed to largely maintain the status quo (other than the hugely ego-boosting "return" of Hong Kong and Macao), improved ties with just about all neighbors and is now enjoying perhaps the best relationship overall with its neighbors since the 19th Century. Furthermore, the economic and diplomatic success of the PRC has allowed for the clear rise of Chinese power in the region, leading to reassessment by China and its neighbors about the status quo and the trends that may potentially alter it.

Therefore, by the second decade of the 21st Century, we start to see a Chinese reassessment of its international environment in general with a noticed surge in discourse on the existing and "new" world orders and China's role in them. More specifically, a shifting view of China's policy towards the Korean Peninsula, and especially Korean unification,

16 U.S. Department of the Treasury/Federal Reserve Board Release, Washington DC, February 28, 2011.

seems to be taking shape. What to do with China's rising power, particularly within the region, has become a common and profound theme of foreign policy discourse in the PRC today.

IV. What to Do in the Neighborhood: New Thinking and Old Ideas

China's views on Korean unification are shaped by Beijing's interests, its past policies and practices, and its outlook on the world. While China's core interests largely remain stable (with widely anticipated changes and additions on the way, however, driven primarily by the China's rising power and its new needs and demands), the Chinese worldview appears to already be changing more noticeably and undergoing a profound diversification.

After three decades of integration into the current world order, selective and reluctant though it might have been, many Chinese elites have acquired considerably altered perspectives and norms about the outside world. The new generation grew up with less baggage from the past and less dependence on traditional paths, and they have enjoyed great tangible and intangible benefits from the integration. They tend to think, dress, entertain, and worship in ways more similar to their counterparts across national boundaries. The massive and complex flows of people and information among nations have brought many new ideas to China.

Despite the increasingly noticeable presence of new "imported" ideas, the powerful tradition of Chinese politics and the deeply ingrained

traditional worldview are also rising and being rejuvenated, coinciding with the rise of China's wealth and capabilities. To be sure, the Qin-Han worldview of a united world-empire has always existed in China. On the surface, it appears to have been irrevocably weakened, diluted, and even replaced by the obvious success of the conformist foreign policies and the great gains of the PRC's integration into the West-dominated, globalizing Westphalian world order over the past three decades. Deep down, however, Beijing has been working hard recently (especially in the past few years) to re-strengthen its traditional control over the Chinese mind with old, proven ideas and methods, as the officially stated orthodox communist/socialist ideology of the CCP has lost its appeal and now has little influence over the lives and minds of the Chinese people.

Like so many Chinese rulers before them who fully appreciate the utility and benefits of the Qin-Han empire based on a legalist core and also the imperative need for an ideological coating of thought-control, the CCP has now gone back on its past vicious criticism of Confucianism and is actively working to revive traditional Chinese ideas from the Imperial times in the name of "rejuvenating Chinese civilization" and upholding "Chinese characters." Confucianism is once again treated with reverence, in a highly pragmatic and utilitarian way. And a state-sponsored and politically manufactured dichotomy between "the universal world" and a "special China" has rapidly emerged to explain away the contradictions between pragmatic foreign policies and the political need to rejuvenate old ideas.[17] Indeed, Beijing's new effort to

[17] Xiang Biao, "Xunzhao yige xin shijie" (Looking for a new world), *Kaifang shidai* (Opening era), Beijing, No. 9, 2009.

rejuvenate traditional ideas and norms has been astonishingly extensive and impressive.

As a major aspect of this rejuvenation effort and also as part of the effort to promote China's new "soft power" and improve its international image (and also as a great symbol of China's rising international clout), Beijing launched an unprecedentedly ambitious program to set up and pay for joint-venture "Confucius Institutes" all over the world offering Chinese language education. The first Confucius Institute was established in November 2004 in Seoul, South Korea. By November 2010, China had set up 322 Confucius Institutes in 91 countries, enabling the Confucius Institute Headquarters (created in 2007 in Beijing under the leadership of the PRC Ministry of Education) to reach out to the whole world to teach Chinese language and culture, organize research and networking activities, host conferences and study trips to China, and sponsor many social and cultural events and exchanges.

The *tianxi-yitong* (all united under heaven) idea itself has also made a strong resurgence and has been re-articulated in China in recent years. In 1995, Chinese economist Sheng Hong published an essay discussing the *tianxia* system as a key component that makes Chinese civilization fundamentally different from Western civilization.[18] A representative work is the now much-cited book by Zhao Tingyang, a Beijing-based Chinese philosopher, who describes the Chinese worldview of the *tianxia* system as "entirely different from" and opposing to the

18 Sheng Hong, "Shemu shi wenming?" (What is civilization?), in *Zhanlue yu guanli* (Strategy and management), Beijing, No. 5, 1995, pp. 88-98. *Wei wanshi kai taiping* (To create an eternal peace), Beijing: Peking University Press, 1999.

dominant Western worldview of nation-states with its implications of balance of power, national competition, inequality, and conflicts. And the rise of China simply provides an appropriate opportunity and the necessary resources and evidence for the advancement of this set of ideas in China and all over the world.[19]

To foreign observers, a more noteworthy general trend in the resurgence of the world-empire idea has been its evolution from a mostly semantic, philosophical, and historical discourse to one more closely related to politics, foreign policy, and world politics.[20] Well-connected leading Chinese foreign policy analysts and officials have quite forcefully presented the rejuvenated and remodeled traditional idea as a legitimate alternative to and a powerful critique of the dominant Westphalian world order.[21]

In addition to the rejuvenation of the Qin-Han *tianxia* idea, there have been numerous other efforts in the PRC in recent years to tap into ancient Chinese thoughts and experiences to provide guidance and reference for the rising Chinese power. Often times, such ideas have been blended with imported ideas ranging from the old-fashioned

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19 Zhao Tingyang, *Tianxia tixi: shijie zhidu zhixue daolun* (Tianxia system: a philosophical discourse on a world institution), Nanjing: Jiangsu Education Press, 2005, pp. 17 & 23.

20 A good collection of such works is Qin Yaqing ed. *Guoji zhixu* (International order), a volume of *Zhongguo xuezhe kan shijie* (World politics: Views from China) ed. by Wang Jisi, Beijing: New World Press, 2007. Like many of the authors in the volume, Qin was trained in the West.

21 Qin Yaqing, "Guoji gaunxi lilun zhongguo pai xingcheng de keneng he biran" (Chinese school of international relations theory: possibility and necessity] in *Shijie jingji yu zhengzhi* (World economy and politics), Beijing, No. 3, 2006, pp. 7-13.

nationalist or even imperialist ideas of "living space" and power games of the 19th and 20th Centuries, to the somewhat discredited Marxist or leftist orthodoxies, to the latest concepts of soft power and global missions. One scholarly effort to reinterpret Chinese history and recast Chinese ideas is a re-interpretation of China's pre-Qin history and the ideas of "international relations" prevalent at that time.[22] Interestingly, this line of inquiry has largely come to the conclusion that the "Western" idea of international realism was very much present in Chinese history, as well as the equivalent of idealism and even globalism. After all, aside from the *tianxia-yitong* idea, the ancient ideas from China's long history of civilization seem to have failed to offer anything very "un-Western" or unique, let alone provide any meaningful alternatives to the ideas of international relations under the Westphalian system. Such research may help to bridge the supposed gulf between "Western" ideas of politics, governance and world order and the traditional Chinese worldview.

One eye-catching theme in the Chinese discourse of international relations and foreign policy has been the view that, compared to the "natural" and indeed more historically "stable" and long-lasting Qin-Han empire-world order, the current Westphalian system that China finds itself in is a transitional, suboptimal world order analogous to a "New Warring States" period: chaotic, conflict-filled, war-prone, undesirable, unstable and needing to be replaced or reformed. A group of well-known radical nationalist writers has published a book titled *The New Warring States Era* that directly calls on China to seize

22 Yan Xuetong et al, *Ancient Chinese Thought, Modern Chinese Power*, Princeton, NJ: Princeton University Press, 2011.

the opportunity to rise up by incorporating East Asia first financially and then militarily, in order to "think and act at a global height" and thus be better prepared and positioned to fight the imminent world war for control over the future of the whole world.[23]

23 Wang Jian & Qiao Liang et al, *Xin zhanguo shidai* (New Warring States Era), Beijing: Xinhua Press, 2004. There have been at least a couple of less-known books with exactly the same title and similar contents published in the PRC in recent years.

V. China, the United States, and Korean Unification

China has always had a complex relationship with its neighbors. Like other peoples, the Chinese have traditionally viewed the surrounding countries as natural buffers, mutually beneficial partners and friends, potentially inviting targets for expansion and annexation, or serious threats and brutal conquerors. Indeed, in its long history, China's neighbors have played all of those roles, leading to the eventual formation of China as a nation and as a world of its own. Unsurprisingly, the Chinese in fact have been forced to build their modern nation and their state through the very process of constantly interacting with other nations and states, mainly in the neighborhood, since the fateful 19th Century.

Given the diverse, pragmatic, and fluid ideas and worldviews in today's China, including a powerful and growing call to "incorporate" East Asia for China's nationalist objectives associated with the revival of the idea of *tianxia-yitong* (all united under heaven) and the rising ideas of globalization and regional integration under the current Westphalian system, it is not surprising that China has been reluctant to embrace the idea of a political reconfiguration of East Asia, especially when Beijing feels weak, insecure, and not fully in charge. Recent Chinese words and gestures welcoming an East Asian Community

may reflect a shift of interests and power and a rise of confidence in Beijing that may prompt China to somehow seek a restoration of the *tainxia* world order; they may also simply be tactical and momentary policy moves to advance China's influence and stature in the region and beyond. In a recent official statement about China's Asia policy, President Hu Jintao outlined a common spirit and objectives for Asia and China's commitment to developing a harmonious Asia. "Asian people are one family" and should work together to strengthen the "various mechanisms of regional cooperation," he declared. But he also insisted that Asia should have "an open regionalism, respecting the presence and interests of the outside countries in Asia."[24] This is a rather clear expression of Beijing's preference for maintaining the status quo in East Asia, including the division of the Korean Peninsula, while avoiding excluding the United States.

Accordingly, over the past few years, especially since 2008, there has been a noticeable "re-appreciation" of the DPRK as an old ideological ally and a geostrategic asset in dealing with the United States and its allies in East Asia. The oft-heard Chinese complaints about the price-tag of this asset seem to have been overshadowed or even replaced by new thinking concerning China's role as a "great power" (*daguo*) in the region and beyond, more effectively engaging with and utilizing the resilient DPRK. The recent frequent visits by North Korean leader Kim Jong-Il to China and the seeming acceptance by Beijing of Pyongyang's succession plan to pass power to Kim Jong-Un have illustrated this

24 Hu Jintao, *Tuidong gongtong fazhan, gongjian hexie yazhou* (Push for common development, construct a harmonious Asia), Speech to the Boao Forum for Asia Annual Conference 2011, Boao, Hainan: Xinhua, April 15, 2011.

change well. As a long-standing preference, Beijing wants to see the DPRK stand more on its own feet financially by following Chinese-style economic reforms, as shown by the recent opening of the Hwanggumphyong-Wihwa Islands Economic Zone.[25] This move has also been interpreted by the foreign media as a step toward tighter economic relations between the two countries and a way to give China its long-sought direct access to the Sea of Japan (or East Sea to Koreans).[26] Chinese analysts have also started to semi-openly talk about the rising strategic value of North Korea as seemingly the only way to prevent an otherwise inevitable and fatal full-moon encirclement of China by the United States.[27]

Therefore, as long as the United States remains the *de facto* provider of security and order in East Asia, and as long as Beijing does not feel strong enough to change the geopolitical structure of East Asia to its liking, China will continue its long-standing policy of paying lip-service to the Korean desire for unification while doing everything in its power to maintain the status quo of Korean division, as it has been doing since the 1990s. A more assertive and active Chinese foreign policy would entail more support and more conscious "use" of the North Korean dynasty-regime. We are likely to see more such activities down the road, including a Beijing-encouraged or even Beijing-hosted dialogue and exchange between Washington and Pyongyang to

25 Xinhua, "DPRK to set up Hwanggumphyong-Wihwa Islands economic zone," *People's Daily-English edition*, Beijing, January 7, 2011.

26 Bomi Lim, "North Korea's New Economic Zone Near Border Signals Deepening China Ties," Bloomberg, June 6, 2011.

27 Dai Xu, *C xingbaowei* (C-shape encirclement), Shanghai: Wenhui Press, 2009.

further stabilize North Korea. A Chinese-brokered deal between the DPRK and the United States may also help to reduce, if not eliminate, the troubling issue of North Korea's nuclear weapons - the elimination of which remains a shared Sino-American objective but is prioritized differently by each, ranking not nearly as high on the Chinese agenda as on the American or South Korean agendas.

A similar reassessment of South Korea also seems to be taking place in Beijing. The once-crucial role of the ROK in developing China's exports now seems to be diminishing. The bilateral trade and investment between the PRC and the ROK is now viewed by many as more beneficial to the Koreans than to the Chinese. The interaction among the security officials and officers of the ROK, the United States, and Japan after the Cheonan Incident of March 2010 and the Yeonpyeong shelling of November 2010 has deepened the belief in Beijing that South Korea is after all rather firmly in the U.S. camp and may be moving beyond the reach of China's "united front" strategy, which seeks a neutral, if not pro-China, ROK in the Sino-American geopolitical game. Not surprisingly, Chinese analysts and officials expressed increasingly strong objections to any further developments by the South Koreans along the lines of strengthening their security ties with the United States and Japan. South Korean officials and observers have reported almost unanimously that their Chinese counterparts have grown noticeably more assertive and even "arrogant" and demanding over the past few years.[28] Therefore, ROK Defense Minister Kim Kwan-jin said that he thought China's blunt criticism of the U.S. during his meeting with a top Chinese defense chief in Beijing last

[28] Author's interviews in China and Korea, 2010-11.

week was because it saw Korea as on the same side as the U.S.[29] Korean leading scholars have recently also noticed this change.[30]

29 Jeong Yong-soo, "China used Kim's ear to get at U.S." *Joongang Daily*, Seoul, July 21, 2011.

30 Jae-Ho Chung, "South Korea's China Play: Facing a Great Wall," *Newsletter*, Center for U.S.-Korea Policy, Washington DC, September 2011.

Conclusion

China has long preferred to maintain the status quo on the Korean Peninsula, including division, for the sake of peace, stability, manageability, and maneuverability. It enjoys good relationships with both Koreas for different purposes and gains. Beijing desires North Korea to become a more viable ally and hopes South Korea will remain neutral, if not pro-China, in the Sino-American/Japanese grand strategic game in the region and beyond.

Internally, unless and until Beijing feels sufficiently safe to immerse itself in the tangled networks of an East Asian integration, China is unlikely to give up its position as a staunch defender of the status quo in the region under the "imposed" Westphalian system, with a vague but lingering aspiration for a new world order for all, preferably under China's singular control. The DPRK, which despite its occasional annoying and burdensome behavior remains Beijing's only military ally, is being re-appreciated as a valuable strategic and geopolitical asset as well as a useful ideological ally. For China to "abandon" Pyongyang would require a sea change in Beijing's assessment of its strategic needs abroad and its political needs at home. The "natural" demand for an expansion of Chinese interests and power abroad, or even a reconfiguration of East Asia, along with the provocative idea of *tianxia-yitong* (all united under heaven), have yet to lead to major

policy changes in Beijing. China's basic objective remains cautious preservation of the status quo of peace and stability on the Korean Peninsula. Views are clearly shifting, but major policy changes have yet to take place.

Externally, unless and until the PRC politically and ideologically reforms itself enough to embrace the key norms and values held by the United States and its allies (mainly Japan and South Korea in East Asia) and truly break from the tradition of the Qin-Han political system permanently, Washington, as the still weighty "external" player, must always be vigilant in watching for any significant growth of Chinese influence that could lead to a reconfiguration of East Asian politics propelling China to the helm at the expense of the US. A relative change in the Sino-American power balance and rising Chinese competition in the region[31] will only make Washington more cautious about any geopolitical changes that may strengthen China's hand. For Washington to become a supportive "external" but crucial player and facilitator of Korean unification would require a sea change in its assessment and treatment of China, which in turn would depend on how much power China is able to wield and especially how China organizes itself and behaves internally and externally.

31 S. Mahmud Ali, *Asia-Pacific Security Dynamics in the Obama Era: A New World Emerging*, London, UK: Routledge, 2011.

Discussion

Dr. Choi Jinwook (KINU) served as moderator of the group discussion. Participants in the discussion were Ahn Yinhay (Korea Univ.), Bae Jung-Ho (KINU), Cho Jong-hyun (KINU), Choi Choon-Heum (KINU), Choo Jaewoo (Kyung Hee Univ.), Hong Kwan-Hee (Korea Univ.), Hong Woo-Taek (KINU), Im Hyug-baeg (Korea Univ.), Kanehara Nobukatsu (Embassy of Japan), Kim Changsu (KIDA), Kim Hosup (Chung-Ang Univ.), Kim Hyun-Chong (Samsung Electronics), Kim Jin-Ha (KINU), Kim Seok-hyang (Ewha Womans Univ.), Kim Taehyun (Chung-Ang Univ.), Kim Yong-ho (Inha Univ.), Lee Ki-Hyun (KINU), Park Jae-Jeok (KINU), Richard Cowin (British Embassy), Sujeevan Satheesan (British Foreign Ministry), Yoo Ho-yeol (Korea Univ.), Yasunobu Shirouchi (Tokyo Shimbun). KINU staff members Lee Kyunghwa, Meredith Shaw, Kim Ah Young, and Jung Yunmi provided assistance.

Kim Hosup

Dr. Wang, I agree with your conclusion that China seems to be reappraising North Korea as an ally and geostrategic asset. I wonder, then, why China does not give a larger amount of economic aid to North Korea. It seems to me that North Korea with healthy politics and economy would be a better asset to China. Do you think the "trouble-maker North Korea" is a better asset to China than a stable North Korea would be?

Dr. Dittmer, your paper includes a chronological review of South Korea's policy toward North Korea, and you rather criticized the Sunshine Policy. As you know, South Korean policy toward North Korea is a big question in our domestic politics every five years during the presidential elections. Given your understanding and analysis, what policy do you recommend for the next president of South Korea?

Bae Jung-Ho

You have done a good job of describing the Northeast Asian situation and China's rise with a focus on the China-US rivalry. But I wonder what you think about the Russian variable. In the past, the regional order has been interpreted in terms of the US-Japan versus China-Russia. As China rises, will Russia emerge as a new power in this regional dynamic?

Hong Yong Pyo

Dr. Wang, you said China will not accept unification under US terms - what do you mean by US terms? Specifically, will China accept a unified Korea under a US-Korea alliance or a US military presence after unification?

Fei-Ling Wang

South Korea faces a big challenge of how to overcome the collision between Washington and Beijing to achieve the national goal of unification. At one level, if you subscribe to realism, often smaller powers have to wait patiently while bigger powers pursue their own interests. But at another level, because of its position South Korea has the potential to shape the decisions of great powers. For instance, you have the ability to make unification appear safe and beneficial to great powers; e.g. getting China's attention by threatening to go nuclear and setting off their fears of a nuclear domino effect in East Asia. This is a high-risk game, but it could be the most effective way to get China moving.

Regarding Dr. Kim's question of why China doesn't give North Korea more aid - I agree 100% that a healthier North Korea is in Beijing's interest and I think Beijing actually is aiding the DPRK quite a bit. However Beijing sees two factors that are not conducive to massive aid: 1) DPRK has its own agenda; it may be a strategic asset, but it is not a loyal ally. So if the DPRK is not strong, China may actually lose its asset. 2) Aid does not work - instead Beijing wants to reform the DPRK to make it stable and reduce the burden on Beijing.

Kim Hosup

Looking at China's neighbors, they generally have poor economies and tyrannical politics. North Korea is a typical example. I think there's a relationship between Chinese national interest and the state of China's neighboring countries. Do you agree?

Fei-Ling Wang

Yes, it is kind of cynical to say, but sometimes having a strong stable neighbor is not a great thing. But also you don't want a neighbor that is constantly in danger of collapse. Beijing has to balance those two extremes.

Regarding Dr. Bae's question about the Russian factor, I agree. There are four major powers at play: Russia, China, Japan and the US, but recently Russia is largely inactive. And Russia has its own problems with China, so I don't think they will stand up or try something drastically different right now. But certainly, in the future they could

be more influential again.

By unification on "US terms," basically I mean a united Korea all the way to the Yalu River that is democratic, prosperous, closely aligned with the US, and Western-oriented, possibly with an ongoing US-Korea military alliance or even US troops stationed north of the 38th parallel (which I think is less likely). I actually asked some Chinese senior military officials what they think about US troops north of the parallel, and they said they actually aren't too concerned; but symbolically it's an important issue. If Korea is united, one way to reduce Chinese opposition would be to ensure that US troops do not move north; in fact, US troops could be downsized since the North Korea threat is gone. But from China's point of view, to have a vibrant pro-Western democracy on the border is not good; India is the closest they have to that right now, but India is not that rich, and it's on the other side of the Himalayas. Imagine if there was a vibrant democracy with open broadcasting and internet right on the other side of the Yalu River from China.

Lowell Dittmer

I didn't mean to criticize, I only meant to say that the South Korean electorate repudiated that policy. In retrospect I think it was a good policy; it's the same policy underlying the China-Taiwan economic integration which has improved the situation in the Strait. It has its drawbacks; Taiwan is worried about being hollowed out, losing technology, being blackmailed, etc. But it creates a situation in which war becomes less likely because it would be too destructive to the interests of either side. To pursue such a policy, I think South Korea

needs to insulate it more completely from politics than it was - there were bribes for first summit, etc. If there is any political connection, North Korea will try to use that to manipulate South Korea politically. So I think it should be isolated from politics. And insurance should be provided for chaebol to invest in the North. It's very unpredictable in the North, and thus it's very risky to do business there, so they have to have some sort of insurance.

One thing is, as I just said, to separate economics from politics and allow the Sunshine Policy to go forward. Also, they need to find way to respond to provocations, because I think these will continue. The North feels invulnerable now because they have nuclear weapons to protect themselves from retaliation. The South has to find a way to deal with that - I don't know how exactly, but they must expect these provocations to continue.

I think Russia's role is basically to support China. They see China as the dominant player in Asia and they support it, as Japan supports the US. Both these countries are really supplementary players, not primary actors.

Choo Jaewoo

Dr. Dittmer, you described three models of unification: coercion, agreement, and absorption. As a counter-argument, Chinese scholar Zhang Liangui of the Central Party School says that Korea has explored each of these three models in the past, and they all failed. Agreement was attempted with the 1948 vote to unify Korea, which failed; coercion was attempted with the Korean War, which also failed; as for

absorption, like you said, from 1988-1998 we tried to absorb North Korea, and obviously that failed too. Do you think these models are still viable for Korea, or is there a fourth way to approach unification?

Dr. Wang, related to Dr. Hong's earlier question, you mentioned China's opposition to Korean unification on US terms. I agree. Your anecdote about discussing the US military presence with Chinese military officials reminds me of how in the mid-to-late 90s Chinese scholars had mostly positive assessments of the role of US forces on the peninsula in balancing rising militarism in Japan. But I don't think that's their official line, right? The last official line from Chinese government in this regard was issued in 1999 at the Four-Party Talks in Geneva, when China included withdrawal of US forces as part of its Five Principles on Korea. Have you heard any other official lines regarding Korea from the CCP government?

Kim Taehyun

I have some questions related to general international relations theory. We all recall how in 1994 North Korea was willing to resolve issues without paying much attention to China's response. That does not seem likely today. China weighs more heavily today than it did some 17 years or so ago. Recently I wrote a paper arguing that if US-China relations go sour then China will value North Korea more as a Cold War asset. But US-China relations today are better today than they were 17 years ago, and yet still China values North Korea highly. I don't think North Korea is more valuable today than it was in 1994; back then, Kim Il Sung was alive and North Korea had not yet experienced the famine. Now, everyone talks about Kim Jong Il's poor

health and how fragile North Korea is. I thought that if China is stronger now than before, then they should value North Korea less because they could stand on their own in a Cold War confrontation. Yet China seems to value North Korea more now than before. How can we explain this from a theory perspective? The only hint I can find is that power begets power - with China's power rising, they now regard North Korea as within their sphere of interest. What do you think?

Choi Jinwook

Nowadays the question of how to deal with China is a big issue in Korea. Also, North Korea is a threat not only in terms of its military strength, but also its weakness and threat of collapse. The US-Sino relationship is a threat to South Korea not only when it is close but also when the two come in conflict. I hope in your responses you will address how the South Korean government can handle this situation.

Kim Changsu

The title of this forum is the KINU Unification Forum and it was funded by the Ministry of Unification to seek ways to expedite unification by getting support from neighboring countries - the US, Japan, and China. But listening to you I have grown more pessimistic about the prospects for unification, because it seems that neither the US nor China wants unification. Even North Korea does not want unification, for the reasons Dr. Dittmer stated. This is very ironic considering that unification has been their political motto for the last

50 years. My question is: do we have to differentiate between official government opinion and public opinion vis-à-vis unification? Even here in Korea we have very divided opinions on unification.

The official government policies are trying to promote unification, but many people on the streets, especially the young generation, don't want unification because of the costly burden. So nobody seems to want unification, even though the official government policies of both North and South are promoting it. What's wrong here? Maybe we're talking about different definitions of unification. That's why it's very difficult to come to a conclusion about how soon and under what conditions we can expedite unification.

Ahn Yinhay

Dr. Dittmer, you made a comparative analysis of the China/Taiwan split versus divided Korea. I'd like to point out that the most significant difference between these two cases is that in North Korea there is a hereditary succession system. In North Korea, because it is a succession system, the successor cannot deny his father or grandfather, thus due to the personality cult they must maintain a closed society. However the regime has two goals: to maintain the succession system and to overcome their economic difficulties. In order to overcome economic difficulties, they need to adopt an open door policy. Thus they have a dilemma. As a way of killing these two birds with one stone, they seek nuclear weapons to guarantee their succession system and then have economic cooperation with other countries. In that case, I think this hereditary system should be mentioned as a key domestic factor in

comparing North Korea and China, considering the goals of the system, the means of achieving that goal, and the outcomes. China's goal is economic construction, the means to achieve that is reform and opening, and the outcome is a spillover effect - special economic zones, coastal cities, and western development. Thus in China it's fairly transparent, they know their economic strategy will not be changed, so they can easily attract foreign investment. In North Korea, the goal is to maintain the succession system, although we don't know how long that will last. As the means to achieve this, they need cash - through summits, tourism, and investment, but not through reform and opening. As to the outcome, they want to limit the results of reform and opening. So the hereditary system is a key difference between North Korea and China. What do you think of this?

Dr. Wang, I agree with what you said about China and the US preferring the status quo. I attended a conference where they said Russia is the only country that wants unification. Is that true? What is the implication of this status-quo stance by China and the US, and what can we do about it? The Korea case is different from that of Germany because it had a civil war and still has a heavily armed DMZ. In the future we have to think about how to manage the DMZ in order to maintain the complementary relationship between North and South - e.g. the North has plentiful resources and low wages, with the South has capital technologies. The question is how to maintain these still divided states while gradually promoting unification.

Arai Yusuke

I would like to clarify Japan's position on unification; we have already declared officially that we support it. In the Two Plus Two document issued in 2005 we presented a common strategic vision for East Asia which explicitly included support for peaceful Korean unification. Unification was also included in the document from the Two Plus Two meeting held a week ago in Washington DC. I enjoyed Dr. Wang's presentation, but the term "status quo" is a bit tricky. Neither Japan nor the US would like to see the status quo, if that is defined as the division of Korea. We support peaceful unification.

Lowell Dittmer

I'd like to recommend Im Hyug-Baeg's paper which will soon be published in Asia Survey, which offers a very meticulous comparison of these two cases. I think the Sunshine Policy can work if it's insulated from politics. The North doesn't like it because it fears economic integration with the South more than it fears the same process with China, but it needs the capital to survive, and if its needs are great enough it will consent. It might be more successful under new leadership after death of Kim Jong Il, since he's very ill and seems even a bit unstable now. If you don't pursue the Sunshine Policy, China will *de facto* take over the North. China's economic integration with North Korea is proceeding very rapidly right now, and I think its motives are not purely mercantilist; they are partly realist, i.e. they see an unstable situation, they don't want a vacuum there, and they don't want South Korea to take over the North. China has become North Korea's major

trade partner now, and if there's no economic competition and North Korea becomes a failed state it will simply be absorbed by China. China sanctioned North Korea after its nuclear tests in 2006 and 2009. Yet they didn't do so after the Cheonan and Yeonpyeong incidents last year. What is the reason for this change? I think it is partly because of their competition with the US over the South China Sea, the rise of the Navy in Chinese foreign policy, and China's rise which has caused it to feel more confident.

Fei-Ling Wang

You're right, the Chinese position historically has been that the US presence in South Korea should end after unification. But this policy has changed; since the 1990s they don't really care very much. They see that the US presence is not aimed at China, so it's not a threatening force, but it's still a bargaining chip. Sure, their official policy is "Yankees go home," but it's really not very important anymore. Actually some Beijing policymakers think having the US military stay on the peninsula might not be so bad; it would at least keep the Koreans under control. At an event last year I heard an interesting comment from General Sharp saying he was pleasantly surprised that the South Koreans wanted to continue the US-ROK joint military command. The Chinese reaction was that that would not be so bad; it would at least create a balance. So there's quite a diverse range of views in the Chinese leadership right now. Dr. Dittmer is absolutely correct in alluding to the rising role of the Chinese Navy. There has been a clear emphasis on developing a modern navy in China for over 10 years. I think this is partially justified, because Chinese maritime

interests are growing rapidly: shipping, etc. That may explain why China is getting more sensitive about ships in the Yellow Sea. It's something we should watch for.

I don't think the Chinese consider North Korea more useful as an ally, but in the Chinese view the game has changed. Fifteen years ago the game was about regime survival. Now the game is about behaving like a great power and dealing with the US, and North Korea is a valuable tool in that game. As a result North Korea appear to be more useful, not because it is stronger or China needs its military support, but because it is a card they can play. Whereas fifteen years ago Beijing just wanted to be left alone, so understandably they saw North Korea as a liability. The nature of North Korea in China's strategic calculations has changed; in IR theory you could say the framework has changed. So what can South Korea do? Basically it has two choices: 1) bide its time, or 2) do something creative or risky to influence the great powers. All powers officially want unification, but on the condition that it is "peaceful" - and for China, "orderly," which is a very loaded term. So all four powers officially support unification, but how much effort they are willing to make is a different issue.

I think if South Korea is really determined to unify, then the US, China, Japan and Russia will not stand in the way. The problem is that even South Koreans do not know how badly they want it or how much they are willing to pay for it. This uncertainty gives great powers leverage.

First, there's not really a G2; but you are right, the US and China do seem to have overlapping interests on this issue. This indeed creates a

hurdle for South Koreans who want unification. But for those South Koreans who don't really want unification or feel ambivalent about it because of the costs, it's a good guarantee of peace. So it depends who you talk to. The idea of quasi-unification through a community or federation is absolutely a valuable idea.

Im Hyug-Baeg

You start by describing the Korean peninsula as the source of a lot of trouble. In ancient times, during the Koryo and Yi dynasties, Korea was the "lips" protecting Chinese "teeth"; i.e., it was always geopolitically very important. When China started economic modernization, South Korean capital was essential. In the 1990s South Korean businessmen were treated very graciously by the Chinese, but now it's different because South Korean investment is not as valuable to China as it was before. Now every country wants to invest in China, so South Korea must compete with other countries. So China is in a superior position; China is the top destination for South Korean investment and tourism, but South Korea's value to China has relatively decreased. But the importance of North Korea to China is the same or rising because of its geopolitical value.

I generally agree with your description of China-South Korea-North Korea relations: that realism is dominant over globalization and other viewpoints, and China prefers to maintain the status quo around the peninsula. Supposing your assumptions are right, then what is China's position toward the Six-Party Talks? A professor at Beijing University told me that because China prefers the status quo it does not want a solution in the Six-Party Talks; it would rather delay without solving

anything, even though it doesn't want a nuclear North Korea. This is because if the nuclear issue is resolved, it would mean that North Korea becomes part of the US-dominated world order, in which case China loses its "lips." What do you think?

Kim Yong-ho

Dr. Wang, next year China's leadership transfers to Xi Jinping. Do you think he will make any significant policy changes toward Korea?

Hong Woo-Taek

I was struck by your argument that North Korea develops nuclear programs in order to delay unification. This argument seems to support a causal relationship between nuclear development and the prevention of unification. Many people think that is just a correlation, not causal relationship. Do you have any special reasons to think that?

Kanehara Nobukatsu

If unification happens in the near future it will happen not through G2 negotiations, but by the collapse of North Korea. This is the only possible reality, and we have to prepare for it. I'd like to know what terms are being presented by both Beijing and Washington, particularly on two points: military terms, e.g. the size of US and ROK forces on the Korean peninsula; and economic terms, e.g. how to protect Chinese investment, etc.? I'd like to hear the opinions of both speakers as well as the South Korean position.

Fei-Ling Wang

I agree, Korea is important to China in so many ways, and indeed South Korea has been discounted by China lately. Having said that, Beijing is still very cautious about South Korea's feelings. They try as much as possible maintain good relations with both Koreas. They have also made a "re-evaluation" of North Korea's value as a useful asset. South and North Korea seem to each be of different uses to China, and that is a new development.

China's attitude toward the Six-Party Talks is that they are not interested in a solution, but in managing the situation. For China, maneuverability is the value of it. This is true of its actions in the South China Sea as well.

There are early signs of what Xi Jinping may be thinking on Korea, but they are not very comforting. In an official speech last fall on the anniversary of China's entry into the Korean War, Xi Jinping stressed repeatedly that the war's purpose was to help Korea repel the US, and that American aggression started the war. That represents Beijing's official position, but it differs from some recent Chinese interpretations of the war. In recent years some Chinese have started easing away from the idea that South Korea and the US started the war, but Xi Jinping's speech signaled a reversal. To me, that is not very comforting. But you never know; Xi Jinping is known for being pragmatic. Early signs are that he is sticking very closely to the Party line.

I agree that any sudden change in Korea would have to be caused by a collapse. As to military and economic terms, I don't know what China has in mind, but I think they will find ample reasons to get involved:

economic reasons, refugee issues, stability, etc. Whether they actually get involved or not is hard to say.

Lowell Dittmer

I agree with Dr. Im's comments on China's view of the Six-Party Talks; they seek to manage the situation rather than find a solution. Many of the incentives to the original introduction of the Six-Party Talks to resolve the immediate crisis are no longer there; at the time, with the US invasion of Iraq, there was great fear that George W. Bush might do the same in North Korea. Shen Dingli told me Beijing's leadership has come to accept North Korea having nuclear weapons; they'll never state that, but it has become the status quo. So China wants the Six-Party Talks, but it doesn't really expect North Korea to give up nukes. As Dr. Wang said, unless there's further proliferation in the region, or North Korea makes more provocations, China has no incentive to do anything.

I have no evidence to support link in North Korea between unification and nuclearization. They must have noticed that nuclear development immensely complicates the unification issue, and that have been one of their motives in pursuing it. They don't really need nuclear weapons to defend themselves from the South. I could be wrong, I just think it makes sense. As to the question of how to protect South Korea investment in North Korea - I don't know. There should be some kind of high-risk insurance. I wonder how the Chinese protect their investments. It seems like those are mostly smaller companies involved in very high-risk ventures.

Yoo Ho-yeol

We agree both the US and China want to maintain the status quo in this region. But Dr. Wang says that China has risen so quickly, increasing military and economic power. Both US and China want to maintain the status quo, but the major factor threatening the status quo is China. Thus the major debate now is how to deal with this changing balance. What is your prediction for China's rise in 2020 or 2030, and what might the US do to maintain the status quo?

We say that we need to prepare to manage a sudden crisis in North Korea, but Chinese officials are reluctant to talk about the management of a crisis. They say they don't want to talk about it. Why? Is it because they have to consider their special relationship with North Korea, or because they just want to prevent the crisis situation prior to the management stage?

Choi Jinwook

Several people mentioned China's rise and the importance of promoting South Korea-China cooperation while maintaining the US-ROK alliance. How can we coordinate these two relationships? It may depend on the Sino-US relationship.

Lee Eugene

We all seem to agree that China is a major obstacle to Korean unification and the status quo is the name of the game. For argument's sake, why

don't we let China take its place as a regional hegemon and let it feel secure? There is a parallel in the US engagement policy in 1970s which opened China up and made it less hostile toward the West. In a similar vein, China might feel less threatened and also Korea and Japan might move closer to China, leading to some sort of solution similar to the situation in Europe when Russia allowed Germany to remain in NATO after unification. Maybe the US-Korea relationship could remain in some fashion, but less closely tied, if China is made to feel more secure. What's your opinion? Do you think that's too unrealistic?

Ahn Yinhay

I'd like to ask you both, as representatives of the US and Chinese opinion, what do you think is the goal of Lee Myung-bak's North Korea policy? For example, Nixon's goal toward China was detente and engagement; Reagan's goal was the collapse of the Soviet Union through military competition. Lee Myung-bak talks about "Denuclearization-Opening-3000" as a plan to achieve his goal. It seems to me that right now they are only talking about the means. What is the goal?

Kim Changsu

Let's get back to the central theme of this forum: US-China relations and the implications for Korean unification. Dr. Dittmer said North Korea does not want unification and they continue to provoke because they don't want to lose control to South Korea; this is a very interesting explanation. Dr. Wang mentioned Xi Jinping's speech

about the Korean War being originated by South Korea and the US. But we have not talked about the deterioration in Sino-US relations at this moment due to Beijing's fear of encirclement by the US and its allies. I think it is in this broader context that explains Xi Jinping's reference to the Korean War and also North Korea's provocations. What really matters is the US-China relationship. If we support the rise of a peaceful China then it will facilitate unification. As long as these status quo relationships exist between the US-ROK and China-DPRK, unification will be very difficult. Why don't we break this vicious circle? I think this is a goal we have to explore.

Lowell Dittmer

Much of the discussion has been about the US role in the Korea standoff and US-China relations. David Kang has suggested that there could be an alternative order in East Asia where China is the dominant power with patron-client relationships with the other countries in the region. I've heard the argument that this would be a very stable, viable alternative which would be satisfactory for most East Asian countries, and that we should let that happen.

The question of the US role is a very keen one which we should discuss more. Right now the only solution the US has is "strategic patience," which is not really a solution. This is similar to China's solution, i.e. North Korea has the bomb and there's not much we can do about it. So what should the US do? I think we should discuss it more.

In US foreign policy, there are two interpretations of what should be

done regarding China:

1) Give them what they want (e.g. Taiwan), and they'll help us with our problems.

2) If we give them what they want, they'll conclude that we are weak and ask for more.

Clinton came to power and started a big fight with China; then things gradually calmed down. George W. Bush did the same. Obama has been the opposite - he started out cooperating with China, then things deteriorated. That would support the second interpretation.

Fei-Ling Wang

I absolutely agree with Dr. Dittmer's interpretation about the two possibilities for dealing with China. For example, we don't know if China will be happy after getting Taiwan or the South China Sea. After that, what about Indonesia, or Hawaii? I showed you that picture from the Chinese nationalist website depicting Hawaii as a future Chinese naval base as an example of how extreme Chinese nationalists can be. That's a tricky issue in international relations: how much you should grant to a new power to make it behave like a gentleman. It's risky. David Kang's thesis is very interesting and provocative, but ultimately it's up to East Asians to decide whether they want to be little brothers under the Chinese system or not. It's an old system already. Strategic balance must be struck, and that's a big challenge. I agree fully that we need to discuss more what should be done about the rise of China and what role the US should play. But probably full

accommodation will not work, as Dr. Dittmer pointed out.

China may soon surpass US; that's uncertain. Will China break the status quo when that happens, and ask for more? I think it's likely. Why not? What kind of behavior will we see from China regarding Korea? We don't know. But what China does about Korea will be a great barometer of future Chinese policy. Right now it's comforting that China still seems to prefer the status quo. If China starts trying to change things, for example in the Yellow Sea, that could be seen as a kind of early warning sign. My hunch is if China becomes much stronger they will seek some changes.

That's a really big challenge. It depends on how you want to police them; where is their "itchy spot." Both China and the US have a heavy need for Korean imports. It's possible for a sizeable power to play between two great powers, but it can be risky.

There has been a Chinese reaction to President Lee being more pro-American and conservative than previous presidents. Other than that, I have very little information to report.

Finally, if we make China feel more secure in East Asia, will they be more conducive to Korean unification? Possibly, but it's hard to know. If history is of any use, the odds are very low.

Choi Choon-Heum

There's agreement that China's policy on Korea prefers the status quo, but China's behavior has changed. My assertion is that China's policy on Korea is "triple-A-plus-alpha": first adaptive, then assertive, and

now abrasive - especially last year. Next year I think they will be even more assertive - "plus alpha." If China's policy toward Korea has changed, that is not the status quo. We talk about the status quo as if it continued from the Cold War to the present; that is ridiculous. We have to avoid this kind of idiom, because of China's rise. Diplomatically China says they want the status quo, but in reality their behavior is comprehensive engagement. Why?

1) China judged that the US has no strategic interest in North Korea, because it does not produce any energy resources.

2) China judged the US' "strategic patience" has become "strategic patient," because the US is losing power.

3) China believes the US does not want to listen to their ally, South Korea's ambition for nuclear protection against North Korea's nuclear threat. The US publicly rejected South Korea's request for some military aircraft, pleasing China.

Who controls this environment? Nobody. South Korea has a political role. If US continues to promote patience and does not listen to South Korea's urging to oppose the North Korean nuclear threat, then we need another strategy - engage China. I think in the next 10 years, if the US does not take a particular role in counter-balancing China or normalizing North Korea, the US presence will decline; no one will believe in US strength or influence in Northeast Asia.

Kim Seok-hyang

In discussing the rejuvenation of old ideas in China, you mentioned

re-incorporating East Asia. What do you mean by "re-incorporation?" And what do you imagine would be the response of the people of East Asia? Also, in the last slide you showed an example of extreme nationalism in China targeting the US and Japan; Korea is not on the list. As a Korean, should I be happy about that?

Fei-Ling Wang

We can see that the Chinese have indeed become more demanding and assertive, primarily vis-à-vis the US. They haven't put much pressure on South Korea yet - other than the Cheonan and Yeonpyeong incidents. Other than that there has been nothing new, except for Chinese inaction in this regard. But when I say China is pro-status quo, I mean they still prefer the division of peninsula. You're right that China is aiming at changing some aspects of the status quo. As Dr. Yoo mentioned, China will have new demands as its power and confidence grow. That's a given. In what form, to what extent - we don't really know.

"Reincorporation" is a catch phrase that has been mentioned by quite a few now; What it means depends on who is talking. To radical nationalists, this means to rebuild the old order in East Asia (the tributary/hierarchy system). To others this means something closer to the concept of an East Asian community.

Should Koreans be happy not to be on the Chinese nationalists' list? Yes, I think that's good news; At least Korea is not considered as an enemy or a target of hatred. I can assure you that most Chinese do not share this radical sentiment, but it is there.

Lowell Dittmer

I take your critique of US policy very seriously. No superpower wants to give strategic assets to an ally. That's common; Russia did not want to give its nuclear weapons to China, China does not want to give advanced weapons to North Korea, etc.

The Third KINU Unification Forum

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American Grand Strategy toward East Asia and North Korea

G. John Ikenberry

Introduction

For over half a century, the United States has played a key role in shaping order in East Asia. This East Asian order has been organized around American military and economic dominance, anchored in the U.S. system of alliances with Japan, South Korea, and other partners across Asia. Over the decades, the United States found itself playing a hegemonic role in the region - providing security, underwriting stability, promoting open markets, and fostering alliances and political partnerships. A regional order took shape. It was an order built on power and political bargains. It was an order organized around "hard" bilateral security ties and "soft" multilateral groupings. In the background, the

United States exported security and imported goods.

Looking back, this regional order has been remarkably successful, providing stability, security, and open markets as Japan, South Korea, and other Asian countries developed, democratized, and joined the wider modernized world. Looking forward, the worry today is that this "old order" is giving way to a less orderly regional system, transformed by the rise of China, the shifting position of the United States, and normalization of Japan, the crisis on the Korean peninsula, and the emergence of old-style great power rivalry and security competition. In the worst case, East Asia will come to look like Europe in the 1870s, as British hegemony gave way to power transitions, security dilemmas, military competition, and a struggle for the mastery of the West.

So what has been America's grand strategy toward East Asia? What is the character of the global and East Asian regional order that has been created and underwritten by the United States? How is East Asian order transforming and what are the implications for American grand strategy and regional stability? How does this larger grand strategy related to American policy toward North Korea and the Korean peninsula? In this paper I will provide a survey of US strategy toward East Asia with particular focus on China and North Korea.

We can start with the following observations about American grand strategy in East Asia. First, the United States emerged from World War II and pursued a global strategy of containment and order building. It built a Western-oriented hegemonic system, running it from the center. American grand strategy in East Asia was part of this larger

postwar project. Second, East Asian regional order has been partly inside and partly outside of this hegemonic system. The multilateralism and liberal features of the order that defined U.S. relations with Europe were matched by a more bilateral and client-based hegemonic arrangement in East Asia. China and other parts of Asia have been outside this U.S.-led system. Third, these old American-led global and regional orders are transforming. East Asia - with a rising China and Asia generating an increasing share of global wealth and production - is both integrating into this larger liberal world order and transforming the character of that order. Fourth, the United States will retain a great power role in East Asia but its hegemonic position will change. The United States will be less dominant but it will also be drawn into regional responses to the rise of China. Its grand strategy will continue to be a shifting mix of liberal hegemonic leadership and balance of power politics.

Building on these observations, this paper makes six general arguments about the history, theory, and future of American grand strategy both in general terms and as it relates to East Asia:

1. American grand strategy toward East Asia was part of a larger global strategy of Cold War containment and international order building. In the postwar decades, the United States built and ran a global order and its strategic involvements in East Asia were part of this larger hegemonic project.

2. American postwar order building was directed toward creating a global geopolitical environment - and regional orders in Europe, Asia, and elsewhere - that were stable, open, and

friendly. The United States wanted access and political influence in all regions of the world and it endeavored to undercut the emergence of hostile regional challengers.

3. The result in East Asia was a distinctive type of regional order. It was hegemonic and built around hub-and-spoke security relations. The regional order was not as overtly coherent or elegant as the one emerging in Europe, but it was relatively stable and functional. If the European order was built around binding Germany to France, the East Asian order was built around binding Japan to the United States. Security dilemmas were dampened and political and economic relations could flourish.

4. This logic of regional (and global) order is in transition, giving way as China rises, economic dynamism shifts Eastward, and the American unipolar position weakens. The hegemonic logic of order remains a critical feature of the region but emerging along side of it is a logic of regional great power rivalry and balance.

5. The United States grand strategy will remain a combination of realist and liberal impulses. The rise of China and the coming "multipolarity" of the region will lead the United States to retain and expand its alliance relations in the region. Overall, the legacy of America's postwar grand strategy - the liberal international order - will remain a dominant reality of world politics and within East Asia. The rise of China will not inevitably lead to a classic power transition struggle. The liberal

international order provides a framework that can facilitate peaceful change and the management of geopolitical rivalry.

6. American grand strategy has implications for its policy toward North Korea. The United States increasingly sees North Korea in the context of the rise of China and regional security cooperation. The United States is not hopeful for a quick "breakthrough" in a disarmament deal with North Korea. As a result, it is seeking a longer-term and regional-wide "solution" to the problem. This does not preclude a more focuses - and even bilateral - engagement approach to North Korea, but it does redirect the overall thrust of its efforts to ensure peace and security on the peninsula.

I consider these arguments in turn.

1. American Grand Strategy as Order Building

The United States became the leading world power after World War II and it proceeded to build a global order. Its grand strategy toward East Asia over the last half century can be seen as part of this larger world historical drama.

Through design, adaptation, choice, and necessity, the United States shaped the governing arrangements of the Western and - later on - global system. It was an order tied together by partnerships, pacts, institutions, and grand bargains. It was built around multilayered agreements that served to open markets, bind democracies and anti-communist authoritarian regimes together, and create a far-flung security

community. Between 1944 and 1951, American leaders engaged in the most intensive institution building the world had ever seen - global, regional, security, economic, and political. The United Nations, Bretton Woods, GATT, NATO, and the US-Japan alliance were launched. The United States undertook costly obligations to aid Greece and Turkey and reconstruct Western Europe. It helped rebuild the economies of Germany and Japan - and integrate them into the emerging Western system. With the Atlantic Charter, the UN Charter, and the Universal Declaration of Human Rights, it articulated a new vision of a progressive international community. In all these ways, the United States took the lead in fashioning a world of open markets, multilateral institutions, security pacts, and regional partnerships - and it put itself in the center of it all.

The American-led postwar order was actually the fusing of two order building projects. One project was driven by the unfolding Cold War struggle with the Soviet Union - and it was organized around deterrence, containment, alliances, and the bipolar balance of power. The other was a liberal order-building project aimed at creating an open, stable, and managed order among the Western democracies. This Western order-building project was conceived by American officials before the onset of the Cold War - at least as early at the issuance of the Atlantic Charter in 1941 - and it drew upon and updated liberal internationalist ideas.

By the late 1940s, the twin projects of openness and containment came together. The building of security partnerships and open economic relations with Western Europe and East Asia were essential to fighting the Cold War, while the imperatives to the Cold War

reinforced cooperation with America's partners and created domestic support for American leadership. Robert Gilpin argues that the Soviet threat was critical in fostering cohesion among the capitalist democracies and providing the political glue that held the world economy together. Over time, in his view, an elaborate American-led political order emerged that was built on two pillars: the United States dollar and market and the American security umbrella. The American military guarantee to Europe and Asia provided a national security rationale for Japan and the Western democracies to open their markets. Free trade helped cement the alliance, and in turn the alliance helped settle economic disputes. In Asia, the export-oriented development strategies of Japan, South Korea, and (in later decades) other East Asian countries depended on America's willingness to accept their imports and live with huge trade deficits; alliances with Japan, South Korea, and other Southeast Asian countries made this politically tolerable.

This global order was a hierarchical system with both imperial and liberal characteristics. It was built around a set of American political, economic, and security bargains with countries in Europe and East Asia. The United States provided security, championed mutually agreed-upon rules and institutions, and led in the management of an open world economy. In return, other states affiliated with and supported the United States as it led the larger order. The United States dominated the order - but the political space created by American domination was organized around partnerships and agreed upon rules and institutions that facilitated restraint, commitment, reciprocity, and legitimacy.

2. Creating an Open, Friendly, and Stable System

The core idea of this postwar international order was that the United States would need to actively shape its security environment, creating a stable, open, and friendly geopolitical space across Europe and Asia. This required making commitments, building institutions, forging partnerships, acquiring clients, and providing liberal hegemonic leadership. In doing this, several ideas informed the substantive character of the emerging order. One idea was a basic commitment to economic openness among the regions. That is, capitalism would be organized internationally and not along national, regional, or imperial lines. In many ways, this is what World War II was fought over. Germany and Japan each built their states around the military domination of their respective regions, Soviet Russia was a imperial continental power, and Great Britain had the imperial preference system. American interests were deeply committed to an open world economy - and an open world economy would tie together friends and allies.

A second idea behind America's order building vision was that the new arrangements would need to be managed through international institutions and agreements. This was certainly the view of the economic officials who gathered in Bretton Woods in 1944. Governments would need to play a more direct supervisory role in stabilizing and managing economic order. New forms of intergovernmental cooperation would need to be invented. The democratic countries would enmesh themselves in a dense array of intergovernmental networks and loose rule-based institutional relationships. In doing so, the United States committed itself to exercising power through these regional and

global institutions. This was a great innovation in international order - the United States and its partners would create permanent governance institutions - ones that they themselves would dominate - to provide ongoing streams of cooperation needed to managing growing realms of complex interdependence.

A third idea was a progressive social bargain. If the United States and its partners were to uphold a global system of open markets, they would need to make commitments to economic growth, development, and social protections. This was the social bargain. There are losers in a system of open markets, but winners win more - so some of those winning must be used for social protection and adjustment. Likewise, if the United States wants other countries to buy into this open order, it will need to help and support those states establish the sorts of Western social support structures that will allow for stable-emerging democracy to co-exist with open trade and investment.

Finally, there is the idea of cooperative security or "security co-binding." In this liberal vision of international order, the United States will remain connected in close alliance with other democratic countries. NATO and the U.S.-Japan alliance are at the core of this alliance system. This was a very important departure from past security arrangements - the U.S. would be connected to the other major democracies to create a single security system. Such a system would ensure that the democratic great powers would not go back to the dangerous game of strategic rivalry and power politics. It helped, of course, to have an emerging Cold War to generate this cooperative security arrangement. But a security relationship between the United States and its allies was implicit in other elements of liberal order. A

cooperative security order - embodied in formal alliance institutions - ensured that the power of the United States would be rendered more predictable. Power would be caged in institutions thereby making American power more reliable and connected to Europe and East Asia.

In East Asia, the United States also took systematic steps to integrate Japan into the Western world economy. The occupation of Japan initially focused on introducing democracy and market reform to the country. As the Cold War took hold in Asia after 1948, the United States emphasis shifted to policies that fostered economic growth and political stability. The failure of economic reform in Japan, worries about political instability, the victory of the Communists in China, and the growing strategic importance of Japan all contributed to a new policy orientation stressing economic revival and incorporation into the world economy. The State Department led the way in emphasizing the strategic importance of Japan in the region and placing East Asia within the wider global context of the containment of communist influence. In the ensuing years, Japan was brought into the American security and economic orbit. The United States took the lead in helping Japan find new commercial relations and sources of raw materials in Southeast Asia to substitute for the loss of the Chinese and Korean markets.[1] Japan and Germany were now twin junior partners of the United States, stripped of their military capacities and reorganized as engines of world economic growth. Containment in

[1] Michael Schaller, "Securing the Great Crescent: Occupied Japan and the Origins of Containment in Southeast Asia," *Journal of American History*, 69 (September 1982), p. 392-414.

Asia was based on the growth and integration of Japan in the wider, noncommunist Asian regional economy - what Secretary of State Dean Acheson called the "great crescent," referring to the countries arrayed from Japan through Southeast Asia to India. The historian Bruce Cumings captured the logic behind this policy: "In East Asia, American planners envisioned a regional economy driven by revived Japanese industry, with assured continental access to markets and raw materials for its exports."[2] This strategy would link threatened noncommunist states along the crescent, create strong economic links between the United States and Japan, and lessen the importance of the remaining European colonial holdings in the area. The United States would actively aid Japan in re-establishing a regional economic sphere of influence in Asia, allowing Japan to prosper and play a regional leadership role within the larger American postwar order. Japanese economic growth, the expansion of regional and world markets, and the fighting of the Cold War went together.

3. The American-led Order in East Asia

In essence, regional order in East Asia has been built around an American-style hegemonic logic. It is based on bilateral security pacts and trade-oriented economies. It is an order where the U.S.-Japan and U.S.-ROK alliances - together with the wider "hub and spoke" system of bilateral security ties - provide the hidden support beams for the wider region. It is an order based on a set of grand political bargains.

[2] Bruce Cumings, "Japan's Position in the World System," in Andrew Gordon, ed., *Postwar Japan as History* (Berkeley: University of California Press, 1993), p. 38.

The United States provides security, open markets, and working political relations with its partners, and in return these countries agree to affiliate with the United States, providing it with logistical, economic, and diplomatic support as the United States leads the wider system.

From the outset, this bilateral security order has been intertwined with the evolution of regional economic relations. The United States facilitated Japanese economic reconstruction after the war and created markets for Japanese exports. The American security guarantee to its partners in East Asia provided a national security rationale for Japan to open its markets. Free trade helped cement the alliance, and in turn the alliance helped settle economic disputes. The export-oriented development strategies of Japan and the other Asian "tigers" depended on America's willingness to accept imports and huge trade deficits, which alliance ties made politically tolerable.

Over the decades, this American-led alliance system has been quite functional for both the United States and its partners. This is true in at least four respects. First, the "hub and spoke" alliance system provides the political and geographical foundation for the projection of American influence into the region. With forward bases and security commitments across the region, the United States established itself as the leading power in East Asia. Second, the bilateral alliances bind the United States to the region, establishing fixed commitments and mechanisms that increase certainty and predictability about the exercise of American power. Worry is reduced in the region about American coming and going. Third, the alliance ties create channels of access for Japan and other security partners to Washington. In effect,

the alliances provide institutionalized "voice opportunities" for these countries. Finally, the U.S.-Japan alliance has played a more specific and crucial role - namely, it has allowed Japan to be secure without the necessity of becoming a traditional military power. Japan could be defended while remaining a "civilian power" and this meant that Japan could rebuild and reenter the region without triggering dangerous security dilemmas.

In these ways, the bilateral alliance system has been more than defense arrangements - they have also served as political architecture for the wider system. Through this system, American power has been linked and rendered more predictable, while Japan has been able to reassure its neighbors, integrate into the region, and pioneer a civilian pathway to growth and influence. In effect, in the postwar era, if Japan was the Germany of East Asia, the United States played the role of France. Just as the Franco-Germany partnership was the linchpin for the reintegration of Germany into Europe, the U.S.-Japan alliance was the linchpin for Japan's reentry into Asia. Importantly, China's unspoken support for the U.S.-Japan alliance over the decades reflects the fact that these stabilizing and reassurance functions of the alliance were widely appreciated in the region.

Even today, as change erodes aspects of this order, this old logic of order still has its virtues. Indeed, it is hard to envisage a wholly new logic of order for East Asia that is equally functional. It is difficult to imagine a peaceful and workable regional system without these bilateral security underpinnings and a continuing hegemonic presence by the United States. Looking into the future, the challenge will be to adapt this regional order to accommodate the rise of China and the

"normalization" of Japan - but do so in ways that retain the virtues of the old order.

4. Transitions in Global and East Asian Order

The old postwar order is in transition. At the global level, the rise of American unipolarity and the erosion of norms of state sovereignty - along with other deep shifts in the global system - have eroded the foundations of the old order and thrown the basic terms of order and rule of world politics into dispute. In a bipolar or multipolar system, powerful states "rule" in the process of leading a coalition of states in balancing against other states. When the system shifts to unipolarity, this logic of rule disappears. Power is no longer based on balancing and equilibrium but on the predominance of one state. This has made American power more controversial and unsettled old partnerships.

During the Cold War, the liberal order was built primarily within the advanced industrial democratic world. It existed within one half of the larger bipolar global system. With the collapse of the Soviet Union and the end of bipolarity, the "inside" Western system became the "outside" order. This large-scale expansion of the liberal order set new players and issues into motion. More recently, the rise of new security threats have brought into question the logic of alliance and security partnerships. After September 11, 2001, America showed itself to be not the satisfied protector of the "old order" but a threatened and insecure power bent on transforming the global system. It resisted the bargains and restraints of its own postwar order. As a result, in the first years of the new century, the character of rule in world politics

has been thrown into question.

Moreover, the postwar institutions - through which America has traditionally operated - are in crisis, or at least they have become severely weakened in recent years. The UN, NATO, IMF, World Bank, and even the WTO are all searching for missions and authority. The rise of new powers - particularly in Asia - is also putting pressure of these old postwar institutions to reform their membership and governance arrangements. The institutional mechanisms of the system are not functioning very effectively or responding to emerging new demands. In the meantime, the deeper foundations of liberal international order have also been called into question. These are questions about how to reconcile rule-based order with a variety of new world historical developments - the rise of unipolarity, eroded state sovereignty, democratic legitimacy, and new sorts of security threats.

The sources of this geopolitical change in Asia are many - economic, political, social, technological, demographic, and military. But at its core, the transformation is driven by steady shifts in the distribution of power led by the rise of China and India. This is a double transformation. Asia as a region is shifting and evolving in the wake of the growth of its leading states. Asia is expanding as a region and fast growing states are rising up to dominate it. But the global system is also shifting and evolving as Asia steadily grows in power and importance relative to the rest of the world. Asia is growing in size and power relative to the West. In the background is the old security and economic order in East Asia, led by the United States. For half a century, East Asia and much of the wider global system has been

organized around American hegemonic leadership. This leadership has been anchored in an array of bilateral security partnerships and trade ties that connect the United States to countries along the crescent of East Asia.

In today's drama, the most potent driver of change is the rise of China - a potential challenger of American hegemonic leadership. But other developments in the region are also undermining the old order and threatening to generate instability. One is the "normalization" of Japan. Reflected in the political agenda of its new DPJ government, Japan is seeking to establish a more mature sense of national identity and statehood - and it is seeking to reclaim for itself the traditional rights of sovereignty and self-defense that come with normalcy. It is doing so even as its relative power position in the region is declining. At the same time, the flourishing of democracy and populist politics in South Korea has made it easier for its leaders to question that country's client status and alliance dependence on the United States. The growth and integration of the East Asian regional economy has also reduced the centrality of American markets and investment and refocused commercial relations on China. Meanwhile, the rise of India and the return of Russia have expanded the geopolitical "space" of Asia and brought the wider array of Eurasian great power politics into it. Finally, America's own changing global security priorities and alliance thinking - driven by its war on terror - has created new uncertainties and controversies in the region about Washington's long-term security ties and commitments to the region.

5. The Rise of China, the Old Order, and American Grand Strategy

The most important changes in East Asia are driven by the rise of China. The questions are: how will the power transition underway reshape the region and how will the United States respond to these grand developments? In my view, the region will continue to be a mix of American-led hegemony and great power politics, with a gradual erosion of hegemony and a slow return of balancing as sources of order in the region. The United States will continue to pursue its own mix of realist and liberal grand strategic impulses.

Importantly, the existing order remains attractive to states in the region despite the ongoing power transition. In the first place, the alliances do a tremendous amount of "work" in the region. As noted earlier, the U.S.-Japan alliance provides the basis for security binding. This is what the United States and its allies pursue within their bilateral, hub-and-spoke system of security pacts. The United States makes specific security commitments to Japan, South Korea, and other regional partners, and in exchange these countries tie themselves to the United States and support its general regional strategic presence and goals. The direct benefits to the United States and its allies are obvious. But there are also indirect benefits. The United States is able to signal commitment and restraint more generally, establishing itself as the leading agent of stability and order in the region. Japan's security ties to the United States allow it to be seen within the region as a restrained great power. Japan can gain security without developing the independent military capabilities that would trigger region-wide security dilemmas.

The American security presence in East Asia even offers some attractions to China as it rises up. In comparative historical perspective, it is more open and rule-based and deeply institutionalized than past international orders. All international orders dominated by a powerful state have been based on a mix of coercion and consent. But the American-led hegemonic order has been distinctive in that it has been marked more by liberal than imperial characteristics. Three characteristics stand out. One relates to the rules and institutions of the capitalist world economy. More so than the imperial systems of the past, the liberal international order is built around rules and norms of non-discrimination and market openness - creating conditions for rising states to participate within the order and advance their expanding economic and political goals within it. Across history, international orders have varied widely in terms of whether the material benefits that are generated accrue disproportionately to the leading state or the material benefits of participation within the order are more widely shared. In the Western system, the barriers to economic entry are low and the potential benefits are high. China has already discovered the massive economic returns that are possible through operating within this open market system.

Second, it is not just an American order. A wider group of states are bound together and govern the system. These leading states do not always agree but they are engaged in a continuous process of give and take over economics, politics, and security. The stake holders in the current order include a coalition of status quo great powers that are arrayed around the old hegemonic state. This is important. Power transitions are typically seen as playing out in dyadic fashion between two countries: a rising state and a declining hegemon. This larger

aggregation of democratic-capitalist states - and the resulting aggregation of geopolitical power - shifts the balance back in favor of the old order. It is also an order with unusually dense, encompassing, and agreed upon rules and institutions.

Finally, the order has been more open and rule-based than any previous order. State sovereignty and the rule of law are not just norms enshrined in the United Nations charter. They are part of the deep operating logic of the order. These characteristics of the existing global and East Asian order give it advantages over alternative orders. It is more accessible, legitimate, and durable. Its rules and institutions are rooted in and reinforced by the evolving global forces of democracy and capitalism. It is expansive. It has a wide and widening array of participants and state-holders. In all these ways, in comparison with past international orders, it is easier to join and harder to overturn. The old - yet evolving - global and regional order - has an unusual capacity to accommodate rising powers. Its sprawling landscape of rules, institutions, and networks provide newer entrants into the system with opportunities for status, authority, and a share in the governance of the order. Access points and mechanisms for political communication and reciprocal influence abound. China has incentives and opportunities to join in and help shapes its evolving logic and character.

6. American Policy toward North Korea

The United States increasingly views North Korea in the context of China policy and regional policy. The issue is embedded within this

larger system more than ever before, partly because there is a sense that there is not going to be an early breakthrough in talks with North Korea. As a result, the United States needs to continue to work on the regional framework within which the North Korea problem exists. The Obama administration strategy is to work closely with South Korea and Japan, and to push China to exert influence. They have been careful to show as little daylight as possible between Washington and Seoul, much to the annoyance of those who would like to see a more forward-leaning approach on North Korea.

The Obama administration has been very pro-engagement. Indeed the president himself received a lot of criticism during the presidential campaign by saying that he would talk with anyone, even with rogue states like Iran and North Korea. North Korea missed an opportunity to take advantage of this willingness. They tested another nuclear bomb, shelled Yeonpyeong, exposed their uranium enrichment program, and so forth. These measures suggest that American offers to engagement have been met with a slap on the face. Or at least alternative accounts of their actions are hard to see.

The U.S. approach has been to contain and sanction North Korea pursuant to UNSC Resolution 1718 and 1874, making it clear that if North Korea continues to hold on to its nuclear weapons, the cost will be isolation. But it also means signaling that there is a path to normalization enshrined in the 2005 declaration. This is a sort of "squeeze and talk" approach. Other important steps are also being taken, for example, the efforts to have more direct trilateral talks between Japan, Korea, and the U.S. These trilateral talks in December 2010 almost culminated a collective security statement, which would

have been an extraordinary development. If successful, this would have resulted in a dramatically new way of describing the relationship between these three countries. But in the end, this was a step too far for the three countries involved.

There has also been work on counter-proliferation, strengthening regional security ties, and other substantive issues. Clearly, the United States would like China to push harder on North Korea. China should see that North Korea is a strategic liability in its current form and that if North Korea does act in a belligerent manner - such as shelling islands, testing weapons, and enriching uranium - this will lead to the strengthening of U.S.-ROK relations and a growing trilateral security presence in Northeast Asia, which China does not want. When the ROK defense minister travels to Beijing and his Chinese counterpart complains that South Korea is too closely tied to the U.S., there answer should be: "Yes, and as long as China doesn't push harder to solve the North Korea problem, that relationship will remain strong." It is a way of saying that this is not just a bilateral problem between the U.S. and North Korea; it is a regional issue that has implications for the U.S.-China relationship.

Going forward, I think that the U.S. should push harder for talks with North Korea. If I were in office, I would encourage Seoul to hold talks with North Korea, even though North Korea walked out of military talks, I think they should try again, perhaps with secret talks. I would put on the table a deal that is good for North Korea and makes the U.S. part of the settlement - something that will be very important for North Korea.

The ultimate compass for U.S. policy should be the logic of the so-called Perry Commission report, which I think was the most intelligent and coherent study of regional relations in the context of the North Korea threat. It said that there is a path to normalization, and it can be reached through reciprocal, incremental, verifiable, irreversible steps by North Korea and the outside world. A nuclear-free peninsula, which all parties committed to in the 2005 declaration, remains the necessary condition for normalization, and normalization is a necessary condition for unification.

Conclusion

There are several possible pathways for Asia - some more advantageous to the United States and some less so. One possibility is that China gradually comes to dominate regional institutions, reducing American influence and the pivotal role of the U.S.-led bilateral security pacts. This could happen if regional institutions that exclude the United States - such as ASEAN plus three and the Shanghai Cooperation Organization - emerge as serious regional entities. This is not a likely outcome. America's allies are not likely to accept this evolution in East Asian regionalism. A more likely evolution in East Asian regionalism is a growing pluralism of regional groupings and associations. The region already is marked by this multi-layered regionalism. No singular regional organization - an "EU of Asia" - is in the offing. There are simply too many divergent and complex problems that call for different sorts of regional mechanisms and groupings. East Asia will not follow a European pathway.

Almost certainly, the United States and China will struggle and compete for leadership within Asia. The region will become more decentralized and complex. It will not be a straight forward hegemonic order or a traditional balance of power system. It will retain and evolve aspects of both.

The challenge of the United States is not to block China's entry into the regional order but to help shape its terms, looking for opportunities to strike strategic bargains along the way. The big bargain that the United States will want to strike with China is this: to accommodate a rising China by offering it status and position within the regional order in return for Beijing accepting and accommodating Washington's core strategic interests, which include remaining a dominant security provider within East Asia. In striking this strategic bargain, the United States will also want to try to build multilateral institutional arrangements in East Asia that will tie down and bind China to the wider region. China has already grasp the utility of this strategy in recent years - and it is now actively seeking to reassure and coopt its neighbors by offering to embed itself in regional institutions such as the ASEAN Plus Three and Asian Summit. This is, of course, precisely what the United States did in the decades after World War II, building and operating within layers of regional and global economic, political, and security institutions - thereby making itself more predictable and approachable, and reducing the incentives that other states would otherwise have to resist or undermine the United States by building countervailing coalitions.

Discussion

Zhu Feng (Peking University)

Three points in response:

1. Obama's Foreign Party and China's Response

Ever since President Obama came to power, relations between the two countries have never been better. Looking back at the past two decades, usually whenever a new US president comes to power the relationship tends to deteriorate. The usual gambit is to keep hammering China on issues. For example, looking at the early days of the Clinton and Bush II administrations, there was always a lot of squabbling in the first 2-3 years. Then the two sides gradually started to rebuild relations. By contrast, Obama has promoted a very high-profile China policy initiative, pushing the Chinese very hard for shared leadership and shared burdens. Ultimately Beijing got a bit dizzy trying to follow this quick change.

In eyes of Chinese policy-makers, we don't think such changes will result in a major historical turning point. There is no substantive

narrowing of the US-China power disparity in terms of all major indicators. Also, Beijing does not see itself in a better position to rival the US. So, how do the Chinese define this power shift in their own view? Indeed, there has been a bitter debate in China and there are many hard-liners who emphasize China's GDP - I call this attitude GDP-centrism; the belief based on GDP that China is ready to match the US influence in the region.

Compared to the US' swift and brilliant turnaround of strategy in East Asia, China's follow-up has been very sluggish and out of rhythm. Such a gap creates different policy priorities and different outcomes. For example, Beijing complained through the global financial crisis that US-China relations are increasingly symbiotic. But the consequence is that the US does not return China's favors in Beijing's view. From the Chinese perspective, improper US returns include, arms sales to Taiwan, Xinjiang and Tibet and human rights diplomacy, etc. So I saw Obama's China policy as very encouraging and productive, but China failed to take the hand that was extended to them. The sequential policy interactions were very turbulent. For example, last year China had a bad year for international relations; one reason for this was escalating dissatisfaction with the US and growing emotional response to the US' unsatisfying returns to China. I see growing frustration on either side; the US believes China is hard to touch, and China believes the US will always stubbornly follow its own way rather than getting on board with China.

If there is any visible rivalry between two countries, my emphasis is on different perceptions and policy priorities. For example, Hu Jintao will step down very soon; what he wants from US counterparts is a softer

line on arms sales to Taiwan. What the US expects of China is burden-sharing on a long list of issues - North Korea, Afghanistan, Pakistan, Iran, even Zimbabwe and Myanmar. America's appeals also found little audience in China. So it's an outpaced relationship. I don't think it's getting worse or hostile, but the outpaced element is increasing.

2. How China Repositions Itself in Accordance with Swift Changes in US Strategic Priorities

Regarding Dr. Ikenberry's outline of the Obama security strategy in East Asia, I agree that US remains very enthusiastically engaged with China, while at the same time offering very convincing assurance to its allies. I don't think Beijing feels that such a tendency will be harmful, but the issue is to what extent such a strategy will assuage China's concerns simultaneously.

For example, last year the US jointly hosted 47 military exercises, largely multilateral. There have been 18 so far this year. Indeed, China's behavior seems cynical and uncooperative, but I believe at a tactical level there is too much exercise of US military supremacy and reliance on their broadly networked military presence. This makes Chinese hardliners very unhappy. They say the US is a bully, always flexing its muscles toward China. This automatically elicits a response from PLA officers, and such Chinese discontent fans out unstoppably.

When South Korea's defense minister visited Beijing last week, I found it so stupid that the Chinese counterpart spent 10-15 minutes openly condemning US hegemony. This case shows, on the one hand, that

Chinese PLA leaders aren't very skillful at military diplomacy. On the other hand, it's an interesting contrast to US strategic assurance, because in the eyes of the Chinese it's too aggressive and too early.

3. North Korea Issues

I agree with Dr. Ikenberry about the US' reasonable approach to North Korea. Indeed, after almost eight years, the inefficient and hollow Six-Party Talks just make everybody sick. They need to tie down North Korea to some sort of very visible sincerity; otherwise I don't think the talks should resume. But in the past two years, I've also seen a very interesting and productive shift in China's position on the Six-Party Talks. Traditionally, Beijing just had a self-fulfilling idea about its role as the Six-Party Talks mediator. But now if you listen to the talk from China's foreign policy spokesman and leading officials about the Six-Party Talks and the North Korean nuclear issue, there is not much mention of China's mediator role. So my view is that China is shifting from the mediator role to that of a pragmatic manager in the process of denuclearization and seducing North Korea into opening/reform. If Beijing realistically shifts its role, then such a sincere manager role could be recognized and supported positively by the US and South Korea.

I think the conventional wisdom behind China's low expectations is that the US just makes China take the international liability, for example China conceivably has a lot of leverage so they say China should use its leverage to get tough on North Korea. But I find this very frustrating; I don't think Beijing will acquiesce to this assumption. In

the past ten years, China has been pushed by Washington, Seoul and the international community, but Beijing never seriously tried to use its leverage. "Using Chinese leverage" is traditionally defined as suspending aid and showing a tougher face to North Korea. But if China were to approach North Korea with a smiling face, while also constructively giving it more binding effects; for example in the last month both sides declared their intent to establish a communication mechanism. Given North Korea's dependence on China, I think truly Beijing is in a better position now to influence the North. But in what way? The question is not just how to be effective, but how to be compatible with the other party's interests and expectations. Now is a very challenging time for China. I hope next year as we enter into the election season in East Asia, we will have some interesting opportunities to examine how such collaboration could be put back on the table. We also need to work on building momentum.

Lastly, I don't think US-China-Korea just form a part of how to address the North Korea issue. The key challenge is finding a sort of compatibility among the different approaches.

Discussion

Dr. Choi Jinwook (KINU) served as moderator of the group discussion. Participants in the discussion were Ahn Yinhay (Korea Univ.), Baik Seung-hee (MOFAT), Cho Jung-hyun (KINU), Cho Young-gi (Korea Univ.) Choi Choon-Heum (KINU), Choo Jaewoo (Kyung Hee Univ.), Choo Won-hoon (MOFAT), Hong Kwan-Hee (Korea Univ.), Hong Woo-Taek (KINU), Hyun Sung-il (INSS), Im Hyug-baeg (Korea Univ.), Kim Bumsoo (Future Korea Media), Kim Chul-woong (MOFAT), Kim Hosup (Chung-Ang Univ.), Kim Hyun-Chong (Samsung Electronics), Kim Seok-hyang (Ewha Womans Univ.), Kim Taehyun (Chung-Ang Univ.), Kim Yong-ho (Inha Univ.), Kim Young-ho (KNDU), Lee Dong Sun (Korea Univ.), Lee Ki-Hyun (KINU), Lee Eugene (Sookmyung Univ.), Lee Sang-Hyun (MOFAT), Lee Suk (KDI), Park Jae-Jeok (KINU), Doualy Xaykaothao (NPR), Yoo Ho-yeol (Korea Univ.), YU Hyun-Seok (Kyung Hee Univ.). KINU staff members Lee Kyunghwa, Meredith Shaw, Kim Ah Young and Jung Yunmi provided assistance.

John Ikenberry

I want to know more about Chinese thinking about how they can use their influence on North Korea. What is their leverage? When Vice Minister Xue came to Honolulu, I asked what new variable might be thrown into the talks in order to produce a different outcome; after all, if we're just going to continue having talks that always do the same thing, what's the point. One new element might be if China were to take a new approach bilaterally towards North Korea. His basic response was that China is trying to interest North Korea in the Chinese economic model. Kim Jong Il made three trips to China in the last year; the last one had a lot to do with economics, and he seemed very interested. But I don't think anyone believes that North

Korea will move from its current position. So, I would like to ask how likely China's economic engagement is to yield any results from North Korea in terms of nuclear disarmament.

Kim Hosup

Looking back at past US policies toward North Korea, as you said, the Clinton administration pursued an engagement policy through the Perry Process and Secretary Albright's visit to North Korea. The Bush administration defined North Korea as a rogue state and put strong pressure on North Korea in an effort to prevent a nuclear test. The Obama administration seems to have no active North Korea policy since their engagement effort was slapped down by the nuclear test. My question is, how important is the North Korea issue for the Obama administration? Also, to Dr. Zhu Feng; I understand that China has been encouraging North Korea to open up and reform, and as you pointed out, Hu Jintao will retire next year. After the new leadership takes power, is there any possibility that they might exercise more active leverage toward North Korea?

Choi Jinwook

I think we all are eager to hear about the US policy toward China and North Korea. Dr. Ikenberry described the global and traditional issues between the US and China, and Dr. Zhu Feng spoke of the competing approaches by the US toward North Korea; for instance, the China-first emphasis and the idea of imposing costs on China. I think many of us would like to hear a clearer and more specific explanation of what that means.

Lee Eugene

Dr. Ikenberry, you mentioned that the US should push North Korea hard on incremental, irreversible steps toward denuclearization. How serious is this idea of talking to North Korea among US decision-makers? Is it a clear item on the agenda or is it just one of many ideas? Also, since this is the "unification forum," I'd like to ask where unification fits in the scheme of engaging with North Korea. Clearly the most crucial condition is denuclearization, but is reunification also a US concern?

John Ikenberry

Three of you have asked the question, is there a US policy? My answer is yes, but it's a very passive one, and it does tend to have a "China-first" logic. As a participant in the Washington debate about Northeast Asia and Korea, I've always been on the side that promotes engagement, and I was very critical of the rogue-state, axis-of-evil language. But among all the people I've talked to on the left and the right, there's a certain weariness about North Korea; a repetition of the same problem over and over. That, plus the fact that there are so many other issues that seem more pressing; the North Korea issue was downgraded after it became apparent that they were not serious about negotiating.

The one variable that can make the most difference is China's policy toward North Korea, so we are focusing on that, while also continuing to strengthen the regional infrastructure in an effort to reduce conflict between Japan, Korea and the US in order to present a more unified

front. It is a policy of signaling interest in negotiations, while also recognizing that this is a long-term problem and that containment and sanctions have to be included in the solution. So actually this is the policy: look to China first, strengthen the regional infrastructure, hold out the possibility of talks, but don't expect much. At the same time, there is a whole underlying logic that would happen if North Korea were serious - normalization, the Perry process, security guarantees.

The diagnosis of why negotiations are not working is that nuclear weapons have become so tied up in the identity of the regime that it's hard to see them ever going away. In the same way, moving toward the China model would be, in a sense, a contradiction of the vision of the regime and its history. These are steps that Kim Jong Il can't take; the Kim family's survival is tied to nuclear weapons. Look what happened to Libya and Iraq, without nuclear weapons. In view of all of these considerations, efforts to pursue talks seem unlikely to get anywhere, although they are worth a try. The average view of US experts is that this situation is unlikely to change; the one potential variable is China's policy toward North Korea, but China is not going to put much more pressure on North Korea because it can't risk regime collapse. However, even if there's no progress, we should still talk, because we might gain some intelligence or opportunity for influence. Also, there might be some dramatic shift at the elite level, so we should continue talking in order to at least have the opportunity to influence outcomes.

In recent remarks by Robert Gates at the Shangri-la Dialogue and in a communique at the US-China summit in Washington in January, he acknowledged that North Korea's missiles are increasingly posing a

security threat to the US. Therefore US policy-makers appear to be shifting to the view that strategic patience cannot be sustained forever. In the long run, time is on our side; North Korea's regime cannot last forever and unification will happen eventually. But that is a long-term process, and in the short-term they pose a real threat, so we have to talk. This view was apparent in a recent editorial by Senators Kerry and McCain, who urged a more forward-thinking policy on North Korea. It would not surprise me if there were some efforts underway for secret US-DPRK talks, in addition to the current policy of pushing for inter-Korean talks. In response to Dr. Lee's question of how serious the US is about talks: I don't hear it right now coming from US diplomats, but they are leaning in that direction. In regard to unification, I think we must first make progress in implementing the 2005 declaration before we can begin to think about negotiated peaceful unification.

It is true that current US policy holds out the possibility of Korea never unifying. The logic behind this is that we are trying to convince Pyongyang that the only way for them to survive is by giving up their nuclear weapons. The idea is to paint a picture of a future for North Korea where the Kim family can survive, without nuclear weapons. So while I hate to say it, US policy is not supporting unification right now, even though clearly the long-term vision is that Korea will and should be unified. The tactical and strategic thrust of US policy at present is to convince North Korea that they can only survive and prosper by pursuing the Perry Commission's logic.

Lee Sang-Hyun

You explained three tenets of US grand strategy in East Asia: strategic engagement, strategic reassurance, and strategic patience. I wonder if strategic patience is still the valid policy stance of the Obama administration. Recently I have been reading more often that the Obama administration must change its strategic patience policy. It seems that many people think the administration has been patient enough already. For example, former Ambassador James Goodby even claims that the policy has failed. In your opinion, how long will this policy last and under what conditions and time frame will it change?

Hong Woo-Taek

I was particularly interested in Dr. Ikenberry's description of US strategy in Northeast Asia as a "double game" - engage with China, while reassuring US allies. This strikes me as a very smart and bold policy. But upon re-examination, it might produce unpredictable outcomes. If the US pushes too hard to engage China, US allies in the region feel uncomfortable; if the US goes too far in reassuring its allies, China may be displeased. How do you think the US will pursue this policy and how might it respond if such problems arise?

John Ikenberry

On strategic patience, as I mentioned before, there is a growing sense of awareness that this passive approach has its limits. Strategic patience is not simply inaction; it is a policy of pushing for implementation of

the UN Security Council resolutions and tightening sanctions. The Hu-Obama summit in January affirmed the September 2005 declaration and advocated continuing to pressure North Korea to get in line with that declaration. Basically the policy is containment, but also pressure.

In addition, we are conscious of the fact that the South Korea government has a particular position on North Korea, and the US wants to cooperate with that. The US does not want to fall into the same situation as the last government, in which Washington and Seoul were working at cross purposes. While we all seem to agree that the US should be more forward-leaning toward North Korea, i.e. looking for bilateral ways of sending signals to start talks, how will that impact US relations with the Lee Myung-bak government? If there is going to be a shift in the US position, it must be done in cooperation with Seoul so that it doesn't create more problems than it solves.

But as I said, there are limits to strategic patience. The fact that US officials are saying there is an increasing threat from North Korea in the form of missile technology means that strategic patience and containment is not a policy that will be sustainable in the long run; we have to go to the next step, and that entails additional engagement.

Inevitably, strategic reassurance is very connected to Chinese foreign policy; in a sense, it is a mirror image of China's policy in the region. The US has been tightening its alliance partnerships and making new declarations of reassurance to the Phillipines, ASEAN, Japan, and South Korea (both the secretary of defense and secretary of state were in Seoul at the same time, sending a signal about alliance solidarity).

From Washington's perspective, all this activity is about reassurance, but to Beijing it appears aggressive. My point is that it's not independent of China's policies. China has a problem signaling restraint. Thus China's strategic restraint and US strategic reassurance are mirror images of each other. Certain behaviors by China, however innocent, provoked insecurity among ASEAN countries, Japan, and South Korea, and led to the current US policy of strategic reassurance. That tells me it is a strategic dynamic, not simply the US operating separately from what China does. That means we can adjust these things; restraint from Beijing can impact US behavior, and thus we can moderate each other's responses.

Choo Jaewoo

Dr. Ikenberry mentioned that Vice Minister Xue gave an account of encouraging reform and opening in North Korea and said that Kim Jong Il appeared interested; my hunch is that that is indeed true. Early in Kim's political career, after he rose to prominence in the KWP in the late 70s or early 80s, he was sent to China around 1981. Although China was only beginning its reforms at that time, he was exposed to the process to some degree. After his return he was assigned to draft similar laws for North Korea. Around 1989 he accompanied his father on an unofficial visit to China; during that visit, Kim Il Sung publicly mentioned the open-door reform policy in an official speech for the first time. I heard from one Chinese scholar that, after that speech, Kim Jong Il asked his father if he truly would pursue an open-door policy, and Kim Il Sung replied, "Never mention it again." That's just an anecdote, but at the personal level I think Kim is very interested in

reform; he just has difficulty overcoming the legacy left by his father.

How do you see security alliances affecting US-China relations? Obviously the Obama administration wants to engage China while at the same time reassuring its allies, the small states of China's periphery. These small states need reassurance because, from our perspective, Obama's desire to engage with China is perceived as a reduction of commitment; in pursuing more amicable relations with China, the US will end up ignoring the needs of its smaller allies. In an effort to reassure, Secretary Clinton has made many statements about how the US values its allies, etc., but we need to see actions as well as words. Zhu Feng mentioned how US commitment is manifested in the annual number of exercises the US holds with its allies; 47 last year, 18 so far this year. But at the higher level in US-China relations, when you throw in the additional variable of alliances, there is a security dilemma at work. Do you see a connection between the security dilemma and alliances? How can the US juggle these two policy approaches?

To Zhu Feng, You raise an interesting point about China's role in the Six-Party Talks. I didn't know that China had re-defined its role from mediator to pragmatic manager. If so, what's the implication for the Talks? Will they be any more viable as a result? Or will China's position be lowered?

Choi Choon-Heum

Comparing US and Chinese policies towards North Korea and Northeast Asia, it appears that China's policy is more likely to prevail for the next 5-10 years. In South Korea the perception is that China's policies are

more influential than US policies in Northeast Asia. The main reason is the perceived misapplication of US policies toward Northeast Asia and North Korea, which can be summarized in three aspects:

1) Despite its rhetoric about a new post-Cold War order, the US still views North Korea policy as part of its China policy.

2) The US pursues separate strategies for different target countries: strategic reassurance toward South Korea, strategic patience toward North Korea, strategic engagement toward China. This divided strategic framework is likely to fail. China itself is applying three different strategies toward North Korea: strategic engagement when it continued to promote engagement with North Korea after the Cheonan incident, strategic patience in tacitly accepting North Korea's continued nuclear development, and strategic reassurance in public statements like Xi Jinping's remark last year that the Korean War was initiated by a South Korean invasion. Thus China is applying three different policies to North Korea but the US is only applying strategic patience. Clearly there is a limitation to how long the US can maintain this patient policy toward North Korea.

3) I believe the US is trying to differentiate itself from China's position in Northeast Asia. The US lost an opportunity to improve its relationship with North Korea because of the timing of its weapons sale to Taiwan; that sale could have been postponed. If there's no synchronization of US policies in the region then the US cannot expect China to do as it wants. The US is probably just content with the current status quo, as long

as it appears to be making some efforts in the region, but we cannot afford to keep waiting for some change to happen. As time goes by there may be less room for us to take certain actions. At least for next few years, the US will lack the will or capability to take a more proactive approach. Thus the US will have to change its strategic thinking. Until the late 60s, North Korea regarded China and the USSR as the same, but later on its view changed.

The US has to be ready to deal more directly with North Korea. From our South Korean perspective, I believe there will be more opportunities for positive progress from China, while the US and South Korea will keep waiting.

Zhu Feng

First, as to evidence of China's changed role, for example last year Beijing's armed assault to stop drilling was telling evidence. What matters most to Beijing is not the disastrous prospect of nuclear proliferation, but the mismanagement of escalating tension. I've observed a clear shift of priorities regarding how to address instability on the Korean peninsula. In recent visits to South Korea by Wu Dawei and other Chinese officials, China was trying to send a very strong signal to South Korea to calm down and focus on crisis management; the nuclear issue has been relatively downplayed. For the moment, China's primary interest is avoiding any accidental exchange of fire and providing enduring stability. A very big concern is that a conflict might force China and the US into the battlefield; the North Korea

nuclear issue and the Taiwan issue are like a kind of heart disease in the bilateral relationship. Issues such as frictions in the South China Sea and disagreements on how to handle Afghanistan/Pakistan are more like the toothache of the relationship.

Then, what leverage does China have with North Korea? Traditionally North Korea thought that reform/opening would be equivalent to suicide. But the past three visits by the Dear Leader to China concluded quite differently, judging from Pyongyang's reaction. It seems that Kim Jong Il feels that reform/opening is no longer suicidal, indeed it is essential to the regime's survival. So he is paying more attention to China's reform experience. This change is very identifiable.

Last, North Korea-China relations are usually very unreadable in traditional context. It's a kind of code that can only be decoded by those who have been involved with such exchanges for a long time; but it's relatively hard for outsiders to read. My impression is that Chinese officials who have access to the Dear Leader truly feel excited about his change of mind.

I don't think the new Chinese leadership will change its policies. It's too early to say now.

John Ikenberry

There is a relationship between strategic reassurance and security dilemmas. We have to be careful with how we engage in strategic reassurance so that we don't make the problem worse. Dialogue and consultation between Beijing and Washington are absolutely necessary.

Each side thinks it is reacting to the other, and the result is a kind of spiral. It's also important to recognize that the alliances are there not simply because of China but because they are global partnerships. I actually thought China was fairly comfortable with these alliances, and understood them to be defensive and political. It's important that there be no security dilemma implied in simply having alliances; but there is a relationship, and that is why good management has to take place.

Lee Suk

Dr. Ikenberry has provided a very good description of the current status of US grand strategy in Northeast Asia, but how will things go in the future? For instance, if the next ROK government does not value the US as much as current one, or values China more highly, then maybe South Korea will no longer need as much continuous strategic reassurance from US. Similarly, if inter-Korean relations improve, it will be difficult for the US to continue with strategic patience. I wonder if the US has given much thought to how its grand strategy might have to evolve in the future.

Dr. Zhu Feng explained US policy of strategic reassurance toward allies and strategic patience toward North Korea. A major factor behind this is China's importance to Asian economies. But in terms of political and security concerns, China is the source of a lot of insecurity for these countries, and that's why they need reassurance from the US. There are many ways for China to promote its national interests; if only China could express its foreign policy goals in a more sophisticated way or focus more on key concerns, then other Asian

nations might not be so desperate to seek reassurance from the US. For instance, the way they responded to the Cheonan incident could have been handled better. Why is it that China cannot seem to present a more reassuring face to its neighbors?

Doualy Xaykaothao

In your opinion, how is South Korea's strategy toward North Korea working or not working?

John Ikenberry

As I said, there's a strategic relationship between what China does in the region and what the US does. What we do triggers a reaction on the other side, so it is important to talk to each other to overcome misunderstandings. I'm an optimist; I think through negotiations and consultations we can find ways to reassure each other and to reduce the level of anxiety among Asian neighbors. Among South Korea, Japan, the US, or China, I don't think any of us has found a successful policy; we've all failed. We've tried so many different policies toward North Korea, and nothing seems to really work. That's why there is a sense that short term dramatic movements or gestures are not likely to be rewarded, that what is needed is a patient process of putting pressure on the North while also painting a picture for them of a better world. That will require a lot of long-term effort, working together, and strengthening partnerships; somewhere down the line this effort will be rewarded, but it's not easy to see the fruits of it yet.

Zhu Feng

So far Beijing's policy feels very awkward. It seems we are struggling not just to comfort our neighbors but to avoid irritating them; it's a very frustrating problem. My explanation is that China truly is changing so rapidly, and it is far from ready to embrace a changed relationship with the world, even in terms of human power accumulation, policy re-orientation and strategic readjustment. My country is far from ready to greet the world in innovative ways.

I think South Korea's policy is a good one in that it pushes North Korea very hard over provocations. But on the other hand, the Obama administration's policy has been largely highjacked by the South Korean government, and Beijing's policy has been equally hijacked by Pyongyang. That's why it is so hard to change things right now.

The Fourth KINU Unification Forum

August 8, 2011, 16:00-20:00
Charlotte Suite, Lotte Hotel

Beijing, Washington, and the Korean Peninsula

David M. Lampton

In the last two months I've been in China twice and Taiwan once. During these trips I had the opportunity to meet State Councilor Dai Bingguo, who, as I recall, led a not-very-successful diplomatic mission to Seoul last year in the wake of the Yonpyong incident. The views I'm going to share with you are things I learned from those visits and, of course, they are my own views. Also I met with Taiwan President Ma Ying-jeou and Vice President Hsiao Wan-chang [Vincent Siew]. At these various meetings, among the variety of issues we discussed were: the Six-Party Talks, cross-Strait relations, the prospects for arms control agreements, proliferation in South Asia (Pakistan), US-China military-to-military and overall security relations, and other areas of Sino-American cooperation. Based on what I learned from these conversations, I expect that in the coming months there will be interesting developments with respect to Taiwan (arms sales) and overall security relations (an aircraft carrier).

To assess the overall state of, and prospects for, U.S.-China relations we need to understand the fundamental strategic positions of both

countries now. With respect to the United States, we are involved in three different wars - Iraq, Afghanistan, the so-called War on Terror (importantly in Pakistan), and throw in the Libyan operation if you wish. The stock market has dropped substantially, with global repercussions. As an American, frankly, I'm embarrassed with the way Washington has been mismanaging affairs recently, most dramatically our budgetary behavior. The strategic point I am driving at, however, is that the US is not looking for any more trouble in the world right now.

To deal with our budget problems, moreover, we will necessarily make some cuts, perhaps dramatic, in our defense and other spending. This means that in the future our global force footprint most likely will be less prominent than it has been for the last 50-60 years. If the political system cannot produce another outcome, we will have to cut substantially across the board and defense will sustain 50% of those cuts. That's the reality that is imposed upon us. We value our allies on the Korean Peninsula more than ever, but we also want stability more than ever. Thus, this is an important historical period because of these larger realities.

In this presentation I will describe the status of US-China relations and possible implications for the Korean Peninsula, and then address the question of what all this might mean for possible future unification.

I. The Overall Character and Current Status of US-China Relations

Looking at the big picture, this is not the best of times in US-China relations. Some of the problems stem from financial issues. China is most upset by our stewardship of their $1.19 trillion in Treasury securities plus other assets denominated in USD. Whenever the value of the dollar falls, they get very upset, but they're hostages to the situation at this point. They can't sell their assets without further driving down the dollar. So, China feels trapped by what it views as the US government's mismanagement of the American economy. There are other neuralgic points as well: trade relations, public opinion in both societies, human rights, and growing mutual strategic mistrust, which I will discuss below.

However, this is not the worst of times in US-China relations. There have been several worse times - the 1999 bombing of the Chinese embassy in Belgrade, the long battle in the early Clinton Administration over Most-Favored-Nation (Normal Trading Relations) status, and the Cold War period of course. So this is not the worst of times, nor the best of times.

Balancing the bad news is an undergirding reality behind all the talk, and that is that China cannot afford any big problems with the US,

and we can't afford big problems with China. China is worried about its succession, the rising tide of domestic social unrest, and sustaining its own growth and cooling the economy; now they're also worried about the global export machine slowing down. In the end, while we will hear about a lot of difficulties in the media, I am cautiously optimistic that we will continue to manage the relationship in a tolerably stable way. I would not predict that there is going to be a crisis any time soon.

The thing that keeps me awake at night, however, is the general and growing problem of mutual strategic mistrust, mentioned briefly above. One way to put it is, when our two militaries plan for the next war between states, who are they planning to fight? The answer is, each other. Underneath everything, there is growing strategic mistrust between the US and China. If we don't manage our relations properly, it will be because of this growing strategic mistrust. Of course if this relationship grows more distrustful, that will have implications for the Korean Peninsula.

The following are some of the reasons behind Chinese mistrust of the US.

First, China's economy has been growing around 10% per year for over 30 years; they have been more successful than anyone would have predicted 30 years ago. The Chinese people are justifiably proud of what they have achieved. They believe that for most of its history China has been a significant economic force in the world as it then existed, but it reached a low ebb in the 19th and first three quarters of the 20th centuries. Now, the Chinese people see themselves as coming

back; no longer will they be humiliated and pushed around. Many of the arrangements made between the US and China by Nixon, Kissinger, Mao, and Zhou involved the Chinese accepting some arrangements they didn't particularly like: arms sales to Taiwan, the Dalai Lama visiting the US, China not having a major position in global international organizations like the World Bank and the IMF, etc. Now, as Chinese people are becoming more confident, they feel they should not have to put up with such arrangements anymore. Beginning in January 2010, China cut off some of its military and human rights dialogue with the US, issued a lot of angry rhetoric about Taiwan weapons sales, protested the awarding of the Nobel Prize to a famous Chinese dissident, expressed outrage at President Obama meeting with the Dalai Lama, etc. Thus, we can see that, as Chinese leaders get stronger and more confident (and the same applies to China's people), they are less willing to put up with what they see as the indignities of the past.

Of course, to keep credibility with its allies and comply with the Taiwan Relations Act, the US is going to continue to sell arms to Taiwan. Furthermore, President Obama has already had two meetings with the Dalai Lama, to Beijing's outrage. The Chinese are even more unhappy about the continuing US surveillance of China's coast. The Chinese view is that if the US and China had a friendly relationship, then the US wouldn't be doing such things so often. They are very unhappy with what they perceive as a lack of respect for their growing strength. As Rodney Dangerfield would say: "I don't get no respect!"

Second, the US talks a lot about nonproliferation, particularly with respect to Iran, North Korea, and Syria. But the Chinese actually think

the US has a policy of selective proliferation. For instance, the US has bent the rules of the counter-proliferation regime for countries it favors, such as Israel and India, but it holds countries like North Korea and Iran to a different standard. So China complains that the US has a double standard, and they don't take US protestations about non-proliferation very seriously. In fact, they say that the US is making matters worse with its regime-change policies in Libya, Iraq, etc - countries that did not have or relinquished their nuclear weapons. This has created an environment where countries opposed to the US feel that they must possess nuclear weapons or face regime change at the hands of America or NATO or some "coalition of the willing." So, Chinese officials underneath feel, I believe, that Washington shouldn't lecture others about Beijing's relations with North Korea and Iran.

Third, the Chinese are strategic thinkers and they sometimes perceive strategies where they don't exist. As the US diminished capacity to dominate (as the National Intelligence Council suggested in late 2000), it increasingly seeks to consolidate its alliances and friendly relationships in the region, and that is why it is looking to build new friendships with India, Vietnam, and in Central Asia. However, China looks at these moves and sees the US pursuing an offshore balancing strategy - substituting more friends for less power. They call this "encirclement" or "containment." I believe their fears are excessive; if the US wanted to contain China, we wouldn't be providing them with $200 billion a year in balance-of-trade surpluses and training 120,000-plus of China's best and brightest each year. But in any case, the Chinese think that we're pursuing some kind of encirclement strategy, and I believe Secretary Clinton is trying to balance rising Chinese power by making more friends in the region. Washington

has a basic fear of imbalance in the region and Beijing fears encirclement.

As I've mentioned, Chinese are concerned about US surveillance along the Chinese coast, stronger US alliances with Japan and South Korea, US Navy port visits in Vietnam, and the recent financial turmoil. They are also horrified by the political antics and lack of financial soundness in Washington. The *People's Daily* recently accused the US of "sacrificing other people's interests in exchange for a few votes," adding that "Not a single representative has considered the world, and even US national interests are being banished from the mind." All of these factors serve to highlight some of the reasons for mutual strategic mistrust.

Regarding nuclear proliferation, one particularly interesting example is Pakistan. Pakistan is concerned about its position vis-a-vis India, its inferior conventional forces, and its relationship with the US. Consequently, Islamabad is boosting its nuclear program, moving from uranium to plutonium, and building more tactical nuclear weapons. This is sobering to the US. In the eyes of Washington, Pakistan represents the most perilous prospects for nuclear proliferation in the world today: small weapons in considerable numbers, an unstable government, and ample possibilities for theft. And Pakistan is China's "all-weather friend." The Chinese are not going to push Pakistan on what the US considers a vital security threat. That is a big problem for the US.

Lastly, if you ask the Chinese about their leadership in relationship to their society, they always say public opinion is getting stronger. In

other words, Chinese nationalism is getting stronger relative to the power of the leadership to control it. This worries a lot of Americans.

The US is also worried about other things China is doing. Beijing has increased the nation's naval forces in anticipation of a possible (but not desired) battle over Taiwan. I just got an inquiry from *Xinhua News* asking what Americans would think about the launch of a Chinese aircraft carrier in the next couple of weeks. It looks likely that this will be done soon. Cyber attacks emanating from China are so worrisome that our government has not even described the extent of the problem. China is also moving into space; since the early 2000s it has put six persons in space, taken down a satellite, and launched an ABM system. Thus, the US is seeing new challenges to its historic dominance in the air, at sea, and in space, not to mention the long-term contention over human rights.

In sum, these two countries aren't happy with each other in many respects.

But, as I said, this is not the worst of times; there are positive sides to this story as well. High-level exchanges are going fairly well. Our two presidents talk to each other from time to time by phone, especially when there are problems. Secretary Clinton and State Councilor Dai Bingguo meet fairly often. The Presidents have exchanged visits; although Obama's 2010 visit was not a great success, Hu Jintao was happier with his visit to the US this year.

Vice President Biden is going to arrive in China around August 17; significantly, this was the date of the signing of the Third Sino-American Communique in 1982, this one dealing with arms sales to

Taiwan. In short, he's going to arrive in China around the anniversary of a communique that the Chinese consider the US to have violated. And quite frankly, the Chinese have some reason to think so. His visit comes shortly before the US will sell more weapons to Taiwan, in September I believe. So, the Vice President will undoubtedly be subjected to criticism in Beijing, and probably in Taipei for doing too little.

Nonetheless there will be an exchange of vice presidential visits, with Chinese Vice President Xi Jinping scheduled to go to the US. We just had an exchange between our chiefs of staff - Mike Mullen and General Chen Bingde. So, exchanges are going pretty well; civilian exchanges more so than military ones. Bilateral economic relations are substantial with important positives. US exports to China increased 20% this year, even with the economic downturn. The US doesn't want to lose its fastest-growing export market. China is our chief foreign creditor, along with the Japanese; it holds about $1.19 trillion in US Treasury securities; it also holds debt for US states, municipalities, and corporations. If Beijing were to sell it all, as some in China have suggested, they would hurt themselves. They are trying to move away from dollars to some extent and eventually make the *Renminbi* into a globally tradable currency - but, that will take time, perhaps considerable time. In the meantime, Beijing needs the US to exercise sound economic management. So we are each others' hostages at present.

Cross-Strait relations are going well, despite the Taiwan weapons sales. Most Americans would be glad to see some sort of peaceful resolution, integration across the Strait, as it would eliminate a strategic problem. The two sides have signed an Economic Cooperation Framework

Agreement, and now there is direct air transport from Beijing to Taipei, and from many other points on the mainland as well. The one cloud in this otherwise clear sky is the upcoming election in Taiwan. Current President Ma Ying-jeou has done much to promote cross-Strait relations, but he may be in trouble if economic growth slows on the island. If so, Democratic Progressive Party Chairwoman Tsai Ing-wen could be elected. I've met with Tsai and I admire her, but when I asked her what she learned about dealing with the PRC and the US from the earlier Chen Shui-bian Administration in which she played a major role, the answer I heard was disappointingly vague. If she is elected, I suspect that cross-Strait relations may regress. In short, while things are going well with Taiwan now, this may not always be the case, and this election will be very important.

This brings us to the issue of the forthcoming US arms sales to Taiwan. While China is not happy about them, it knows that Ma Ying-jeou needs them to give his people confidence in his leadership, and China would prefer Ma Ying-jeou to stay in power. That is why I don't anticipate Beijing will react strongly to arms sales this time, if Washington is restrained in what it agrees to sell.

Basically, the US strategy is if Taiwan is attacked, it will take some time for our Navy to get there from Guam or Hawaii. China has been developing its capability to keep the US Navy away or slow it down - with improved air power, land-to-sea, and land-to-land-missiles, etc. They're also building a lot of submarines, which pose a threat to our shipping. In other words, their strategy is to push us back far enough that we can't get there in time before Taiwan capitulates.

II. What Does All This Mean for Korea and Unification?

Put bluntly, I believe that no matter whether US-China relations are good or bad, China doesn't prefer unification on the Korean Peninsula. The ultimate question is what would, could, or might Beijing do to prevent it? The answer may depend on the circumstances at the time. I would not assume that China will intervene, for two reasons: 1) China would transform itself into an occupying army; the people in North Korea (not to mention the South) won't like that, and China understands that. They don't want to put themselves in the position of occupying an unfriendly country. 2) China's big strategic problem is to reassure its neighbors. What would India, Vietnam, Japan, and South Korea think about it? China wants a stable environment for trade, because in the end China has to buy the loyalty of its own people through economic growth and rising standards of living. If they jeopardize their trade relations and have to spend enormous sums on defense, like the Soviet Union, their bargain with the Chinese people will be hard to maintain. Their first task is to maintain control of their own population, and I don't think occupying North Korea is going to help with that. Of course, I could be wrong.

But, what if they have a very good excuse to intervene? For instance, consider the issue of North Korea's nuclear weapons. Many in the

US and elsewhere are worried about what will happen to those weapons if North Korea falls apart. If China said it was going to intervene to secure the North's nuclear stockpile, what would South Korea and the US say? "Okay, but once you've done that, please leave; we promise not to let US troops go north of the 38th parallel?" The problem is that right now the Chinese are not willing to talk about what should be done if North Korea falls apart. In fact, they insist that it's not going to fall apart, and that any speculation of that sort is wishful thinking. But I feel fairly confident in saying that at least China does not wish to see Korea unified. What it might do to slow it down or prevent it would depend on the circumstances and is speculative.

One thing I asked in my meetings with the Chinese was, "Under what conditions do you feel most able to pressure North Korea, and when do you feel least able to do so?" The answer I heard was quite clear: when Beijing is worried about issues like the succession, Kim Jong Il's health, starvation, or popular discontent in the North, Beijing will not push North Korea. Only when they feel relatively confident about the North's political stability will they try to push. It seems that right now they think that they can afford to push Kim Jong Il a little, whereas before they didn't feel this way.

As the ROK-US alliance gets stronger, China gets more worried. Whatever residual concerns they have about unification, their primary worry is about the possibility of a united Korea firmly maintaining the ROK-US alliance structure. For them to be more relaxed about unification, they will have to have assurances that US won't move its forces beyond the 38th parallel; ideally, they would

like US troops off of the peninsula completely. So, ironically, the stronger our alliance is, the more it disturbs China. But, underneath it all, the Chinese just aren't interested in Korean unification.

Discussion

Dr. Choi Jinwook (KINU) served as moderator of the group discussion. Participants in the discussion were Choi Choon-Heum (KINU), Hong Woo-Taek (KINU), Kim Hosup (Chung-Ang Univ.), Kim Hyun-Chong (Samsung Electronics), Kim Jin-Ha (KINU), Kim Taehyun (Chung-Ang Univ.), Kim Yong-ho (Inha Univ.), Kim Young-ho (KNDU), Lee Dong Sun (Korea Univ.), Lee Eugene (Sookmyung Univ.), Lee Ki-Hyun (KINU), Park Jae-Jeok (KINU), Yoo Ho-yeol (Korea Univ.). KINU staff members Lee Kyunghwa, Meredith Shaw, and Jung Yunmi provided assistance.

Yoo Ho-yeol

You mentioned your discussions with Chinese scholars and officials. We know that in 2009 there was a debate among high-ranking CCP members on how to deal with North Korea. There were two different ideas about how to deal with North Korea, but ultimately they concluded that it was necessary to defend it even though they may not fully trust the current North Korean leadership. Subsequently, North Korea made several provocative moves against us last year, and yet China continued to support North Korea's position. Is it possible that China may reconsider their position under the new leadership coming to power next year? If so, under what conditions would they do so?

David Lampton

China's 18th Party Congress is coming up, and we expect Xi Jinping will be made the new secretary general. There is some debate over

who may be Premier, and also who is going to be on the Politburo. So, I would say the succession process is half-completed. I think the Chinese themselves are not fully certain as to who the full leadership will be. As to Xi Jinping, not many Americans have met him yet. We're trying to find out more about these leaders, but we don't know much right now, though it depends on each individual, some of whom we know far better than others. From what I know, I'm encouraged and hopeful that Xi Jinping will be a strong leader; he has some modest military experience, etc.

Are they likely to change their North Korea policy? We can always hope; but I don't think so. The Chinese leadership anchors its behavior based on perceived strategic interests. They strongly do not prefer that North Korean territory be dominated by South Korea or the US, and they want a buffer in that zone. In other words, better the devil you know (Kim Jong Il); they prefer to have a weak North Korea that they can make money on. We may feel that a unified Korea would become wealthier over time and ultimately contribute to China's growth, but, the Chinese prefer to minimize their risk. They fear that North Korea will be dominated by someone else if it's not dominated by them. They also see North Korea as an avenue to break out of US "encirclement," and as a useful bargaining chip in dealing with the US on Taiwan, i.e. "If you want our help on North Korea, then respect our core interests in Taiwan." Due to all of these considerations, I don't think they are likely to change their policy on this subject.

You asked, under what conditions might that change? China has told North Korea if they act provocatively and precipitate a war, the alliance is over. They are afraid North Korea might drag them into

something. If North Korea acts too provocatively and starts a conflict, China may step back and stop supporting them. But it would be very hard for China to allow foreign troops to come in and eliminate a regime on its border. After the Yonpyong incident, sometime later, they did exert some restraint, but they still maintained their general and economic support.

Unidentified Question

I think South Korea should have responded to the North Korean provocations in 2010 more vigorously to get China's attention.

David Lampton

If in the wake of the Yonpyong incident South Korea attempted a strong military retaliation in order to get China's attention, that would take some time, and what happens to Seoul with all those artillery in the interim? It also presumes that North Korea doesn't have a usable nuclear weapon, which is uncertain. Talking of retaliation to deter North Korea and scare China is an understandable impulse, but it also scares Washington, because Washington can't afford to get dragged into yet another military commitment - and this would be a major one. To the extent that there is any willingness in Washington to depart from the current policy of "strategic patience," it is because we recognize that no government here in South Korea could be as restrained as last time in the face of another provocation. We are then inclined to use the Six-Party Talks as a crisis prevention, crisis management, tool.

The US assesses that the situation in Korea is on more of a hair-trigger now than it was before, and that's something no one in Washington wishes to see.

The more tightly aligned South Korea is with the US, the greater incentive China has to maintain division. Certainly China would feel more comfortable if South Korea was less tightly aligned and more independent. It would also help if the Chinese could be assured that no US troops would move north of the 38th parallel after unification. They'd be even happier if we were off the peninsula entirely, but I don't think that is in the US plan. But can North Korea be deterred?

As one Chinese said to me, "With friends like North Korea, who needs enemies?" To be blunt, I think they hate the North Korean regime. They think they're ungrateful clients who suck up aid and give nothing in return but trouble. In the North Korean museum of the Korean War, they have a separate section on the Chinese People's Volunteers. When Chinese come to the museum, they show them that section, but no Koreans ever see it. So the Chinese feel that they don't even get sufficient respect for their sacrifice in the war. Some nostalgic older military people in China may feel differently, but I think most Chinese people actually despise the North Korean regime. But that's just a feeling I got; I have no documentary evidence of it.

Choi Choon-Heum

I think it is not a question of like or dislike, they just view North Korea in terms of what they can get out of them. It doesn't matter to China if North Korea complains or is ungrateful, as long as they serve

China's core interests. China has been betrayed by North Korea many times. What matters to them is how they can pursue their interests in North Korea.

The Chinese Navy made a port call at Wonsan on August 4th. This was a small event with great significance, because even though the Chinese did not publicize this port call, North Korean officials received the Chinese Navy and later an article appeared in *Rodong Shinmun*. You talked about capitalizing on the relations between the US and China, but that seems like hedging to me. Between big countries like the US and China, hedging is an important and necessary strategy, but it doesn't help a small country like South Korea. China utilizes the contradictions with the US to pursue its own North Korea policy. They don't have any desire to discuss it publicly; this is a big problem for us.

David Lampton

Yes, and another reason they don't want to discuss it is because they don't want to make things worse, by angering North Korea. They're [leaders in Beijing] afraid that if North Korea sees China and the US discussing plans for the event of a North Korean collapse, Pyongyang may see that as a conspiracy between Washington and Beijing, and become even less cooperative. So the Chinese stay quiet for two reasons: 1) They see this as their buffer area which they shouldn't discuss with others; and 2) They think the North Koreans are very difficult people to deal with, and they don't want to raise Pyongyang's anxiety levels further.

Kim Hosup

Since last year, Japan's defense minister proposed deepening and expanding US-Japan-ROK defense cooperation. In South Korea the biggest security concern for most people is the North Korean military threat, but most think the US-ROK alliance is enough to deter it. Also most Koreans don't like to see Japan involved in our security affairs, and we're also concerned about China's response to deeper Japan-ROK-US cooperation. China may misunderstand that kind of military cooperation as an encirclement policy. Is it wise for the ROK to deepen its military cooperation with Japan?

David Lampton

I, of course, do not even pretend to speak for Washington, but I think you're right to be worried. China has been very critical of Japan's Defense White Paper, and it has criticized the strengthening of the Japan-US alliance ever since William Perry and the Nye Report in the mid-1990s. When Lee Myung-bak came in, he strengthened the alliance, making China very unhappy. Certainly, China wouldn't like to see an enhanced US-Japan-ROK alliance, because they believe such an alliance would be aimed at Beijing, not North Korea. The more you proceed in that direction, the more difficult your strategic relationship with China will become. For financial reasons, in the long run the US wants Japan's economy to improve so it can do more burden-sharing. But many in Asia don't feel comfortable with a bigger Japanese security footprint. If the US hopes to maintain stability in this region, I don't think it's in our best interest to be pushing Japan to adopt a more assertive posture; however it is very much in our interests to see Japan

become stronger economically and be able to protect itself, within reasonable limits.

Kim Hosup

I suspect that the US was behind Japan's proposal for deeper ROK-Japan defense cooperation. The US has every reason to want deeper trilateral military cooperation.

David Lampton

I don't know about that. I think with our current policy mindset, that might be true, but in the long run I am not sure it would be a sound policy. We should be thinking about building cooperative structures in Northeast Asian security, not adversarial structures.

China is extremely nervous about closer ROK-Japan cooperation of any kind, but especially military.

Yoo Ho-yeol

I wonder what kind of role China might play in the process of unification. If China could make progress toward a more democratic system, I think that would have a positive impact on the future prospects for unification. You have a long history of analysis of Chinese politics; in your view is it possible that China might become more democratic? How can the international community support the Chinese in changing their political system?

David Lampton

What's going on now with the Jasmine Revolution generally confirms my feelings. In the democratic world we tend to think all good things come with democracy, and so a more democratic China would be more sympathetic to a united, democratic Korea. But I think a more democratic China might in fact be more nationalistic, and more prone to pursue its perceived interests. Look at Milosevic; he got elected and rode the wave of populist ethnic hatred to power. Several years ago there was an article in *Foreign Affairs* by Mansfield and Snyder, as I recall, which said that, while stable institutionalized democracies tend to be more peaceful and cooperative, often the transition period from an authoritarian regime to a stable democracy can be very messy. Don't romanticize the idea that if China became democratic, suddenly it would be a wonderful neighbor. Of course we should still hope that China embraces democracy, but we should not expect that if that happens all of the geostrategic issues that have shaped China's foreign policy for 2000 years will suddenly disappear.

How likely is China to embrace democracy? I think their society is getting more pluralistic, and their leaders are paying more attention to popular sentiments, many of which are ill-informed and not very cooperative. But democracy isn't just pluralism - it's also rule of law, respect for minority rights, changing elites, regular contested elections, etc. I expect it will be a very rough transition from the current pluralist trend in China to full, institutionalized democracy. I could be wrong; almost nobody predicted the fall of the Soviet Union would be so peaceful. So, I concede that we have a poor record of predicting these kinds of events, but I think it will be a long time before China is

democratic in a meaningful sense. I'm worried about an increasingly pluralistic society without the institutions to regulate behavior. In sum, don't put your bets on democracy solving all your problems with China.

Lee Eugene

We all agree a tight US-ROK alliance is something China dislikes. Hypothetically, if South Korea were to be less closely tied to the US, China would feel more comfortable (and the US would feel less comfortable). If that were to happen, from your talks with the Chinese, do you think that would give them some incentive to guarantee South Korea's security?

David Lampton

What do you mean, guarantee?

Lee Eugene

Like our security arrangement with the US. In other words, if we were less closely tied to the US, what would China give us in return? Does it really matter whether South Korea leans closer to the US or China, in terms of making China less resistant to unification and guaranteeing security on the peninsula?

Kim Taehyun

Last year North Korea torpedoed the Cheonan, and after that the US and South Korea did everything to deter them from doing it again; but that deterrence clearly failed, as we saw when North Korea bombed Yonpyong Island. Why did our deterrence fail? Was it because North Korea judged our capabilities, or our will, to be insufficient? I think there must be another element, and that is the role of China. In between the two events, China strongly took the side of North Korea. This Chinese behavior emboldened the North Korean government; they believed that in the face of China's strong support South Korea would not be able to retaliate, so it was safe to attack. That's the kind of mistake that Germany made before the World War I, when they emboldened Austria to take a strong stance against Russia. I think the Chinese must realize that their behavior can have an adverse effect on North Korea.

While listening to your presentation, I was intrigued and surprised to realize how ethno-centric my own view is. You suggest that the US resisted strengthening the US-ROK alliance because that might somehow embolden the ROK government in their reaction to North Korea's provocations, that it is worried that the threshold for violence is exceptionally low at present, and that is why the US is giving up its strategic patience policy and opposing North Korea. That suggests the US believes their policy may have emboldened South Korea to take a reckless policy. I had only been thinking that China may have emboldened North Korea, but now I realize the US may also feel that they have emboldened South Korea. I was surprised to think of it that way.

David Lampton

I think you're right. When a big power guarantees the security of a middle power, often the big power is afraid that it may be dragged into a conflict against its will. And the stronger the guarantee, the more the middle power feels able to act. So in a way the US and China are in a similar position.

Choi Jinwook

What should we do to balance our relationship with China and our alliance with the US?

Kim Taehyun

I just want to ask a quick follow-up question. In your talks with the Chinese, did you get the sense that any of them feel regret that they may have emboldened North Korea through their policies?

David Lampton

Not everyone in China agrees; there is some difference of opinion. I think some in China believe that the more they back up North Korea, the more provocative they become, and the more difficult it makes their relations with the US, South Korea, and Japan; that the cost is too high, and they want to distance themselves. But another (a counter) argument is that if China removes its security guarantee even

more clearly than it has done privately, North Korea will try to acquire more nuclear weapons and cause more trouble. So China feels trapped into supporting North Korea to avoid causing more security problems for itself. So, some worry that they might embolden North Korea by giving it too much of a guarantee and others fear what Pyongyang would do if it was entirely cut loose to fend for itself. This debate has been going on for a while now in China, but they haven't changed their policy. In the end they will not push North Korea into instability.

Would China offer South Korea a security guarantee? That's an interesting point. If North Korea was gone, you would presumably still have a reasonable Russia and a democratic Japan, and you could still maintain some kind of alliance with the US, for as long as you wanted it. What would a security guarantee with China be aimed at?

Kim Taehyun

I think Dr. Lee's question was: If South Korea became much more independent, would that lead China to be more amenable to the idea of unification dominated by South Korea?

David Lampton

Yes, the Chinese probably would be more flexible and less opposed in that case. But in terms of a security alliance with the ROK, one of China's core foreign policy principles is to have no alliances (North Korea is an exception). I don't imagine they will want to build a new

alliance with anyone, because it would only complicate their policies. But, if South Korea was more independent and not so closely tied to the US, such a development probably would make China somewhat less anxious about unification. How much less? I don't know, and as I said, Beijing's overwhelming impulse is to have a strategic buffer, so don't make too much out of this. How dependent do you want to be on Chinese benevolence?

Choi Jinwook

You still haven't addressed the question of how South Korea can balance its relations with China and its relations with the US.

David Lampton

Of course the US wants a close alliance for the sake of our national interests and stability. But on the other hand, the US doesn't think it's a bad idea for South Korea to have good relations with the PRC. We very much want a stable relationship; you don't hear the US complaining about China being South Korea's biggest export market, etc. In the end, we want a security structure such that we all are dedicated to maintaining stability in the region. We see China pushing into the South China Sea; the recent ASEAN meeting suggests that China may be more pliable there, but we'll see.

Kim Yong-ho

Regarding the nuclear issue, on page two of the handout you wrote

that Beijing sees US policy as "selective counter-proliferation." Is that your original language or a term the Chinese use?

David Lampton

I've heard at least one Chinese use that phrase. It implies that the US is not opposed to all proliferation, it is just selective in which proliferation it opposes. Washington wasn't opposed to proliferation in Israel, nor did it stay opposed to proliferation in India, but it has opposed it in Iran and North Korea. In other words, the US wants China to have the same enemies as it has. We shot our own nonproliferation policy in the foot with the India agreement. I don't always agree with the Chinese, but especially in the India-Pakistan case, how do you tell Pakistan not to seek its own nuclear security when the US shifted policy on India? Then there's the case of Libya, where Qaddafi got rid of his nuclear program and was subsequently invaded by NATO. That sends a message to the Iranians and North Koreans that you need nuclear weapons to stay safe!

Lee Dong Sun

You said you are an optimist on the bilateral relationship, based on growing economic inter-dependence between the US and China. My sense is that you are too optimistic on that point, for two reasons. 1) Economic inter-dependence is growing but it is unbalanced. IR theory suggests that when states have imbalances that are viewed as unfair, inter-dependence tends to be a destabilizing factor. 2) Looking at history, economic inter-dependence has not been a powerful factor

restraining states' political relations. The most striking example would be the close economic relations but very unstable political relations between Germany on the one hand and France, Britain and Russia on the other. There's not much historical ground from which you can draw to support your optimistic assessment.

Also, you say China has been unhappy with America's regime change policies in Afghanistan and Iraq. Would it make China feel more secure if the US ended its operations in those regions?

David Lampton

You are correct, the principal factor in my optimism is inter-dependence and economic growth. However, I do worry about exactly what you described; the historical precedent of WWI, which broke out even though Europe was highly economically inter-dependent. So you're right, history does not always bear out this hopeful outlook. Also, unbalanced interdependence is destabilizing, I agree. In that respect, I would say that our economic relationship with China is not as unbalanced as it may seem, and China is trying to re-balance it. They have revalued the RMB about 30% since 2005, the trade deficit is a little smaller, etc., though growing again. It depends on what kind of imbalance you mean. China is the largest export market for Japan, South Korea, and Taiwan. For all those countries, the US used to be the largest export market; now their goods are assembled in China and sent to the US and other markets, so the pattern has shifted. So if you look at the US trade deficit with East Asia as a whole, it actually hasn't changed so much, it's just been reallocated so that statistically it looks like China is much bigger. Also, our figures don't include a lot

of service trade, etc. So I think the trade situation is not as imbalanced as it appears. But no matter how imbalanced the trade relationship is, China is still our fastest growing, large export market.

So I agree with your first point, history doesn't give us an optimistic picture for cases of economic inter-dependence. But, while economics is a major rationale, there are also strategic considerations; neither side can afford another problem strategically. Domestic politics sometimes leads the US and China to say ugly things to each other, but on the other hand domestic constraints also makes it very hard to start a real conflict.

If we wind down our wars in Iraq and Afghanistan, and cool off on Iran somehow, would China be happy? In a sense, yes. But one interesting thing I heard on this trip was that, with the US seemingly committed to leaving Afghanistan, the Chinese suddenly said, "Well, don't leave it in a mess!" and "What about our investments?" I was struck by the way that the Chinese criticize us for being there, but when we talk about leaving they get nervous about the consequences. So it appears that they want contradictory things.

Kim Young-ho

Through several incidents last year, we saw that the Chinese have begun to act more assertively. They announced that they have changed their core interests to include the Senkaku (Diaoyutai) Islands, the Yellow Sea, etc. Do you know when or where that happened?

David Lampton

I think there was some confusion; the most obvious statement in this regard concerned the South China Sea. As I understand, the problem emerged from a meeting with Dai Bingguo. He made a speech laying out China's core interests in terms of broad principles like peace, development, etc. Somebody said, "What does that mean?" and then someone else said it meant Xinjiang, Tibet, Taiwan, the South China Sea. Consequently it was reported that China had changed its core interests to include the South China Sea. Finally State Councilor Dai Bingguo issued a written statement in December 2010 gently correcting the record. Recently Professor Wang Jisi wrote a piece in Foreign Affairs calling this earlier formulation (mistaken or otherwise) "reckless." So, one of the difficulties we face is that, with pluralism, China increasingly speaks with multiple voices, at least until the Center authoritatively weighs in.

Hong Woo-Taek

Whenever I talk with Chinese scholars, they always talk about the US rather than themselves. If I ask them to talk about their own position, their answer is always like something from Political Science 101. Some US scholars talk in a similar way. So I'll try to make my question very simple and straightforward: What is the US strategic position on Korean unification? What if they knew for certain that China doesn't want it?

David Lampton

Most in the US government believe that the Chinese don't want unification. It's not a secret. As to how that affects our policy, I can't speak for the US government. It seems to me the perception is that unification may be far off in the future, but, were it to happen precipitously in a deep crisis scenario, that would be very dangerous; right now our priority is stability. Washington seems more worried about the present situation - e.g., what do we do in the event of collapse and how do we avoid conflict that would escalate uncontrollably?

Kim Hosup

You said that you met with State Councilor Dai Bingguo and Deputy Chief of Staff Ma Xiaotian. Did you get a sense of any difference between the two in regard to Korean stability?

David Lampton

The conversation with Dai Bingguo was mostly about the Six-Party Talks and getting China, the US, and South Korea on the same page so we could get North Korea back on track and bound the problem. The talks with Ma Xiaotian were about military-to-military relations and how the Chinese might respond to US arms sales to Taiwan. So the conversations were actually about two different things. Dai Bingguo is on the constructive end of Chinese politics, and General Ma Xiaotian also seems reasonable. I'm not one of those who think the Chinese military has taken over policy. But, some in the PLA, particularly those

who are retired, feel more emboldened to express their views; some of these views are controversial. Who's more influential? Dai Bingguo was the one who released the article "settling" the debate over China's "core interests." In overall foreign policy he seems influential.

Kim Hosup

When Dai Bingguo came to Seoul right after the Yonpyong bombardment, he suggested the Six-Party Talks as a forum to resolve the crisis. We Koreans were disappointed; we expected more from the Chinese official in charge of Korean peninsula affairs. There was quite an angry reaction in some Korean newspapers; his remarks seemed insincere and rude in view of the seriousness of the North's provocation. Was Dai Bingguo's suggestion his personal idea, or was it the official recommendation of China? Does the Chinese government really believe the Six-Party Talks are a workable method of resolving North Korea's provocations?

David Lampton

State Councilor Dai Bingguo, I believe, was speaking for the Politburo and the Standing Committee, and their policy priority is stability. I was here in Seoul shortly afterwards and it seemed to me that people in Seoul were insulted by the moral equivalence implied by his statements. Perhaps he could have handled it better, but it wasn't his personal opinion; the underlying policy behind his statements was Beijing's. I don't think China believes the Six-Party Talks will solve the problem; I think they see it as a crisis management mechanism, a way

to cool the crisis down. It's like the Fukushima reactor; you have to get the temperature down before you can begin to solve the problem. They see the Six-Party Talks as the only multilateral forum available for dealing with these problems. I don't think the Chinese actually think that Pyongyang will ever get rid of its nuclear weapons in any meaningful time frame; but they're focused on the long-term evolution of North Korea - does the society change and therefore eventually does the threat that it poses to regional stability dissipate over time?

Forum Members

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YU Hyun-Seok, Professor at the Department of Political Science and International Relations, Kyung Hee University.

John S. Park *(U.S. Institute of Peace)*

No matter how much criticism China gets, it will stick to a balanced approach between South and North Korea because it believes that will be the most effective strategy in the long-term.

Lowell Dittmer *(University of California, Berkeley)*

One of the central paradoxes inhibiting reunification efforts by either the North or the South has to do with relative power. The road ahead is apt to be protracted and torturous, demanding a high level of diplomatic finesse.

Fei-ling Wang *(Georgia Institute of Technology)*

Unless China feels sufficiently safe to submerge itself in the tangled networks of an East Asian integration, China is unlikely to give up its position as a staunch defender of the status quo in the region under the "imposed" Westphalia System

G. John Ikenberry *(Princeton University)*

The U.S. should accommodate a rising China by offering it a high status and position within the regional order in return for Beijing accepting and accommodating Washington's core strategic interests.

David M. Lampton *(Johns Hopkins University)*

For China to be more relaxed about unification, it will have to have assurances that the U.S. won't move its forces beyond the 38th parallel; ideally, it woul prefer that U.S. troops leave the peninsula completely.

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