

Rising Powers, Offshore Balancers, and Why the US-Korea Alliance is Undergoing Strain

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Abstract

Why have US-ROK relations undergone tension in the past few years? What impact has China's rise had in Northeast Asia? In this essay, I argue that although South Korea desires to remain a firm ally of the US, their regional interests are diverging. Indeed, the relations between the US and ROK are fairly smooth: Maintaining the alliance and cooperation over the Iraq war has been excellent. However, their interests diverge in their focus on regional issues and long-term strategies. The bulk of evidence leads to the conclusion that South Korea is making hesitant moves in the direction of diminished United States influence and increased accommodation of China. Although the US remains clearly the most important actor in the region, and no country appears poised to replace it, other East Asian states are increasingly being forced to take China into account in formulating their foreign policies. Furthermore, while the more apocalyptic concerns about the end of the US-ROK alliance will not occur, it does mean that both the US and South Korea need to find a new basis for their relationship, and South Korea needs to find a way to integrate North Korea into the region, and to move beyond shrill nationalism and ultimately to coexist with Japan and China.

Key Words: Korea, US, alliances, unification, strategy

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Introduction

The US-ROK alliance is under greater strain than ever before. As Scott Snyder notes, “the alliance appears demonstrably less important to both Americans and South Koreans than it was during the Cold War.”¹ While US and South Korean policies were relatively consistent with each other during the first North Korean nuclear crisis (1993-1994), the crisis of 2002 showed how far the two countries had drifted apart in their foreign policies and perceptions.² One former US ambassador called 2004 “the lowest point in the history of the alliance.”³

In the United States, some influential policy analysts are openly criticizing South Korea for being naive, and have begun calling for an end to the alliance. Nicholas Eberstadt of the American Enterprise Institute characterized South Korea as “a runaway ally,” arguing that the US ought to “work around” the Roh Administration.⁴ The Cato Institute called for an “amicable divorce,” and Ted Galen Carpenter and Doug Bandow suggested that the alliance should be dissolved.⁵ In the *Wall Street Journal*, Bruce Gilley even advocated that China invade North Korea in order to force regime change.⁶

At the same time that tensions are rising between the US and ROK, China is becoming an increasingly important actor in the

¹ Scott Snyder, “The Beginning of the End of the US-ROK Alliance?” *PacNET* 36, August 26, 2004.

² David C. Kang, “The Avoidable Crisis in North Korea,” *Orbis* (Summer 2003).

³ Donald Gregg, February 11, 2004.

⁴ Nicholas Eberstadt, “Tear Down This Tyranny,” *The Weekly Standard*, November 29, 2004.

⁵ Ted Galen Carpenter and Douglas Bandow, *The Korean Conundrum: America's Troubled Relations with North and South Korea* (London: Palgrave MacMillan, 2004).

⁶ Bruce Gilley, “An Immodest Proposal,” *Wall Street Journal*, January 5, 2005.

region. Particularly in the United States, observers are increasingly questioning whether China's rise will be peaceful, and whether China poses a threat to the region and to the United States.⁷

Why have US-ROK relations undergone tension in the past few years? What impact has China's rise had in Northeast Asia?

These questions are interlinked, as is their answer. In answering these questions, it is useful to start with the impact that China has had on East Asia and the United States. Indeed, China's rise has caused considerable concern among both policymakers and scholars of international relations. There are at least three major bodies of literature that would predict that a rising China is destabilizing. Realpolitik pessimists see China's rise as inherently destabilizing. For example, John Mearsheimer writes that if China threatened to dominate the entire region, "it would be a far more dangerous place than it is now... engagement policies and the like would not dull China's appetite for power."⁸ Power transition theorists also see rapidly rising power as a likely cause of conflict. Robert Powell writes that, "a rapidly shifting distribution of power combined with the states' inability to commit to an agreement can lead to war."⁹ Finally, those who focus on signaling emphasize that an authoritarian state has more difficulty in making credible statements about its intentions than a democratic state.¹⁰

⁷Richard Bernstein and Ross H. Munro, *The Coming Conflict with China* (New York: Alfred A. Knopf, 1997).

⁸John Mearsheimer, *The Tragedy of Great Power Politics*, p. 400. For similar arguments, Richard K. Betts, "Wealth, Power, and Instability: East Asia and the United States after the Cold War," *International Security* 18, No. 3 (Winter 1993), p. 55; Aaron Friedberg, "Ripe for Rivalry," *International Security* 18 Issue 3 (Winter 1993/94), pp. 5-33; Christopher Layne, "The unipolar illusion: Why new great powers will rise," *International Security* 17 (Spring 1993) pp. 5-51.

⁹Robert Powell, "The Inefficient Use of Power: Costly Conflict with Complete Information," *American Political Science Review* 98, No. 2 (May 2004), p. 231. See also Douglas Lemke, *Regions of War and Peace* (Cambridge: Cambridge University Press, 2002).

¹⁰James D. Fearon, "Domestic Political Audiences and The Escalation of International Disputes," *American Political Science Review* 88, No. 3 (September

Against this backdrop, the conventional view on the US-ROK (and US-Japan) alliance is that the US plays an important and stabilizing military and diplomatic role in Asia. For example, Michael Mastanduno writes that “American power and presence have helped to keep traditional power rivals in the region from engaging in significant conflict and have reassured smaller states who have traditionally been vulnerable to major regional wars.”¹¹ Although originally designed to balance the Soviet Union, this perspective expects that because the US and ROK are both advanced capitalist democracies, their assessments of threat in the region would also be similar, and that relations between the two should be stable, and they would view both the rise of a powerful, non-democratic China and the nuclear weapons program of North Korea with similar concern.

Yet the “China threat” perspective understates the complex relationship between East Asian states and China. The complexity of this relationship is particularly evident on the Korean Peninsula. Many academics and policymakers in the US still tend to see the region in Cold War terms, expecting South Korea to ally closely with the US against North Korea, and to be wary of China’s rapid growth. However, the region is undergoing arguably its greatest transformation since the end of World War II, and South Korea, while wary of China, is not obviously balancing against it. This adjustment may occur even though South Korea has been one of the United States’ closest Asian allies for sixty years.

This is due in part to the differing roles that China and the US can play in resolving South Korea’s most important security issue, that of

1994), pp. 577-593; Christopher F. Gelpi and Michael Griesdorf, “Winners or Losers? Democracies in International Crisis, 1918-94,” *American Political Science Review* 95, No. 3 (September 2001), pp. 633-648.

¹¹ Michael Mastanduno, “Incomplete Hegemony: The United States and Security Order in Asia,” in *Asian Security Order*, Muthiah Alagappa (ed.) (Stanford: Stanford University Press, 2003).

North Korea. South Korea wants to engage North Korea, while the United States wants to confront North Korea. South Koreans worry that the US will erode the slow gains towards national conciliation that they have made in the past decade. Americans worry that South Koreans are being naive in their desire to find common ground with the North. In this situation, China has emerged as a country that is helping to minimize tensions and provide an approach to North Korea similar to that of South Korea's.

More significantly, however, are the differing long-term strategic concerns of the US and South Korea. For South Korea, the key foreign policy issue for South Korea is regional and political-economic: Focused on unification, South Korea is concerned with how, ultimately, to integrate North Korea back into the world's most dynamic region, how to end the conflict that has lasted over fifty years, and what ultimately this unified Korea's foreign policy should be. In contrast, the US strategy is global and political-military. For at least the next several years, the United States will be mainly concerned with countering potential terrorist threats. Distracted by the overwhelming focus on anti-terrorism, homeland security, and other issues, the United States has viewed its Korea policy as a narrow extension of its anti-terrorism policy, focusing almost exclusively on denuclearizing the North. Beyond that, the US is not particularly focused on economic integration in the region, or shaping the pace or manner of Korean unification. These differing long-term strategic interests are at the present muted, but they lie just below the surface, and they point to a more fundamental difference between the US and South Korea than many previously have recognized.

In this essay, I argue that although South Korea desires to remain a firm ally of the US, their regional interests are diverging. Indeed, the relations between the US and ROK are fairly smooth: Maintaining the alliance and cooperation over the Iraq war has been excellent.

However, their interests diverge in their focus on regional issues and long-term strategies. The bulk of evidence leads to the conclusion that South Korea is making hesitant moves in the direction of diminished United States influence and increased accommodation of China.¹² Although the US remains clearly the most important actor in the region, and no country appears poised to replace it, other East Asian states are increasingly being forced to take China into account in formulating their foreign policies. Furthermore, while the more apocalyptic concerns about the end of the US-ROK alliance will not occur, it does mean that both the US and South Korea need to find a new basis for the relationship, and South Korea needs to find a way to integrate North Korea into the region, and to move beyond shrill nationalism and ultimately to coexist with Japan and China. No one is advocating abandoning the long-term alliance with the United States in favor of jumping on the China bandwagon. The problem is more subtle than that.

China's expected emergence as the most powerful state in East Asia has been accompanied with more stability than pessimists believe because China is increasingly becoming the predominant regional power. On the one hand, China has provided credible information about its capabilities and intentions to its neighbors. On the other hand, East Asian states actually believe China's claims, and hence do not fear – and instead seek to benefit from – China's rise. This shared understanding about China's preferences and limited aims short-circuits the security dilemma.¹³

This paper is composed of five main sections. In the first section, I provide a theoretical framework that explains different responses to

¹²On Japan, see David C. Kang, "Japan: US Partner or Focused on Abductees?" *The Washington Quarterly* (Autumn 2005), pp. 107-117.

¹³On different types of rising powers, see Charles Glaser, "Political Consequences of Military Strategy: Expanding and Refining the Spiral and Deterrence Models," *World Politics* 44 (July 1992).

rising power. In the second section I explore the changing China-Korea relationship. The third section explores the North Korean nuclear issue, while a fourth section examines the US-ROK relationship in depth. A final section briefly compares the US-ROK alliance with the US-Japan alliance, and draws overall conclusions and directions for further research.

Rising Powers and Offshore Balancers

In sorting out a theoretical framework that can explain the complex dynamics in East Asia, I begin with the important task of defining the region itself. As Robert Ayson notes, “the widely inclusive membership of the Asia Pacific Economic Cooperation (APEC) is too wide to be analytically useful, including as it does Latin America as well as those states in East Asia.”¹⁴ Barry Buzan and Ole Weaver define regional security complexes as a set of “geographically proximate states... [characterized by] the relative intensity of security interdependence among a group of units, and security indifference between that set and surrounding units.”¹⁵ That is, a region is one where the units are primarily focused on the interactions and issues that occur between the units, and relatively less concerned with issues that occur outside that set of states.

By this definition, the states of Northeast Asia (mainly Japan,

¹⁴Robert Ayson, “Regional Stability in the Asia-Pacific: Towards a Conceptual Understanding,” *Asian Security* 1, No. 2 (2005). See also Gilbert Rozman, XYZ (XYZ: XYZ); Gil Rozman, “Flawed Regionalism: Reconceptualizing Northeast Asia in the 1990s,” *Pacific Review* 11, No. 1 (1998), pp. 1-27; Alexander Woodside, “The Asia-Pacific Idea as a Mobilization Myth,” in Arif Dirlik (ed.), *What’s in a Rim?: Critical Perspectives on the Pacific Region Idea* (Lanham, MD: Rowman and Littlefield, 1998), pp. 13-28; Michael Ng-Quinn, “The Internationalization of the Region: The Case of Northeast Asian International Relations,” *Review of International Studies*, Vol. 12, No. 1 (1986), pp. 107-125.

¹⁵Barry Buzan and Ole Weaver, *Regions and Powers: The Structure of International Security* (Cambridge: Cambridge University Press, 2003), pp. 27, 48.

China, and the two Koreas) and Southeast Asia (mainly Taiwan and the states of ASEAN) form an East Asian region. Defining what comprises the region is of more than semantic interest. We would expect that the processes within the region would be different than those outside of it, and that states would interact differently with states inside or outside of the region. That is, the pattern I elucidate in this essay is occurring only in East Asia, and we would not expect to see states such as India or Russia deal with China in the same manner as does South Korea.

Although public US officials will vehemently deny it, the US is not, in fact, an East Asian state. Rather, the US is a global actor that has regional interests, that is – an offshore balancer. The United States has been deeply involved in East Asia for the past century, but involvement – and even war – is not the proper criterion for determining whether a state is within or outside of a region. Rather, as Barry Buzan has argued, it depends much more on whether the issues within the region are the primary issues upon which the state focuses.¹⁶ In defining the United States as an offshore balancer, I build on the work of scholars such as Thomas Christensen, Christopher Layne, and others, who also define the US as an offshore balancer.¹⁷

The United States is not properly a part of the region, because although the United States has security concerns in East Asia, it clearly has a global focus, and its attention is only intermittently focused on East Asia. That is, East Asia has never been the only, or

¹⁶ Barry Buzan, “A Framework for Regional Security Analysis,” in Barry Buzan and Gowher Rizvi (eds.), *South Asian Insecurity and the Great Powers* (New York: St. Martin’s Press, 1986), pp. 3-8.

¹⁷ Tom Christensen, “China, the US-Japan Alliance, and the Security Dilemma in East Asia,” *International Security* 23, No. 4 (Spring 1999), p. 50; Christopher Layne, “From Preponderance to Offshore Balancing,” *International Security* 22, No. 1 (Summer 1997), pp. 86-125; See also the detailed discussion on the US as a global, not regional, actor, in Barry Buzan and Ole Weaver, *Regions and Powers: The Structure of International Security* (Cambridge: Cambridge University Press, 2003), especially pp. 93-184.

even the primary, focus of US foreign policy. This contrasts with the East Asian states, which despite their global interests, are principally focused on issues that arise from interactions among themselves. The Iraq war of 2003 and the North Korean nuclear issue of 2002 are good examples of this. While the states of East Asia have been concerned for the past three years primarily with the North Korean issue, the United States has focused more on Iraq, and attempted to manage the North Korea issue without sustained attention. The opposite has occurred for the East Asian states – although Iraq has an impact, they are more concerned about resolving the North Korean issue. Thus, Japan and South Korea sent troops for the Coalition of the Willing more to cement US ties to East Asia, not from an inherent desire to stabilize Iraq. For similar reasons, other states such as India and Russia are also not East Asian states. While these states interact often with those in East Asia, their main concerns and issues are quite different.

Rising Power

Can East Asia be stable in the presence of a rising power? That is, is it possible for a stable situation to occur in which one state has overweening power, but does not cause the other states in the system to balance against it, and also does not fold the secondary states under its wing into an empire? Realists, who focus mainly on the distribution of power in a system, tend to see the rise of any state with overweening power as inherently destabilizing.¹⁸ Others argue that preponderance of power is the most stable situation.¹⁹ However, for choice theoretic

¹⁸ Kenneth Waltz, *Theory of International Politics* (Redding, MA: Addison-Wesley, 1979); Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987); John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001).

¹⁹ A.E.K. Organski, *World Politics* (New York: Alfred Knopf, 1958), pp. 315-611;

scholars, the answer to the question above is, in R. Harrison Wagner's words, "it depends."²⁰

Indeed, a rising power poses both potential costs, but also potential benefits, to the secondary state. While a rising power may demand concessions or territory from the secondary state, it may also offer benefits from a growing economy and lower defense spending if relations between the two are warm.²¹ Balancing a rising power puts the balancer in a better position to avoid potential costs, if there is conflict. However, balancing will also be more likely to limit the benefits of cooperation with the rising power, and potentially raise costs through added defense expenditures and creating conflict where there may be none to begin with. By contrast, aligning with the rising power puts the bandwagon jumper in a more vulnerable position relative to the rising power, but also increases the probability of its enjoying the benefits the rising power can provide.²² Thus, a secondary state's alignment decision will depend in part on the tradeoff between the costs and benefits the rising power potentially provides.

Although material power is important, the preferences of other states are just as important in determining a state's assessment of threat in the international system. Robert Powell writes that "although

A.E.K. Organski and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980); Douglas Lemke, *Regions of War and Peace* (Cambridge: Cambridge University Press, 2002); Geoffrey Blainey, *The Causes of War*, 3rd edition (New York: The Free Press, 1988); Woosang Kim and James Morrow, "When Do Power Shifts Lead to War?" *American Journal of Political Science*, Vol. 36, No. 4 (November 1992), pp. 896-922.

²⁰ R. Harrison Wagner, "Peace, War, and the Balance of Power," *American Political Science Review* 88, No. 3 (September 1994), p. 593. See also Jack Levy, "The Causes of War," in Philip Tetlock *et al.* (eds.), *Behavior, Society, and Nuclear War* (New York: Oxford University Press, 1989), pp. 209-333.

²¹ Schweller, "Bandwagoning for Profit: Bringing the Revisionist State Back In," *International Security* 19, No. 1 (Summer 1994), pp. 72-108.

²² Robert Powell, "Bargaining Theory and International Conflict," *American Review of Political Science* 5 (2002), pp. 1-30, quoted on page 16.

some structural theories seem to suggest that one can explain at least the outline of state behavior without reference to states' goals or preferences...in order to specify a game theoretic model, the actor's preferences and benefits must be defined."²³ This coincides with recent formal work on international conflict that has identified asymmetric information as one of the main causal mechanisms that can lead to conflict.²⁴ Information is asymmetric or incomplete when different actors know or believe more about their own preferences and vital interests than do other states. This can lead to conflict if two sides have different assessments of the other's willingness to fight over an issue. In the reassurance context, signals must show that the state is moderate and willing to reciprocate cooperation.²⁵ The information problem can be most severe in determining what a state's "vital interests" are, that is, those interests over which a state will fight.²⁶

²³ *Ibid.*, p. 17. See also James D. Fearon, "Signaling Foreign Policy Interests: Tying Hands Versus Sinking Costs," *Journal of Conflict Resolution* 41, No. 1 (February 1997), pp. 68-90.

²⁴ James Fearon, "Rationalist Explanations for War," p. 381; Andrew Kydd, "Game theory and the spiral model," *World Politics* 49 (1997), pp. 371-400; Lisa Martin, "Credibility, Costs, and Institutions: Cooperation on Economic Sanctions," *World Politics* 45, No. 3 (1993), pp. 406-432; James D. Fearon, "Signaling Foreign Policy Interests: Tying Hands Versus Sinking Costs," *Journal of Conflict Resolution* 41, No. 1 (February 1997), pp. 68-90; Andrew Kydd, *Trust and Mistrust in International Relations* (Princeton: Princeton University Press, 2005); Fearon 1994; Robert Powell, "Bargaining Theory and International Conflict," *American Review of Political Science* 5 (2002), p. 17. The other main mechanism is the "commitment problem," which arises when two states cannot trust each other to uphold their side of a bargain. Even in situations of perfect information, the structure of incentives may make it impossible for two states to commit not to attack each other. Although the issue of credible commitments is important one, I do not address the credibility problem in detail in this paper. In contrast to the approach I take here, Robert Powell focuses only on the credible commitment problem and does not address the information problem in "The Inefficient Use of Power: Costly Conflict with Complete Information," *American Political Science Review* 98, No. 2 (May 2004), pp. 231-241.

²⁵ Andrew Kydd, "Game Theory and the Spiral Model," *World Politics* 49 (April 1997), pp. 371-400.

²⁶ James D. Fearon, "Signaling Foreign Policy Interests: Tying Hands Versus Sinking Costs," *Journal of Conflict Resolution* 41, No. 1 (February 1997), pp. 68-90.

In a system of unequal (or “unbalanced”) power, it is not just security and economic relations, but also the intentions and preferences of both dominant and secondary states that make China’s emergence as the largest regional state stable and not threatening. To the extent that China communicates restraint to its neighbors, and its neighbors believe China, then the system will be stable even in the context of rising power.

Why would a state limit its goals? A number of theorists have noted that power maximization is only one of many possible assumptions about state preferences.²⁷ In fact, it is quite possible that a dominant state will not pursue empire even if it has the potential to do so. It is also reasonable to assume that states pursue and satisfy the needs of safety, domestic stability, income for their citizens, and perhaps a number of other goals in addition to power. Under these different assumptions, if a dominant state does not face any threats and is satisfied with the status quo, it would not feel the need to pursue empire. States routinely make inferences about each other, based on a number of actions and interactions with the other states.²⁸

One way international relations theorists pose this issue is to ask whether a rising power is a status quo or revisionist power.²⁹ A satisfied or status quo dominant state would not necessarily cause fear and balancing among the secondary states, and an important issue for the secondary state is whether the dominant state conveys intentions

²⁷ James D. Fearon, “Domestic Politics, Foreign Policy, and Theories of International Relations,” *American Review of Political Science* 1 (1998), p. 294.

²⁸ Andrew Kydd, “Game Theory and the Spiral Model,” *World Politics* 49 (April 1997), pp. 371-400.

²⁹ On definitions of status quo and revisionist powers, see Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), p. 34; Randall Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back In,” *International Security* 19, No. 1 (Summer 1994), pp. 72-108; Alastair Iain Johnston, “Is China A Status Quo Power?” *International Security* 27, No. 4 (Spring 2003), pp. 5-56; Organski and Kugler, *The War Ledger*, pp. 19-23.

that allay secondary states' concerns. More importantly, if the rising power communicates dissatisfaction with the status quo, it is more likely that the secondary states will fear, and attempt to balance if they can, the rising power. If the rising power communicates satisfaction with the status quo, it is more likely that the secondary states will be reassured, and bandwagon with the rising power in order to benefit from its rise.

That is, one could go far and even argue that China does not have to communicate its preference about security policy through publishing military reports or sending delegations – those communicative actions are not necessary because everyone implicitly knows that China needs stability to sustain economic growth and others also need China to expand their market. It is true that it is impossible to tell with complete surety whether a state is sincere or bluffing in the signals it sends out, or what its intentions are, because a state's preferences can always change.

Thus, while one possibility is that secondary states will balance against a rising and potentially dominant power, this is by no means the only –or most likely– strategy. An alignment decision depends on two things. First, the costs and benefits the rising power potentially provides versus the costs and benefits that an offshore balancer potentially provides. Second, how the rising power and the secondary state communicate and draw inferences about each other's preferences. To the extent that a rising, potentially predominant power can communicate its preferences for stability and the status quo, provide benefits of leadership and economic growth, and lower the costs of preparing for war, the system as a whole will be stable and likely lead to bandwagoning, or at least accommodation.

China's Emerging Presence in East Asia

Applied to East Asia, this framework allows us to better understand the difficult strategic position within which South Korea finds itself. As the region has emerged from the Cold War, and China's rise has become increasingly clear, all the regional states have begun to ask themselves how they should adjust their foreign policies to deal with this new configuration of power and states in the region. The past decade has seen China's presence rapidly increase on the Korean Peninsula, and this has had repercussions for both South-North relations, as well as the US-ROK relationship. The increasingly warm relations between South Korea and China have spanned a range of issues, from economic to political.

Furthermore, China has shown deft foreign policy toward the peninsula, simultaneously reassuring South Korea of its intentions, while also taking an increasing leadership role in a number of issues. Coupled with the diverging US and South Korean interests, South Korea is increasingly questioning whether the US as an offshore balancer truly is its best foreign policy path, or whether finding accommodation with China will better secure South Korea's future on the peninsula.

The goal of integrating North Korea back into the region, and even eventual unification, is still only part of the strategic problem South Korea faces. South Korea – and a unified Korea – must find a way to live in a region with two massive countries (Japan and China), and a global superpower with interests in the region (the US). There are no easy choices. As noted in the theoretical section, South Korea must decide whether the lure of China's booming economy outweighs the potential vulnerability South Korea could face in the future.

Like every other country in the world, South Korea sees its economic fate in the future of the Chinese economy. The potential

benefits are large, especially given the geographic proximity and cultural similarities they share. There is clearly concern in Korea about the rapid rise of Chinese manufacturing and technological prowess, yet this has not stopped the headlong rush of South Korean firms into China. Nor does the South Korean government resist regional moves – mostly initiated by China – to further economic integration and open borders. Indeed, China, Japan, and South Korea are rapidly institutionalizing their economic relationship, often without the US present at the table.

The overall contours of the China-ROK relationship are well known. In terms of economic cooperation, China's attraction to Korea was exemplified in 2003 by its surpassing of the United States as the largest export market for South Korean products – a position the US held since 1965.³⁰ In fact, China became South Korea's largest trade and investment partner in 2003.³¹ In 2003, Korea invested more in China than did the United States – \$4.7 billion to \$4.2 billion. In 2003, the ROK was China's fifth-largest investor, investing over \$1 billion.³² Korean exports to China increased 35% in 2003, to \$47.5 billion, far surpassing Korean exports to the United States, which increased 7%, to \$36.7 billion.³³ These broad data are backed up by other evidence of South Korean economic interest in China. Over one million South Koreans visited China in 2000, and the number continues to grow.³⁴ Over 25,000 Korean companies now produce goods in China.³⁵ Woori Bank has a 150-member research group

³⁰ Korea International Trade Association, *Bridging the Pacific* No. XXXIV (January 2004).

³¹ Scott Snyder, "The Beginning of the End of the US-ROK Alliance?" *PacNET* 36, August 26, 2004.

³² "Korea's China Play," p. 32.

³³ *Ibid.*, p. 32.

³⁴ James Brooke, "China 'Looming Large' in South Korea as Biggest Player, Replacing the US," *New York Times*, January 3, 2003.

³⁵ "Korea's China Play," *Business Week*, March 29, 2004, p. 32.

focused on China, and all the major Korean banks had opened branch offices in China by 2004.³⁶

In security planning, South Korea has shown little inclination to balance China, and also shows little evidence of planning to defend itself militarily from China. As James Przystup writes, “it is highly unlikely that Japan or America’s other allies in the region are prepared to join in a concerted containment strategy aimed at China... they have voiced their apprehension that actions taken in Washington could cause them to be confronted with difficult choices.”³⁷ Although the US-ROK alliance provides South Korea with a strong ally, South Korean planning has not been focused on a potential Chinese threat. South Korea has also shown considerable deference to China, especially in its reluctance to support fully United States plans for theater missile defense.³⁸ If South Korea considered China a threat, ostensibly their force structure would be different. From 1990-2004, South Korea’s defense spending has decreased by over a third from 4.4 percent of GDP in 1990 to 2.8 percent of GDP in 2004.

The events of the past few decades have led to a fundamental shift in South Korea’s foreign policy orientation, its attitudes toward the United States and China, and its own self-image. However, South Korea has clearly not completely bandwagoned with China. A wholehearted embrace of China has not happened.

As Victor Cha writes:

The net assessment therefore is that in terms of grand strategic choices, South Korea has edged down the path of being cut “adrift,” [moving away from the US and closer to China] but not yet by definitive leaps

³⁶ Kim Chang-gyu, “Korean banks race into China market,” *JoongAng Ilbo*, July 1, 2004.

³⁷ James Przystup, p. 37.

³⁸ This may also reflect South Korea’s decision that TMD will not help it in a conventional war with the North. See Victor Cha, “TMD and Nuclear Weapons in Asia,” in *Asian Security Order*.

and bounds... The fact that no clear direction has been set out over the past year is testament to the genuine state of flux in the ROK's strategic direction.³⁹

South Korea and China have become much closer than they were during the Cold War. Yet their relationship is not nearly as close as the South Korea-United States relationship. It is clear, however, that South Korea's relations with both of these major powers are changing, and that South Korea-China relations are steadily growing closer.

The North Korean Issue

Regarding the North Korean nuclear program, although the United States has been mainly concerned with the North Korean nuclear program because of its global war on terror, South Korea's much deeper long-run question has been more complex: How to manage and ultimately solve the North Korea issue, even if nuclear weapons are no longer a factor. In this case, China has emerged as a regional player – even perhaps the leader – on the issue of how to best deal with North Korea. This leadership over the North Korea-US standoff is further evidence of China's emerging role in the region. This role has involved China engaging in “shuttle diplomacy” between the US and North Korea, hosting in Beijing the few meetings between the two sides that have taken place, and generally urging both the US and North Korea to moderate their rhetoric and negotiate over the issues.

Although there are other reasons for the changing US-ROK alliance, the most immediate difference has occurred over how to deal

³⁹ Victor Cha, “Korea,” in *Strategic Asia* (Seattle, WA: National Bureau of Asian Research, 2004).

with North Korea. The United States is worried about North Korean strength: Its nuclear weapons program. Even though North Korea has not successfully tested a missile that can reach the US, the US is worried about the potential sale of nuclear material or weapons to groups such as Al Qaeda that would use such weapons on the US.

In contrast, South Korea in particular, as well as the countries in East Asia, is more concerned about North Korean collapse or chaos than it is about an unprovoked North Korean attack. These countries believe that North Korea can be deterred, and instead are worried about the economic and political consequences of a collapsed regime. To put the matter in perspective, were North Korea to collapse, the number of refugees could be potentially greater than the entire global refugee population of 2004.⁴⁰ Even assuming a best-case scenario in which collapse did not turn violent, the regional economic and political effects would be severe. Economic growth in all the neighboring countries would be affected, if only because of the disruption from refugees and the increased demand on resources placed on all the governments. Politically, China, South Korea, Japan, and Russia would have to coordinate policies and actions in a rapidly changing environment.

Since 2002, the United States has taken the policy of attempting to isolate North Korea, and refused to negotiate with the North until it had dismantled its nuclear weapons programs.⁴¹ However, Chinese, Russian, South Korean – and to a lesser extent, Japanese officials began to privately and publicly advocate positions that were more moderate than the American position. For example, in June of 2004, Zhou Wenzhong, China’s Deputy Foreign Minister said, “we know

⁴⁰ US Committee for Refugees and Immigrants, “World Refugee Survey 2004,” <http://www.refugees.org/article.aspx?id=1156>.

⁴¹ Victor Cha and David Kang, “Can North Korea Be Engaged?” *Survival* 46, No. 2 (Summer 2004), pp. 89-108.

nothing about [North Korea's] uranium program. So far the US has not presented convincing evidence of this program... The United States is accusing North Korea of having this or that, and then attaching conditions [to negotiations]. So it should really be the US that takes the initiative."⁴² As one newspaper report put it in June 2004, "for months, diplomats from China, Japan, and South Korea have worried that the talks with North Korea were going nowhere, and they have described Mr. Kim and Mr. Bush as equally stubborn."⁴³

China as well shows little signs of desiring to pressure the North. While China continues to take the a strong interest in attempting to restart the Six-Party Talks, a number of observers point out that China desires stability in North Korea as much as it desires a solution to the nuclear issue. For example, Piao Jianyi of the Institute of Asia Pacific Studies in Beijing said that, "although many of our friends see it as a failing state, potentially one with nuclear weapons, China has a different view. North Korea has a reforming economy that is very weak, but every year is getting better, and the regime is taking measures to reform its economy, so perhaps the US should reconsider its approach."⁴⁴ Moreover, without Chinese cooperation, any attempt to isolate the North will be difficult, if not impossible. China also continues to nudge the North toward economic reforms. During the last 4 years, the trade between China and North Korea rapidly increased, along with reports that Kim Jong Il himself has visited Shanghai industrial zones three times since 2002.

Despite much skepticism about Kim Jong Il's intentions, North Korea's market-socialism policy is accelerating, most notably it has

⁴² Joseph Kahn and Susan Chira, "Chinese Official Challenges US Stance on North Korea," *New York Times*, June 9, 2004.

⁴³ David Sanger, "About-Face on North Korea: Allies Helped," *New York Times*, June 24, 2004.

⁴⁴ Howard French, "Doubting US, China is Wary of Korea Role," *New York Times*, February 19, 2005.

abandoned its centrally planned economy and allows supply and demand to set prices.⁴⁵ The North has also moved forward on the creation of special economic zones. These changes have begun to affect the daily lives of North Korean citizens, and, once unleashed, it will be difficult to return to the previous economic situation. South Korea has rapidly developed its relationship with the North: North-South merchandise trade increased fifty percent year-on-year from 2001 to 2002, exceeding US\$800 million.⁴⁶ Trade between the ROK and DPRK in 2003 rose 13 percent year-on-year to US\$724.22 million.⁴⁷

Signs of the similarity of approach by South Korea and China continued with the latest round of Six-Party Talks held this summer and fall. One of the sticking points was the desire by North Korea to retain a civilian nuclear power program. The US adamantly opposed this, arguing that North Korea should abandon any nuclear program, peaceful or not. However, both China and South Korea came out saying that a peaceful nuclear program is allowed under the NPT and they were supportive of North Korea's desires.⁴⁸

China and South Korea in particular have cautiously welcomed such small changes in North Korea. South Korea is leading the efforts to pursue the economic integration of North Korea into the region. While the recent Roh-Bush summit meeting in Pusan was cordial, and although South Korea continues to attempt to find a way to cooperate with the US, it is also likely that the next three years will see the South resisting attempts to pressure the North.

⁴⁵ See David Kang, "North Korea's Economy," in Robert Worden (ed.), *North Korea: A Country Study*, Federal Research Division, Library of Congress, forthcoming.

⁴⁶ Economist Intelligence Unit, *North Korea: Country Report 2003* (London: The Economist Intelligence Unit, 2003), p. 19.

⁴⁷ "Inter-Korean Trade Rises 13 Percent Last Year," *Yonhap*, December 9, 2004.

⁴⁸ Nautilus stuff here from Sept. 1, 2005.

US-ROK Relations: Differences between a Regional and Global Power

There are deep divisions within South Korea over the utility of the US-ROK alliance, policy toward North Korea, the global “war on terror” being pursued by the United States, and South Korea’s relations with the other powers in the region.⁴⁹ While differences over how to deal with North Korea are nothing new, these differences were often tactical, resolved in large part because of the common perception that North Korea represented a serious security threat. In recent years, however, from Seoul’s perspective, the Bush Administration’s apparent interest in fostering Pyongyang’s collapse or in using military force is unacceptable since both would threaten the progress made over the past three decades. Magnified by other tensions in the relationship – increasing South Korean self-confidence and pride, anti-Americanism and concerns about US unilateralism – the Bush approach to North Korea has become the prism through which many South Koreans view the security relationship. South Korea sees the United States as potentially starting a war on the Korean Peninsula, and views the US actions as destabilizing the peninsula.

For its part, the United States has viewed the North Korean nuclear issue through the prism of its global anti-terrorism efforts. For the foreseeable future, the US will be preoccupied mainly with this task, and all other issues have become secondary. In contrast, South Korea’s fundamental strategic issue is not nuclear weapons – it never was. The key long-term issue is how to integrate North Korea back into the world’s most dynamic region. Therefore, it is here where the strategic conundrum develops.

⁴⁹ Chung-in Moon, “Between Banmi and Sungmi: Changing Images of the United States in South Korea,” paper presented at Georgetown University, August 20, 2003.

However, this goal of integrating North Korea back into the region, and even eventual unification, is still only part of the strategic problem South Korea faces. It must ultimately find a foreign policy that allows it to deal with China, Japan, and the United States at the same time. Thus, although Roh Moo-hyun was roundly criticized for exploring the notion that Korea could be a “balancer,” and he dropped the phrase almost immediately, it is part of a long-term national decision about how, and to what extent, Korea will situate itself in the region. The days when a focus on the US comprised 90% of South Korea’s foreign policy are gone forever. Now, South Korea – and a unified Korea – must find a way to live in a region with two massive countries (Japan and China), and a global superpower with interests in the region (the US). There are no easy choices, but ultimately South Korea will face such a decision. As such, Roh’s foreign policy pronouncements are far more than a reflection of “leftists” or “callow youths.” It is a reflection of the changed realities in the region.

South Korea is a country divided – in its perceptions of the United States, in its views towards North Korea and the region, and in its goals. It is not clear whether the US presence has decreased tensions in Korea, or whether it exacerbates them. Although the conventional wisdom in Washington is that a dangerous and authoritarian North Korea that wants a nuclear capability is threatening stability in the region, South Koreans are increasingly worried that the US will demolish the slow gains made between the two Koreas over the past decade. That the security perceptions of these two long-standing allies diverge so widely is a puzzle. Although a strong US alliance with the South deterred the North from attacking during the Cold War, some South Korean analysts are now arguing that the United States is hampering progress towards normalization on the Korean Peninsula with its overly zealous focus on an “Axis of Evil.”

Erik Larson notes that while there continues to be “substantial support for the alliance and a continued US military presence in South Korea, there also is support for further revisions to the Status of Forces Agreement.... The ongoing nuclear crisis and what is perceived as a harsh position on the part of the US toward North Korea seems to have led to growing concern among many South Koreans that US actions could pose as great a threat to South Korea as North Korean ones.”⁵⁰ The September 2003 *Joongang Ilbo* poll found that the United States was simultaneously the most liked and the second-most disliked country in South Korea. 18.5 percent of those polled liked the US the most. Japan was the most disliked country, at 25.6 percent, although the US, with 23.7 percent, was the second most frequently mentioned country.

The South Korean public has attitudes that clearly oppose the US-led efforts. Only 15 percent of South Koreans surveyed in the summer 2002 considered terrorism to be a national priority.⁵¹ Victor Cha writes that 72 percent of South Korea opposed the US-led war on terrorism. In the run-up to the war in Iraq, 81 percent of the general public in March 2003 opposed US-led military action against Iraq and only 9.7 percent supported it. 75.6 percent opposed the deployment of ROK combat troops to Iraq and only 16 percent supported.⁵² A survey of college students in October 2003 found that 88 percent believed the US initiated a war against Iraq without justifiable cause and only 4.7 percent thought the US justified in its actions.⁵³

⁵⁰ Erik Larson, “An Analysis of the September 2003 Joongang Ilbo-CSIS Polls of South Korean attitudes toward the US,” paper prepared for the CSIS study group on South Korean attitudes toward the United States, December 13, 2003, p. 1.

⁵¹ Pew Research Center, “What the World Thinks in 2002,” <http://people-press.org/reports/pdf/165.pdf>.

⁵² A larger number, 54.2 percent, supported dispatch of non-combat troops to Iraq. See “ROK Poll Shows Koreans Support Dispatch of Non-Combat Troops to Gulf,” *Yonhap*, March 20, 2003, FBIS-LAT-2003-0320.

⁵³ See Victor Cha, “Korea.”

While South Korea – and perhaps even a unified Korea – will continue to seek good relations with the United States, it is also becoming clear that South Korea’s national priorities are regional, and differ from the US’s global priorities.

Conclusion

At the same time that South Korea-US relations are undergoing strain, Japan-US relations are seemingly growing closer. This presents a puzzle, because both Japan and the ROK would appear to be in superficially similar strategic positions relative to China. Although this may appear to be the case, South Korea’s fundamental strategic situation is different from that of Japan’s in one major way, and similar in one major way. The ROK is different from Japan in that South Korea is ultimately forced to confront the North Korean situation, no matter what happens. That is, the continued Korean War and division of the peninsula means that South Korea’s primary foreign policy issue will be North-South relations. Japan, on the other hand, can view its relations with its neighbors and the US in broader terms; although Japan would clearly be affected by a war, collapse of the North Korean regime, or any other occurrence on the peninsula, it is more removed than is South Korea from having to deal with the situation. This allows Japan a measure of freedom in its foreign policy that is not yet available to South Korea.

On the other hand, it is important to remember that Japan – like South Korea – has not obviously taken any competitive stance toward China. While China-Japan relations are still in flux, and the US-Japan alliance is stronger than that of the US-ROK for the reason mentioned above, Japan still is in a position to have to determine whether it will ultimately seek to benefit from good relations with China, or whether it will take a competitive, balancing stance. To date, Japan has not

shown any genuine evidence of confronting China. Even if it abandons Article IX of the constitution (the “peace” article), Japan’s military planning shows no signs of challenging China, nor does its relationship with the US point to any attempt to create a balancing coalition around China. For these two reasons, it is not that surprising that Japan-US relations are warmer, at least for the time being, than US-ROK relations.

The US-ROK alliance is still strong, and China has not yet become the regional leader in Northeast Asia. However, compared to fifteen years ago, or even three years ago, US influence has diminished, and China’s influence has clearly increased. South Korea is at a critical decision point. Even the conservatives in Seoul recognize that the traditional Cold War alliance with the United States will inevitably change, and they hope to find some way of dealing with China while retaining their US relationship. This will not be an easy task.

On top of this, China’s rise is forcing South Korea to confront a region radically different from the past fifty years. While most international relations theory, and indeed, most American policy-makers, see the US as the most benign ally with which South Korea could ally, unfortunately China’s proximity and its massive size mean that South Korea can no longer ignore China. Far from being threatened by China, South Korea indeed shares similar policy orientations on short-term issues such as the best way to solve the nuclear crisis. Over the long run, the US has not articulated any fundamental strategy toward the region other than ridding North Korea of nuclear weapons. This means that if and when the nuclear issue is resolved, South Korea and the US may not have the same interests in how the region should look, or who should be the leader, or even from where threats arise.

Furthermore, South Korea shows no signs of security fears regarding China, and even shows a willingness to let China take the

lead in some regional issues, such as how to resolve the 2nd North Korean nuclear crisis. Even South Korean conservatives do not advocate a balancing posture against China. Thus, while there may be a transition occurring in East Asia, it is very clear that the pessimistic predictions regarding China's rise do not obtain on the Korean Peninsula. Rather, South Korea appears to be adjusting to China's place in Northeast Asia, and seeking to benefit from close ties with China while maintaining good relations with the US.