



EAI Working Paper Series 5

The balance of power and state interests
in international relations:
South Korea between China and the U.S.

January 27, 2007

David C. Kang

Government Department
Tuck School of Business at Dartmouth

**The balance of power and state interests in international relations:
South Korea between China and the U.S.***

David C. Kang

Government Department
Dartmouth College

A central debate in the field of international relations concerns the extent of balancing behavior. Kenneth Waltz's confident assertion that "hegemony leads to balance," and has done so "through all of the centuries we can contemplate"—is perhaps the default proposition in international relations.¹ Yet in recent years, the balancing proposition has come under increasing empirical and theoretical scrutiny. Empirically, the absence of obvious balancing against the United States in the post-Cold War era led to a scholarly debate about why that might be the case.² Theoretically, advances by

* I would like to thank the EAI Fellows Program on Peace, Governance, and Development in East Asia supported by The Henry Luce Foundation for generous support for travel and research. Thanks are also due to Yoshihide Soeya, Byung-kook Kim, and Min-hua Huang for their comments. Earlier versions of this paper were presented at Keio University, the Foreign Correspondent's Club of Japan, Stanford University, National Taiwan University, Sun-yat Sen University, and the East Asia Institute in Seoul.

¹ Kenneth N. Waltz, "The Emerging Structure of International Politics," *International Security* vol. 18, no. 2 (Fall 1993), p. 77. See also John Mearsheimer, *The Tragedy of Great Power Politics*, (XYZ); and XYZ.

² T.V. Paul, "Soft Balancing in the Age of U.S. Primacy," *International Security* 30, no. 1 (Summer 2005), pp. 46-71; Robert A. Pape, "Soft Balancing Against the United States," *International Security* 30, no. 1 (Summer 2005), pp. 7-45; T.V. Paul, James J. Wirtz, and Michel Fortmann, eds., *Balance of Power: Theory and Practice in the 21st Century* (Stanford, Calif.: Stanford University Press, 2004); Randall Schweller, "Unanswered Threats: A Neoclassical Realist Theory of Underbalancing," *International Security* 29, no. 2 (Fall 2004), pp. 159-201; Stephen Brooks and William Wohlforth, "Hard Times for Soft Balancing," *International Security* 30, no. 1 (Summer 2005), pp. 72-108; William Wohlforth, "The Stability of a Unipolar World," *International Security* 24, no. 1 (Summer 1999), pp. 5-41; G. John Ikenberry, ed.,

The balance of power and state interests in international relations

scholars working in both the rationalist and constructivist traditions have pointed out the myriad of ways in which state strategies depend on more than purely the distribution of power.³

However, scholars are only in the beginning stages of focusing on another case that has the potential to yield significant insights into this debate: China. In the past three decades, China has rapidly emerged as a major regional and global power. Since the introduction of its market reforms in 1978, China has averaged over nine percent economic growth. Foreign businesses have flocked to invest in China, and Chinese exports have begun to flood world markets. China is modernizing its military, has joined numerous regional and international institutions, and is increasingly visible in international politics. However, although it would appear that these conditions are ripe for balancing behavior, China appears to have managed to emerge without provoking a regional backlash.⁴

America Unrivaled: The Future of the Balance of Power (Ithaca, N.Y.: Cornell University Press, 2002); and Keir Lieber and Gerard Alexander, "Waiting for Balancing: Why the World is Not Pushing Back," *International Security* 30, No. 1 (Summer 2005), pp. 109-139.

³ Stuart Kaufman, Richard Little, and William Wohlforth, eds., *The Balance of Power in World History* (London: Palgrave, forthcoming); Barry Buzan and Richard Little, *International Systems in World History: Remaking the Study of International Relations* (Oxford; New York: Oxford University Press, 2000); Robert Powell, *In the Shadow of Power: States and Strategies in International Politics* (Princeton, N.J.: Princeton University Press, 1999); and Barry Buzan and Ole Weaver, *Regions and Powers: The Structure of International Security* (Cambridge: Cambridge University Press, 2003).

⁴ Muthiah Alagappa, "Managing Asian Security," in Alagappa, ed., *Asian Security Order* (Stanford: Stanford University Press, 2003); David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security* 29, No. 3 (Winter 2004/05), pp. 64-99; Carl Thayer, "China's 'New Security Concept' and Southeast Asia," in David Lovell, ed., *Asia-Pacific Security: Policy Challenges* (Singapore: Institute of Southeast Asian Studies, 2003); Brantley Womack, "China and Southeast Asia: Asymmetry, Leadership, and Normalcy," *Pacific Affairs* 76, no. 4 (Winter 2003-2004), p. 526; and David Kerr, "The Sino-Russian Partnership and U.S. Policy Toward North Korea: From Hegemony to Concert in Northeast Asia," *International Studies Quarterly* 49 (2005), pp. 411-437. On balancing in East Asia, see Aaron Friedberg, "Ripe for Rivalry," *International Security* 18, Issue 3 (Winter 1993/94), pp. 5-33; Richard K. Betts, "Wealth, Power, and Instability: East Asia and the United States after the Cold War," *International Security* 18, no. 3 (Winter 1993); and Zbigniew Brzezinski and John Mearsheimer, "Clash of the Titans," *Foreign Policy* 146 (January/February 2005).

South Korea presents perhaps the clearest example of this anomaly. A balance of power perspective would expect South Korea to fear a rapidly growing, geographically and demographically massive authoritarian and communist China that sits on its border. Not only does China already have the military capability to threaten the peninsula, but the power disparity is widening. China also maintains close relations with North Korea – South Korea’s main external threat since 1945. Furthermore, the US and South Korea have enjoyed a close alliance for over a half century, and it was only U.S. military action that prevented the North (in concert with the Chinese) from conquering the South in 1950. Since that time, the U.S. has stationed military forces in South Korea to prevent a second North Korean invasion. For all these reasons, the conventional perspectives would expect that South Korea fears a rapidly rising China and clings to its alliance with the United States.

However, South Korea has not only drawn closer to China over the past fifteen years, it is also embracing North Korea, while seemingly content to let its relations with the United States – its longtime ally and protector -- unravel. Furthermore, South Korea has had increasing friction with Japan, a capitalist democracy that shares an alliance with the U.S. Indeed, South Korea appears more worried about potential Japanese militarization than it is worried about actual Chinese militarization. This has caused both confusion and sometimes even anger in the United States, as some wonder why South Koreans are ungrateful to the U.S. despite its long history of supporting South Korea. Although the U.S.-R.O.K. alliance remains strong, the U.S. is no longer the main focus of South Korea’s foreign policy. There is little evidence that South Korea will attempt to balance China, and even less evidence that South Korea fears China. As Chung-min Lee

The balance of power and state interests in international relations

writes, “for the first time since the bilateral alliance [with the U.S.] was forged more than a half century ago, more Koreans are at least *entertaining* the specter of closer political, security, and economic ties with China.”⁵

South Korean accommodation of China is a puzzle because international relations theorists have traditionally associated the rise of great powers with war and instability.⁶ Indeed, those scholars who emphasize material power – both military and economic -- have long predicted that East Asian states would fear China and balance against it. Realism in all its variants, with its emphasis on balance of power politics, has had the most consistently pessimistic expectations for East Asia. In 1993 Richard Betts asked, “Should we want China to get rich or not? For realists, the answer should be no, since a rich China would overturn any balance of power.”⁷ Twelve years later, John Mearsheimer confidently wrote that, “China cannot rise peacefully...Most of China’s

⁵ Chung-min Lee, “Between Alliance and Autonomy: Reconceptualizing South Korea’s Strategic Choices and Attendant Consequences,” paper presented at the conference “Peace, Development and Regionalization in East Asia,” Seoul, Korea, September 2-3, 2003.

⁶ Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981); Paul Kennedy, *The Rise and Fall of Great Powers: Economic Change and Military Conflict From 1500 to 2000* (New York: Random House, 1987); Charles Kupchan, *The Vulnerability of Empire* (Ithaca, N.Y.: Cornell University Press, 1994).

⁷ 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. See also Aaron Friedberg, “Ripe for Rivalry,” *International Security* 18, Issue 3 (Winter 1993/94), pp. 5-33; Denny Roy, “Hegemon on the Horizon? China’s Threat to East Asian Security,” *International Security* 19, no. 1 (Summer 1994), pp. 149-168; Thomas Christensen, “Posing Problems without Catching Up: China’s Rise and Challenges for U.S. Security Policy,” *International Security* 25, no. 4 (Spring 2001): 5-40; Arthur Waldron, “The Chinese Sickness,” *Commentary* 116, No. 1 (July/August 2003), pp. 39-46; Christopher Layne, “The unipolar illusion: why new great powers will rise,” *International Security* 17 (Spring 1993) p. 5-51; Kenneth Waltz, “The Emerging Structure of International Politics,” *International Security* 18 (Fall 1993), p. 56, 65, 164; U.S. Department of Defense, *The United States Security Strategy for the East Asia-Pacific Region*, November 1998, p. 62; Richard Bernstein and Ross H. Munro, “The coming conflict with America,” *Foreign Affairs* 76, no. 2 (March/April 1997), pp. 18-32; and Gerald Segal, “The Coming Confrontation Between China and Japan,” *World Policy Journal* 10, no. 2 (Summer 1993).

neighbors, including India, Japan, Singapore, South Korea, Russia, and Vietnam, will likely join with the United States to contain China's power.”⁸

Rival power-based theories have performed no better in their predictions. Those who argue that China's increased economic interdependence with the world will constrain its behavior are skeptical that this by itself can solve the security fears of East Asian states.⁹ As John Ikenberry writes, “Economically, most East Asian countries increasingly expect their future economic relations to be tied to China... Can the region remain stable when its economic and security logics increasingly diverge?”¹⁰ Although interdependence is part of the explanation for East Asian stability, by themselves economic interests do not explain the variation in relations in East Asia. Indeed, increased economic relations between China, South Korea, and Japan have not had a noticeable impact on their political relations. Even power transition theorists argue that the most likely chance for conflict is in the context of a rapidly rising power. For example, Robert Powell writes that, “rapidly shifting distribution of power combined with the states' inability to commit to an agreement can lead to war.”¹¹

⁸ Zbigniew Brzezinski and John Mearsheimer, “Clash of the Titans,” *Foreign Policy* 146 (January/February 2005), p. 47. See also Mearsheimer, *The Tragedy of Great Power Politics*, p. 400. Some “defensive realists” are fairly optimistic about the future of East Asia, emphasizing nuclear deterrence and geography. See Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (Stanford, Calif.: Stanford University Press, 2005); and Robert Ross, “The Geography of the Peace: East Asia in the Twenty-First Century,” *International Security* 23, no. 4 (Spring 1999), pp. 81-118.

⁹ Joseph Grieco, “China and America in the World Polity,” in Carolyn W. Pumphrey, ed., *The Rise of China in Asia: Security Implications* (Carlisle: Strategic Studies Institute, 2002), pp. 21-48; Paul Papayounou and Scott Kastner, “Sleeping with the Potential Enemy: Assessing the U.S. Policy of Engagement with China,” *Security Studies* 9, no. 1 (Fall 1999), pp. 164-95; and Ming Wan, “Economic Interdependence and Economic Cooperation: Mitigating Conflict and Transforming Security Order in Asia,” in Alagappa, ed., *Asian Security Order*, pp. 280-310.

¹⁰ G. John Ikenberry, “American hegemony and East Asian Order,” *Australian Journal of International Affairs* 58, no. 3 (September 2004), pp. 353-367.

¹¹ Robert 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); and Henk Houweling and Jan Siccama, “Power Transitions as a Cause of War,” *Journal of Conflict Resolution* 32, No. 1 (March 1988), pp. 87-102; Jack

The balance of power and state interests in international relations

Why South Korea accommodated, rather than balanced, three decades of China's rapid economic, diplomatic, and political emergence?

This essay makes two central arguments. First, South Korea is not balancing China, it is accommodating it, and this contradicts much conventional international relations theory. Second, this accommodation of China is due to a specific constellation of interests and beliefs -- a particular mix of identities and the absence of fear. Identities are central to explaining both the sources of stability and potential instability in East Asia, but not to the exclusion of the relative capabilities and interests that traditional realists champion.

Accurately describing South Korea's foreign policy is a critical first step toward explaining why it chose the strategy it has. Although state alignment strategies are often posed as opposites -- military balancing against an adversary, or bandwagoning with the stronger power in hopes of gaining benefits or neutralizing the threat -- as a strategy, accommodation lies between these poles of balancing and bandwagoning. While not balancing China, South Korea is not bandwagoning with China in all areas, and has no intention of kowtowing to China.

The explanation for the absence of South Korean balancing against China lies in both interests and identities. What states want is more important than how powerful they are, and the costs and benefits of accommodation of China have created powerful incentives for states to foster good relations with China. There are pragmatic reasons for South Korea to draw closer to China, to be sure. Rising powers pose opportunities as well as threats, and the Chinese economic opportunity and military threat toward its regional

Levy, "Declining Power and the Preventive Motivation for War," *World Politics*, Vol. 40, No. 1 (October 1987), pp. 82-107; and 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.

neighbors are both potentially huge. Yet South Korea sees substantially more economic opportunity than military threat associated with China's rise. Furthermore, South Korea prefers China to be strong rather than weak, because a strong China stabilizes the region, while a weak China tempts other states to try and control it. South Korea's economic development over the past half century was predicated on international trade and investment, and this strategy is finding its logical extension as South Korea emphasizes its economic and cultural ties with both China and North Korea. South Koreans also view the potential costs and chaos that could occur from rapid regime change in North Korea as unacceptable, and fear that the U.S. might start a preemptive war against the North that would devastate both sides of the DMZ. Finally, China is not a realistic military threat to the peninsula and has not made any moves to suggest that it might be – the military threat arises because of the unresolved division of Korea itself.

Yet South Korea's foreign policy orientation reflects more than merely the triumph of economic interdependence over power politics. South Korea's identity is another key reason that its foreign policy is changing. This identity has two fundamental strands. Most important is an intense desire for unification of the peninsula, which is South Korea's overriding foreign policy goal. Second, Korea has a long history of stable relations with China, and a much more recent and conflicted history with Japan and the United States. This identity, long masked by the Cold War and a succession of military governments, is increasingly asserting itself in South Korea. In general, East Asian states view China's re-emergence as the gravitational center of East Asia as natural. China has a long history of being the dominant state in East Asia, and although it has not always had warm relations with its neighbors, it has a worldview of itself and the region in which it

The balance of power and state interests in international relations

can be both the most powerful country and yet have stable relations with other states in the region. Thus, East Asian observers and states view the likelihood that China will seek territorial expansion or use force against them as low, while most see China as desiring stability and peaceful relations with its neighbors.

The case of South Korea is theoretically important because it is interests and identity, not power, that are the key variables in determining threat and stability in international relations. Much scholarly discussion of China and East Asia has been unduly constricted in its explanatory power by remaining locked into a method that parses differences between various shades of realists and liberals, even as these same analyses emphasize factors such as historical memory, perceptions of China, and the beliefs and intentions of the actors involved. The debate over China's rise and what it means for international politics will most likely continue well into the future, and defining the terms of the debate is a critical first step in that process. The theoretical framework provided here helps to sharpen these seemingly endless paradigmatic debates by posing the central issues more clearly, isolating the important causal factors, and making falsifiable claims. By incorporating the role of interests, identity, and power into our explanations, I build on an emerging tradition that looks for interconnections between causal factors, rather than isolating one factor at the expense of others. As Peter Katzenstein and Nobuo Okawara have written, "The complex links between power, interest, and norms defy analytic capture by any one paradigm. They are made more intelligible by drawing selecting on different paradigms..."¹²

¹² Peter J. Katzenstein, and Nobuo Okawara. "Japan, Asian-Pacific Security, and the Case for Analytical Eclecticism." *International Security* 26, no. 3 (Winter 2001), pp. 153-185. See also Jack Snyder, "Anarchy and Culture: Insights from the Anthropology of War," *International Organization* 56, no. 1 (Winter 2002), pp. 7-45. Gilbert Rozman notes that "previous efforts to assess regionalism in NEA have been inclined to

This essay first enters the debate on how to measure balancing in international relations, arguing that a tight definition is the only way in which it is possible to make empirically verifiable claims. The second section describes South Korea's relations with China, noting that they are close and improving on almost all fronts. The third section examines South Korea's engagement of North Korea, showing that identity is as important as interests in explaining this change in strategy a decade ago. A fourth section examines deteriorating US-ROK relations, and the essay concludes by discussing possible rejoinders, and areas for further research.

1. Threat and Alignment in International Relations

Before we can explain why South Korea has increasingly accommodated China, the first step is to describe the dependent variable – that is, to describe South Korea's alignment strategy toward China in an empirically consistent and falsifiable manner. In outlining state strategies, the two most common concepts in the theoretical literature on international relations are balancing and bandwagoning. Although the literature often portrays states' alignment decisions as a stark dichotomy between balancing and bandwagoning, these are only the two most extreme polar positions a state can choose. Traditionally, the standard and most widely accepted measures of balancing are investments by states to “turn latent power (i.e., economic, technological, social, and

concentrate on one factor at the expense of others...”, Rozman, *Northeast Asia's Stunted Regionalism*, p. 15.

The balance of power and state interests in international relations

natural resources) into military capabilities.”¹³ Balancing can be internal (military preparations and arms buildups directed at an obvious threat) or external (forging countervailing military alliances with other states against the threat).¹⁴ Conversely, bandwagoning is generally understood to be the decision by a state to align itself with the threatening power in order to either neutralize the threat or benefit from the spoils of victory.¹⁵

Although these concepts seem straightforward, a furious scholarly debate has broken out over how to measure balancing. Because many states in the post-Cold War era are not engaged in obvious military balancing against the U.S. as defined above, an entire literature has introduced concepts such as “soft balancing” and “under-balancing,” in order to explain why “hard” balancing has not occurred against the United States.¹⁶ For example, Robert Pape defines soft balancing as “actions that do not directly challenge U.S. military preponderance but that use nonmilitary tools to delay, frustrate, and

¹³ Keir Lieber and Gerard Alexander, “Waiting for Balancing: Why the World is Not Pushing Back,” *International Security* 30, No. 1 (Summer 2005), p. 119.

¹⁴ James D. Morrow, “Arms Versus Allies: Tradeoffs in the Search for Security,” *International Organization* 47, no. 2 (Spring 1993), pp. 207-53. The classic statement is Kenneth Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979).

¹⁵ Stephen Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987), and Randall Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back in,” *International Security* 19, no. 1 (Summer 1994), pp. 72-107.

¹⁶ T.V. Paul, “Soft Balancing in the Age of U.S. Primacy,” *International Security* 30, no. 1 (Summer 2005), pp. 46-71; Robert A. Pape, “Soft Balancing Against the United States,” *International Security* 30, no. 1 (Summer 2005), pp. 7-45; T.V. Paul, James J. Wirtz, and Michel Fortmann, eds., *Balance of Power: Theory and Practice in the 21st Century* (Stanford, Calif.: Stanford University Press, 2004); and Randall Schweller, “Unanswered Threats: A Neoclassical Realist Theory of Underbalancing,” *International Security* 29, no. 2 (Fall 2004), pp. 159-201. For counterarguments, see Stephen Brooks and William Wohlforth, “Hard Times for Soft Balancing,” *International Security* 30, no. 1 (Summer 2005), pp. 72-108; William Wohlforth, “The Stability of a Unipolar World,” *International Security* 24, no. 1 (Summer 1999), pp. 5-41; G. John Ikenberry, ed., *America Unrivaled: The Future of the Balance of Power* (Ithaca, N.Y.: Cornell University Press, 2002).and Keir Lieber and Gerard Alexander, “Waiting for Balancing: Why the World is Not Pushing Back,” *International Security* 30, No. 1 (Summer 2005), pp. 109-139.

undermine aggressive unilateral U.S. military policies...[such as] using international institutions, economic statecraft, and diplomatic arrangements.”¹⁷

However, adjectives such as “soft balancing” and “under balancing” make it virtually impossible to falsify the balancing proposition. That is, if the term “balancing” and the underlying theoretical argument that emphasizes power as essentially threatening can include both obvious military and political attempts to counter a known adversary as well as more subtle disagreements that fall well short of war, it is almost impossible to provide evidence that could falsify this viewpoint. Furthermore, given that lying at the extreme end of the spectrum is yet another escape clause referred to in Chapter one that some states are “too small to balance,” theoretical adjectives such as “hard” and “soft” balancing have limited analytic usefulness, and stretch the definition of that concept to the point of irrelevance. As Keir Lieber and Gerard Alexander write, “...discussion of soft balancing is much ado about nothing. Defining or operationalizing the concept is difficult; the behavior typically identified by it seems identical to normal diplomatic friction, and regardless, the evidence does not support specific predictions suggested by those advancing the concept.” Absent a falsifiable claim that can be empirically verified, adding adjectives is merely an *ad hoc* attempt to retain a theoretical preconception.

What about economic balancing? Tariffs are not balancing if they are imposed generally and all states are equally affected. Even preferential trading blocs, although they discriminate against some countries, are not necessarily balancing. NAFTA (the North American Free Trade Agreement) discriminates against countries outside of the region, but this is nested in a larger game that is ultimately aimed at reducing tariffs

¹⁷ Pape, “Soft Balancing Against the United States,” p. 10.

The balance of power and state interests in international relations

worldwide. Furthermore, while economic sanctions may be designed to weaken an adversary, the underlying cause is concerns about the future use of force, and thus sanctions fit comfortably under balancing as it has traditionally been defined. That is, when assessing balancing behavior, the critical variable remains a state's concern about the use of force.

For the purposes of this essay, I define balancing tightly, as preparations for the use of force, or "hard" balancing: military buildups and defense spending, or countervailing military alliances aimed at an adversary.¹⁸ Bandwagoning, on the other hand, will refer to clear attempts to curry favor with a state through military alliances or economic and diplomatic cooperation. Between these two extremes lies a large middle area where states avoid making an obvious choice, and it is theoretically and empirically important to distinguish these middle strategies from the extreme polar opposites of balancing and bandwagoning.

Labels for strategies within this middle area include engagement, accommodation, hiding, and hedging, as well as numerous other similar strategies.¹⁹ Within these middle strategies, the most important distinction is between strategies that represent more or less fear of a potential adversary. Countries may not balance but still be somewhat skeptical of another country, in which case it might prefer to hedge. Yet countries that do not fear a larger state do not hedge, even if they do not bandwagon. Those strategies can be called accommodation – attempts to cooperate and craft stability that are short of slavish

¹⁸ These definitions come from Kenneth Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979), p. 118.

¹⁹ Evelyn Goh, "Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies," Policy Studies 16 (East-West Center, April 2005); and Ja Ian Chong, "Testing Alternative Responses to Power Preponderance: Buffering, Binding, Bonding, and Beleaguering in the Real World," Working Paper 60 (Singapore: IDSS, 2004).

bandwagoning. By defining and categorizing state strategies in this way, it is possible to empirically derive variation along the dependent variable in a falsifiable manner (Figure 1).

//Figure 1 here//

A further analytical clarification should be made about the use of adjectives to describe state interactions with each other. While states often have sharp disagreements with each other over a range of issues, words such as “conflict” or “tension” do not help to disaggregate between conflicts that are genuinely dangerous and could lead to war, those that are serious and could have consequences for diplomatic or economic relations between states, and those that may have domestic political currency but will not effect relations between states in any meaningful manner. All negotiations do not end in conflict, and all conflicts do not end in war. As with measuring balancing behavior, the conventional distinction has been based on whether there is the possibility for the use of force.²⁰ That is, of paramount importance are issues that could involve actual military confrontation.

That is, there are issues between states that may not have the potential to escalate to actual military conflict but that still have real consequences for interactions between states – for example, economic disputes that could affect trade and investment flows. There are also those issues between states that do not have a measurable impact on actual interactions between states, but do have rhetorical or domestic currency. Paying explicit attention to what type of issue exists between states – issues that could involve the use of force, issues that may be consequential but not likely to lead to military conflict, and

²⁰ Stephen Van Evera, *Causes of War: Power and the Roots of Conflict* (Ithaca, N.Y.: Cornell University Press, 1999).

The balance of power and state interests in international relations

issues that are primarily domestic or rhetorical – will help us better categorize and describe the salience of various issues in East Asia, and provides a categorization that can discern and explain variation across the dependent variable.

For example, the issue of North Korea's nuclear weapons is consequential and could easily lead to the use of force. Alternatively, contested ownership of the Tokdo/Takeshima islands is unlikely to lead to the use of force, but how the issue is resolved could have economic consequences for states in the region. Finally, diplomatic maneuvering and debate about which countries should be included in the East Asian Summit remains at the level of diplomatic squabbling, with little measurable impact on any state in the region.

2. South Korea's accommodation of China

South Korea represents perhaps the paradigmatic case of how China is reshaping foreign relations in the region. South Korea has shown little inclination to balance China, and indeed appears on the whole to be moving enthusiastically – and skeptics have argued, naively – to expand all manner of relations with China. South Korea and China have similar stances on a range of foreign policy issues, from the best way to deal with North Korea to concerns about the future of Japanese foreign policy. What makes the South Korean case even more vivid is that South Korea has been one of the closest U.S. allies in the region for over sixty years. South Korea's embrace of China, and South

Korea's overall changing strategic orientation, has led to open friction with the United States.

South Korean strategic and military 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.²¹ South Korea's 2004 *National Security Strategy* calls the Sino-ROK relationship a "comprehensive cooperative partnership," and calls for greater military exchanges between the two countries.²² If South Korea considered China a threat, ostensibly its force structure would be different. Yet 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. South Korean naval and ground capabilities remained roughly the same over the decade. The number of main battle tanks, artillery, and surface combatants has remained roughly the same. South Korea did expand its tactical submarine force, but the expansion was modest.²³ Thus, although South Korea still retains a strong military, it is clearly designed to respond primarily to a North Korean attack. A senior defense official said in 2006 that, "We are not planning on any type of conflict with China. The opposite, actually -- we're increasing our cooperation with China in military exchanges."²⁴ The past decade has not seen any South Korean military adjustments that might deter China.

²¹ 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*.

²² National Security Council, *Peace, Prosperity, and National Security: National Security Strategy of the Republic of Korea* (Seoul: National Security Council, 2004) (http://www.korea.net/kois/pds/pdf/policy/security_en.pdf).

²³ Figures from the "Strategic Asia" database, National Bureau of Asian Research (<http://strategicasia.nbr.org/Data/CView/>).

²⁴ Author's interview, March 17, 2006.

The balance of power and state interests in international relations

The engagement of China extends to the political sphere. In a survey of National Assembly members in 2004, the newspaper *Donga Ilbo* found that 55 percent of newly elected members chose China as the most important target of South Korea's future diplomacy, while 42 percent of "old-timers" chose China.²⁵ Jae-ho Chung notes that "despite the formidable threat that China may pose for Korea, no trace of concern for South Korea's security is evident in Seoul."²⁶ In 2006, a senior South Korean government official said that, "China has no intention of threatening the Korean peninsula. China wants stability on its borders, and it has very good relations with us. We are also deeply intertwined on economic issues as well as cooperating on security issues."²⁷

In economic relations, and much like every other country in the region, South Korea increasingly sees its economic fate tied to the future of the Chinese economy. The potential benefits are large, especially given the two countries' geographic proximity and shared cultural similarities. Though there are clearly worries in South Korea over the rapid rise of Chinese manufacturing and technological prowess, this concern 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 both economic integration and open borders.

China's attraction to South Korea was exemplified in 2003 when the PRC surpassed the United States as the largest export market for South Korean products—a position the U.S. had held since 1965.²⁸ Figure 2 shows total trade (imports and exports) between South Korea and China, Japan, and the United States. Most notable is not only

²⁵ *Donga Ilbo*, April 19, 2004.

²⁶ Chung, "The 'Rise' of China and its impact on South Korea's Strategic Soul-Searching," p. 4.

²⁷ Interview with author, March 17, 2006.

²⁸ Korea International Trade Association, *Bridging the Pacific* No. XXXIV (January 2004).

that China has become the largest trading partner of South Korea but also how quickly that transition took place.²⁹ In 2003 South Korea invested more in China than did the United States (\$4.7 billion to \$4.2 billion). In that same year, ROK exports to China increased 35% to \$47.5 billion, far surpassing South Korean exports to the United States, which increased 7% to \$36.7 billion. Over 25,000 South Korean companies now have production facilities in China.³⁰ South Korea's Woori Bank has a 150-member research group focused on China, and by 2004 all the major South Korean banks had opened branch offices in China.³¹

//Figure 2 here//

China's increased importance to South Korea can be seen in more than economic interactions. The number of Chinese language schools in South Korea increased 44% in the two-year period from 2003 to 2005.³² Over 1.6 million South Koreans visit China each year, a number that continues to grow.³³ In 2003, 35,000 South Koreans were studying at Chinese universities (comprising 46% of all foreign students in China), while over 180,000 South Koreans had become long-term residents in China.³⁴

South Korea-China relations are warm and continue to grow closer, and public opinion polls reflect this trend. For example, an April 2005 poll conducted by *Dongang Ilbo* newspaper in South Korea revealed the extent of South Korean perceptions about the

²⁹ Scott Snyder, "The Beginning of the End of the U.S.-ROK Alliance?" PacNET 36, August 26, 2004.

³⁰ Moon Ihlwan, "Korea's China Play," *BusinessWeek*, March 29, 2004, 32.

³¹ Kim Chang-gyu, "Korean banks race into China market," *Joongang Ilbo*, July 1, 2004.

³² Park Sung-ha and Han Ae-ran, "Nihao mom? A Mandarin Approach to Child-Rearing Schools for Overseas Chinese See More Korean Students than Ever," *Joongang Ilbo*, March 14, 2006.

³³ James Brooke, "China 'Looming Large' in South Korea as Biggest Player, Replacing the U.S.," *New York Times*, January 3, 2003.

³⁴ Jae-ho Chung, "The 'Rise' of China and Its Impact on South Korea's Strategic Soul-Searching," in James Lister, ed., *The Newly Emerging Asian Order and the Korean Peninsula* (Washington, D.C.: Korea Economic Institute, 2005), 1-12.

The balance of power and state interests in international relations

United States and China. Asked which country was most important for South Korea to have good relations with, 35.5 percent chose North Korea, 28.7 chose the United States, and 22.1 chose China. Similarly, 17.3 percent of respondents saw the United States as the most threatening to Korea, while only 6.7 percent saw China as the most threatening country. When asked about potential concerns related to China, 26 percent chose negative economic consequences, and only 8 percent chose China's military build-up.³⁵ The U.S. State Department conducted a particularly revealing poll in November 2005.³⁶ Asked their views of various countries, 53 percent of respondents evaluated relations between South Korea and China as favorable, the same percentage that held favorable views of the US. Over 70 percent of South Koreans viewed ROK-China relations as "good," against 58 percent of the US. When asked which country would be the future power center of Asia in 5-10 years, an overwhelming majority chose China (75 percent) instead of the U.S. (8 percent). Finally, when surveyed as to who would be South Korea's closest economic partner in 5-10 years, 11 percent chose the U.S., and 78 percent chose China. Thus, public opinion in South Korea sees China not only as the future power center of East Asia, but in contrast to realist predictions, they also view China favorably.

ROK-China relations have not been completely smooth, however. In recent years the two countries have clashed verbally over the nature of the ancient kingdom of Koguryo (37 BC–668 AD), with both sides claiming that Koguryo was an historical antecedent to their modern nation.³⁷ This dispute does not, however, appear likely to have

³⁵ Donga Ilbo, "Opinioin Poll on South Korean Attitudes Toward Japan and Other Nations," April 1-5, 2006 (www.mansfieldfdn.org/polls/poll-05-2.htm).

³⁶ U.S. State Department, INR, "Asian Views of China," November 16, 2005. Poll results are from face-to-face interview surveys conducted in the summer/fall of 2005 with representative samples of adults in seven East Asian countries. Samples were chosen by multi-stage probability selection techniques.

³⁷ Peter Gries, "The Koguryo Controversy: National Identity, and Sino-Korean Relations Today," *East Asia* 22, no. 4 (Winter 2005), pp. 3-17.

any substantive effect on relations between the two countries, in part because the dispute is not a function of official Chinese government policy but rather is limited to unofficial claims made by Chinese academics.³⁸ China and North Korea formally delineated their border in 1962, with China ceding 60 percent of the disputed territory. In contrast to South Korea's territorial dispute with Japan over the Tokdo/Takeshima islands that has never been formally resolved, the dispute over Koguryo is restricted to claims about history, and at no time has the Chinese government made any attempt to abrogate the 1962 treaty or to re-negotiate the actual border.³⁹

Of more relevance is the fact that individual South Korean firms are increasingly finding themselves in direct competition with Chinese manufacturing firms. Korea's technological lead over Chinese firms has shrunk more rapidly than was anticipated even a few years ago. Currently, South Korean firms have an estimated 3-5 years lead on Chinese firms, down from a 10 year lead just a few years ago.⁴⁰ While it is unlikely that in the immediate future this will become a source of trade friction between the two countries, it is serving to remind South Koreans that close relations with China are not an unalloyed blessing.

In sum, despite some tensions in the ROK-China relationship, China has rapidly become an extremely important economic and diplomatic partner for South Korea. South Korea has warm and increasingly close relations with China along a range of security, economic, and diplomatic issues, and does not want to be forced to choose between

³⁸ David Scofield, "China Puts Korean Spat on the Map," *Asia Times*, August 19, 2004, <http://www.atimes.com/atimes/Korea/FH19Dg01.html>.

³⁹ For a detailed study of China's territorial dispute resolution, see Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," *International Security* 30, no. 2 (Fall 2005): 46-83.

⁴⁰ Personal communication from a senior official, Ministry of Finance and the Economy, June 12, 2006.

The balance of power and state interests in international relations

Beijing and Washington. Although there is little sentiment in Seoul to replace the United States with China as South Korea's closest ally—and despite Seoul regarding Beijing's influence in Pyongyang as worrisome—continued improvement in Seoul's relations with Beijing means that South Korea's foreign policy orientation is gradually shifting. Though still important, the United States is no longer the only powerful country to which South Korea must pay attention.

One scholar characterizes the current trends by noting that, "gazing into the crystal ball, this is what [experts] see: the withdrawal of the 37,000 troops currently stationed in the South; a strong Korean peninsula threatening Japan; a tilting balance of regional power -- in China's favor; and the United States in direct confrontation with China."⁴¹ Jae-Ho Chung writes that, "China's growing influence over the Korean peninsula is real. The bottom line for Seoul is not to antagonize China; in this regard, South Korea being sucked into a U.S.-China conflict over Taiwan or elsewhere must be avoided."⁴²

The events of the past few decade 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, in a process that Jae-ho Chung calls "the choice of not making choices," although South Korea and China have increasingly close economic and cultural ties and share a similar foreign policy orientation toward North Korea, South

⁴¹ Lorien Holland and Chester Dawson, "What if? The dream of Korean unification could be a nightmare for the world's superpowers," *Far Eastern Economic Review* June 29, 2000, p. 61.

⁴² Jae-Ho Chung, "South Korea Between the Eagle and the Dragon: Perceptual Ambivalence and Strategic Dilemma," *Asian Survey* 41, no. 5 (September-October 2001), p. 781.

Korea has not bandwagoned with China, nor does it wish to abandon its close ties with the United States.⁴³

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 U.S. and closer to China] but not yet by definitive leaps 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 R.O.K.’s strategic direction.⁴⁴

3. North and South Korea

The issue that most visibly reveals the importance of localized interest in international relations, rather than the distribution of power, is Seoul’s strategy for solving the North Korea problem. U.S. and South Korean policies were in relatively close accord during the entire Cold War period and well into the first North Korean nuclear crisis of 1993–94, and as recently as the mid-1990s, South Korea viewed North Korea primarily as an imminent military threat.⁴⁵ Yet the past decade has resulted in a major change in how South Korea views itself, North Korea, and the ROK’s own preferred method for resolving the issue of a divided Korean Peninsula.⁴⁶ Seoul’s perspective is not

⁴³ Jae-ho Chung, *Between Ally and Partner: Korea-China Relations and the United States* (New York: Columbia University Press, 2007).

⁴⁴ Victor Cha, “Korea,” in *Strategic Asia*, (Seattle, WA: National Bureau of Asian Research, 2004).

⁴⁵ Victor Cha notes that historically it was South Korea’s fear that the U.S. would not take this threat perception seriously that drove the U.S.-Korea relationship. See Cha, *Alignment Despite Antagonism* (Stanford, CA: 1999).

⁴⁶ Much of this section draws on Victor Cha and David Kang, *Nuclear North Korea: A Debate on Engagement Strategies* (New York: Columbia University Press, 2003).

The balance of power and state interests in international relations

only consistent with China's, it differs from the U.S. perspective in large part because the U.S. is focused on global issues while South Korea is concerned with regional issues.

The United States has continued to view North Korea primarily in military terms, as one aspect of its global "war on terror," and is worried about North Korean military strength.⁴⁷ In particular, the United States is concerned over the potential sale of either nuclear material or missiles to terrorist groups such as Al Qaeda, which would in turn use such weapons against the United States. Furthermore, although from 1999 to 2006 Pyongyang had placed a voluntary moratorium on tests of its ICBMs, its unsuccessful test of a Taepodong-2 missile in July 2006 heightened fears throughout the region about its weapons programs.⁴⁸ In response, the United States has generally attempted to isolate North Korea and pursue a complex mix of negotiation and coercion in an attempt to convince North Korea to halt its nuclear programs.

By contrast, South Korea has come to view North Korea primarily as a regional issue of national reunification and reconciliation, and view it in economic and cultural terms. South Korea's much deeper long-term question has proven more complex: how best to manage and ultimately solve the North Korean issue—even if nuclear weapons are no longer a factor. As a result, although managing the nuclear issue has been a necessary step to reintegration, South Korea's foreign policy over the past decade has reflected this more fundamental goal of unifying the peninsula.

South Koreans believe that North Korea can be deterred and are worried instead about the economic and political consequences of a collapsed regime. To put the matter

⁴⁷ For overviews of the 2002 crisis and its aftermath, see Victor Cha and David Kang, "Can North Korea Be Engaged?" *Survival* 46 (2) (Summer 2004): 89–108.

⁴⁸ P. Parameswaran, "North Korea Flexes Missile Muscle to Grab US Attention," *Agence France-Presse*, June 13, 2006, http://www.defencetalk.com/news/publish/printer/printer_6415.php.

in perspective, should North Korea collapse, the number of refugees could potentially exceed the entire global refugee population of 2004.⁴⁹ Even assuming a best-case scenario in which such a collapse did not turn violent, the regional economic and political effects would be severe.⁵⁰ Alternatively, were a war to break out, the potential consequences would devastate the region. The commander of U.S. forces in Korea estimated that a war could result in \$1 trillion in industrial damage and over one million casualties on the peninsula.⁵¹

South Korean engagement has also resulted from more than merely pragmatic reasons. In actively moving toward unification with the North, South Korea has embarked on a path of economic interdependence and political reconciliation with North Korea. Begun a decade ago, this new policy will most likely continue to be South Korea's primary foreign policy direction. The goal is to slowly change and to promote reform in North Korea through increased economic and cultural ties in the DPRK.

South Korean engagement of North Korea actually began under the Kim Young-sam government, when South Korean non-governmental organizations, most of which were Christian-based, ignored governmental prohibitions against sending aid to North Korea during its famine.⁵² With the Kim Dae-jung administration (1998–2003) and continuing with the Roh Moo-hyun administration (2003–08), South Korean official policy changed as well. Kim had long criticized the conservative military governments for both excessively politicizing the North Korean threat and impeding inter-Korea

⁴⁹ *World Refugee Survey 2004*, U.S. Committee for Refugees and Immigrants, http://www.refugees.org/data/wrs/04/pdf/key_statistics.pdf and www.refugees.org/article.aspx?id=1156.

⁵⁰ See, for example, Richard Ellings and Nicholas Eberstadt, eds., *Korea's Future and the Great Powers* (Seattle, WA.: University of Washington Press, 2001).

⁵¹ Victor Cha and David Kang, *Nuclear North Korea*.

⁵² L. Gordon Flake and Scott A. Snyder, eds., *Paved with Good Intentions: The NGO Experience in North Korea* (Westport, CT: Praeger, 2003).

The balance of power and state interests in international relations

reconciliation efforts. As president, Kim called for a “sunshine policy” that would engage North Korea and begin the reconciliation process.

The Sunshine Policy reaped an important political and psychological benefit—the first sustained exposure to the DPRK and the regime’s reclusive leader Kim Jong-il. The unprecedented summit in June 2000 between the R.O.K. and North Korean heads of state resulted in a flurry of political, commercial, and social exchanges, including reunions between families separated by the Korean War. The summit marked the culmination of a change in South Korean attitudes toward North Korea. South Koreans were paralyzed with excitement, with newspapers and television devoted almost exclusively to the summit. This was especially true among baby boomers who had not experienced the horrors of the Korean War and the brutality of North Korean forces killing innocent South Koreans when they occupied R.O.K. territory. Conservatives, especially those who had experienced the Korean War, were more wary of these developments. Four decades of rapid economic development has created a generation of young South Koreans who have nothing more than book knowledge about the Korean War, poverty, or a genuine North Korean threat. South Korea thus began to pursue economic and cultural engagement with North Korea and turned away from its previous policy of competition and hostility.

Currently, official ROK policy toward North Korea is explicitly based on the idea that trade and interdependence can promote peace and stability on the peninsula, and that encouraging the North to continue economic reforms and opening it to the international community is the best path towards achieving stability and peace on the peninsula. For example, when speaking of the increasing economic and cultural ties between the North

and South, the South Korean Ministry of Unification stated that, “with the peaceful use of the demilitarized zone, the eased military tension and confidence building measures, the foundation for peaceful unification will be prepared.”⁵³

Thus, for almost a decade, South Korea has consistently pursued a policy of economic engagement toward North Korea designed to encourage North Korean economic reforms. Following the shift to the Sunshine Policy, South Korea rapidly increased its relations with the North: North-South merchandise trade has exploded over the last five years, with North-South merchandise trade increasing fifty percent from 2004 to 2005, exceeding U.S.\$1 billion for the first time.⁵⁴ Commercial trade amounted to 65 percent of total North-South trade in 2005, while non-commercial (government) trade accounted for less than 35 percent of trade. Thus, while the government is supporting the economic integration of the two Koreas, private firms are also heavily involved. Trade with South Korea accounted for 20 percent of North Korea’s trade in 2004, while South Korea’s \$256 million worth of economic assistance comprised 61 percent of total external assistance to the North.

South-North negotiations have covered a wide range of issues, such as reconnecting the railroads through the DMZ, repaving a road through the DMZ, creation of joint sports teams, family reunions, economic assistance, and most significantly, military discussions.⁵⁵ In 2004, the two sides agreed to the establishment of a hotline

⁵³Ministry of Unification, “Peace and Prosperity: White Paper on Korean Unification 2005,” (Seoul: Ministry of Unification, 2005), pp. 106-108. See also MOU, “Kaesong Kongdan geonseol silmu jobchuk bodo chamgojaryo,” (Seoul: Ministry of Unification, December 8, 2002).

⁵⁴ “Inter-Korean Trade beats \$1 billion in 2005”, *JoongAng Ilbo*, January 23, 2006; and Economist Intelligence Unit, *North Korea: Country report 2003* (London: The Economist Intelligence Unit, 2003), p. 19.

⁵⁵ David Kang, “North Korea’s Economy,” in Robert Worden, ed., *North Korea: A Country Study* (Washington, D.C.: Federal Research Bureau, 2005).

The balance of power and state interests in international relations

between North and South Korea, held the first high-level meeting between North and South Korean military generals since the Korean War, and halted the decades long propaganda efforts along the DMZ.⁵⁶ The South Korean *2004 Defense White Paper* downgraded North Korea from the South's "main enemy," to a "direct and substantial threat to our military." In 2005, North and South Korea established 300 direct telephone lines linking the South with the Kaesong industrial zone for the first time since the Soviets troops severed telephone lines in 1945.

Growing contacts with the North reinforced the perception in South Korea that North Korea was more to be pitied than feared, and interactions between the North and South have increased in a number of non-economic areas, as well. The Hyundai group established a tour of Mt. Kumgang on the east coast of North Korea, which more than 275,000 South Koreans visited in 2005, and over 1.1 million have visited since 2000. In 2005 alone, more than 10,000 Koreans held cultural and social exchanges in the North, along with 660 separated family members.⁵⁷ Meetings between divided families have occurred on an intermittent basis, and both countries agreed to march together in the Olympics under the "unification flag."⁵⁸

Most significantly, China and South Korea 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 nothing about [North Korea's] uranium program. We don't know whether it exists. So far the U.S. has not presented convincing evidence of this program...The United States is accusing

⁵⁶ James Brooke, "2 Koreas Sidestep U.S. to Forge Pragmatic Links," *New York Times*, June 26, 2004.

⁵⁷ Christine Ahn, "Reunification is on the March," *International Herald Tribune*, February 9, 2006.

⁵⁸ Ruediger Frank, "Economic Reforms in North Korea (1998-2003): Systemic Restrictions, Quantitative Analysis, Ideological Background," *Journal of the Asia Pacific Economy* 10, No. 3 (2005), pp. 278-311.

North Korea of having this or that, and then attaching conditions [to negotiations]. So it should really be the U.S. that takes the initiative.”⁵⁹ As one experienced member of an NGO that has deep ties with North Korea noted recently, “China is essentially pushing aid and economic relations over the border to the North. They have far more access to the North than does South Korea, and this is worrying the South Koreans as they look to the coming years.”⁶⁰

In fact, Chinese trade and investment into North Korea outstrips that of even South Korea – almost half of total North Korean trade in 2005 was with China, an amount larger than inter-Korean trade.⁶¹ As the nuclear stalemate dragged on, Chinese officials made public pronouncements urging a conciliatory line to the North, and arguing that North Korea was on the path to reform. In January 2005, Chinese ambassador to South Korea Li Bin argued that, “To think that North Korea will collapse is far-fetched speculation. The fundamental problem is the North’s ailing economy. If the economic situation improves, I think we can resolve the defector problem. The support of the South Korean government will greatly help North Korea in this respect.”⁶² Other Chinese commentators echoed this sentiment. In early 2005, 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

⁵⁹ Joseph Kahn and Susan Chira, “Chinese Official Challenges U.S. Stance on North Korea,” *New York Times*, June 9, 2004.

⁶⁰ Personal communication, June 8, 2006.

⁶¹ Robert Marquand, “North Korea’s Border Trade Getting Busier,” *Christian Science Monitor* April 14, 2005 (<http://www.csmonitor.com/2005/0414/p01s04-woap.html>).

⁶² Li Bin, quoted in the *JoongAng Ilbo*, January 14, 2005.

The balance of power and state interests in international relations

taking measures to reform its economy, so perhaps the U.S. should reconsider its approach.”⁶³

As one newspaper report put it in June 2004:

Mr. Bush appears to have been pushed by those allies, at least according to the accounts offered up by Asian officials -- and confirmed by some but not all -- of their American counterparts. 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.⁶⁴

To be sure, there is much skepticism about Kim Jong-il's intentions and the extent of North Korea's market-socialism reform policies.⁶⁵ For example, Peter Hayes notes that “the regime is investing in minerals development, niche markets for exporting cheap labor or embodied labor, a boot-strapping sector, and real estate development on the DMZ that combined, represent a long-term and slowly growing economic foundation for a nuclear-armed DPRK.”⁶⁶ Alternatively, Marcus Noland has an “essentially pessimistic” view of the North Korean reforms. He notes that, “it is fair to say that the reforms have been a mixed bag, not delivering as expected and contributing to increasing social differentiation and inequality.”⁶⁷

⁶³ Howard French, “Doubting U.S., China is Wary of Korea Role,” *New York Times*, February 19, 2005.

⁶⁴ David Sanger, “About-Face on North Korea: Allies Helped,” *New York Times*, June 24, 2004.

⁶⁵ See, for example, Stephan Haggard and Marcus Noland, *Famine in North Korea: Aid, Markets and Reform* (New York: Columbia University Press, 2006); Bradley Babson, “Implications of a ‘Bold Switchover’ in Security Policy for Involving the International Financial Institutions in Financing North Korean Development,” NBAR, March 2006; Marcus Noland, “Transition from the Bottom-Up: Institutional Change in North Korea,” (m.s., Washington, D.C., Institute for International Economics, March 20, 2006).

⁶⁶ Peter Hayes, “US Misses Mines for Nukes Opportunity,” Special Report 06-34A (Nautilus, May 2, 2006), p. 3.

⁶⁷ Marcus Noland, “How North Korea Funds its Regime,” testimony before the Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, United States Senate, April 26, 2006. See also Marcus Noland, “Transition from the Bottom-Up: Institutional Change in North Korea,” (m.s., Institute for International Economics, March 20, 2006).

However, South Korean popular support for an engagement policy appears to be deeply rooted, and reflects the changing nature of South Korea's national identity. In the past decade, South Korea began to formulate a positive image and role for itself by rethinking relationship to North Korea. After decades of demonizing North Korea, no longer does South Korea define itself as the opposite of the North, but rather it has begun to define itself as the "distant relative" of the North.⁶⁸ In a way, it is not surprising that South Korean national identity has begun to change with respect to North Korea. Not only do both sides believe that they share a common history and culture, but by any measure – economic, political, cultural, or diplomatic -- South Korea won the competition with the North. Thus, it is relatively easy for South Korea to be magnanimous with the North.

Although some argue that it is only the younger generation of South Koreans that supports the engagement policy toward the North, this is not the case. Indeed, discussion about a generational rift in South Korea is somewhat overstated.⁶⁹ In reality, there is widespread agreement among the South Korean populace that engagement is the proper strategy to follow. For example, South Korean newspaper *Donga Ilbo* opinion poll found in March 2005 that 77 percent of Koreans supported the use of diplomatic means and talks with North Korea in response to its nuclear weapons development and kidnapping of foreign civilians. Significantly, even those from the "older generations" were solidly in favor of engagement. Of those in their 60s or older, 63.6 percent supported diplomatic

⁶⁸ Gi-wook Shin, *Ethnic Nationalism in Korea: Genealogy, Politics, and Legacy* (Stanford, Calif.: Stanford University Press, 2006).

⁶⁹ Derek Mitchell ed., *Strategy and Sentiment: South Korean Views of the United States and the U.S.-ROK Alliance* (Washington, D.C.: Center for Strategic and International Studies, 2004).

The balance of power and state interests in international relations

means.⁷⁰ In 2005, a Korean Institute for National Unification poll found that 85 percent of the general public and 95 percent of opinion leaders approved of North-South economic cooperation.⁷¹

In fact, a leftist (or “progressive”) strand of South Korean politics is not new. Though masked during the Cold War, a long-running leftist element has existed in South Korean politics since the 1940s. Kim Kyung-won, a former ambassador to the United Nations and the United States under Chun Doo-hwan, made the following statement:

South Korea has always had a deeply-held leftist strand of politics. Back in the 1940s it was probably stronger than the conservative forces, and only the U.S. military government allowed the right to win power. We thought [this strand] had disappeared under the military governments, but it did not. And now, it is back, reasserting itself.⁷²

This leftist strand of politics was so strong that Park Chung-hee was forced to declare martial law from 1972 to 1979, during which time he temporarily closed the universities because of extensive student protests. After a coup d’etat in 1980, the entire city of Kwangju rose up in protest, and the demonstrations were only put down by the direct use of South Korean military units that were pulled off the DMZ.⁷³

Given widespread South Korean popular support for engagement, for electoral purposes, both the opposition and ruling parties both back engagement toward the North. In 2005, for example, the opposition Grand National Party – often considered more hard line toward the North than the ruling Uri Party -- submitted a proposal to establish a

⁷⁰ *Donga Ilbo*, “Opinion Poll on South Korean Attitudes Toward Japan and Other Nations,” March 4-31, 2005 (www.donga.com/fbin/output?f=aps&n=20050460247&main=1).

⁷¹ Ahn, “Reunification is on the march,”

⁷² Author’s interview with Kim Kyung-won, August 31, 2003.

⁷³ John Adams Wickham, *Korea on the Brink: From the “12/12 Incident” to the Kwangju Uprising, 1979–1980* (Washington, D.C.: National Defense University Press, 1999); and Linda Lewis, ed., *Laying Claim to the Memory of May: A Look Back at the 1980 Kwangju Uprising* (Honolulu: University of Hawai’i Press: Center for Korean Studies, University of Hawai’i, 2002).

special economic zone along the entire border with North Korea to foster inter-Korean economic cooperation. The proposed zone would extend the current Kaesong industrial zone to Paju in Kyeonggi province in the South, with plans to expand the economic boundary from Haeju in the North to Incheon in the South as a joint inter-Korean project similar to the Kaesong zone.⁷⁴

Even in the wake of the North Korean nuclear tests of October 2006, South Koreans remained far more suspicious of U.S. motives, and more supportive of engagement, than many other countries. An opinion poll conducted in South Korea after the nuclear test found that 43 percent of South Koreans “blamed the U.S.” for provoking a North Korean test, 37 percent blamed North Korea, and only 13 percent blamed South Korean engagement policies.⁷⁵ The South Korean Catholic Bishop’s conference released a statement that week denouncing the nuclear test, but also reiterating support for its programs in the North, saying that “For the recent several years, the South and the North have maintained peaceful exchanges, through which the two Koreas came to recognize the other not as an enemy but as one people, the same brethren... no one should block the way of reconciliation which the South and the North have paved through all efforts, nor should turn back the streams of the peace and unity running through the Korean peninsula.”⁷⁶ Even the conservative opposition party, while calling for reductions in aid, remained willing to engage the North under more restrictive circumstances.⁷⁷ Although it imposed a few symbolic sanctions on the North, the South Korean government

⁷⁴ Annie I. Bang, “Bill on inter-Korean special zone proposed, move aims to build economic community,” *Korea Herald*, February 14, 2006.

⁷⁵ Research Plus poll conducted October 11 and 12, 2006 (<http://www.angus-reid.com/polls/index.cfm/fuseaction/viewItem/itemID/13537>).

⁷⁶ “Korean Nuclear Tests Shock, blockade, sanctions no answer, bishops say,” *Catholic Online* (October 13, 2006), (http://www.catholic.org/international/international_story.php?id=21618).

⁷⁷ Personal interviews in Seoul, October 14-18, 2006.

The balance of power and state interests in international relations

steadfastly refused to let UN resolution 1718 significantly affect the Kaesong and Mt. Kumgang joint economic ventures between the two countries.

In sum, South Korea's foreign policy orientation appears to be firmly focused on unification through interdependence with North Korea as the keystone of its overall foreign policy. Managing the nuclear issue has been a necessary step to reintegration, but South Korea's foreign policy over the past decade has reflected the more fundamental goal of unifying the peninsula. There is widespread popular support for an engagement policy, and this support shows little signs of abating. Indeed, until national reconciliation is achieved, North Korea will be the overwhelming first priority of South Korean foreign policy.

4. The changing U.S.-R.O.K. alliance

While South Korean-Chinese relations continue to move closer, the U.S.-R.O.K. alliance is under greater strain than ever before. Although South Korea has clearly not abandoned the U.S. for the embrace of China, and while cooperation and interaction is still deeper with the U.S. than with China, South Korea has moved in the direction of warmer ties with China and less dependence on the United States. This has been a slow process, but the events of the past few years have accelerated the trend. Indeed, it is becoming increasingly possible that the U.S.-R.O.K. alliance will change in a fundamental manner. In part this is a natural evolution, but in part it also reflects starkly different perspectives between the two countries on major international issues. As Scott

Snyder notes, “the alliance appears demonstrably less important to both Americans and South Koreans than it was during the Cold War.”⁷⁸

The U.S.-ROK alliance has succeeded beyond expectations in maintaining peace at the strategic crossroads of Northeast Asia, promoting South Korean economic development, and helping to enable the emergence of one of East Asia’s most vibrant and successful democracies. The United States, of course, pursued mutual U.S.-ROK security interests in maintaining regional peace, which was the prerequisite for South Korean development. These Koreans overwhelmingly value the U.S.-ROK alliance and welcome a U.S. military presence in their country -- indeed, there remains deep appreciation and warmth for the United States. George Washington University professor Erik Larson notes that there continues to be “substantial support for the alliance and a continued U.S. military presence in South Korea. . . .”⁷⁹

Contrary to public perceptions, both sides value the alliance and their long-standing relationship, and the ROK has sought to cooperate with the U.S. in many diverse areas, in hopes of strengthening the alliance. For example, South Korea provides the largest contingent of troops to Iraq after the United States and United Kingdom. The relocation of U.S. military bases outside of Seoul proceeded with minimal protest, and U.S. and South Korean negotiators are beginning discussions about a free-trade agreement between the two countries.⁸⁰

⁷⁸ Scott Snyder, “The Beginning of the End of the U.S.-ROK Alliance?” PacNET 36, August 26, 2004.

⁷⁹ Erik Larson, “An Analysis of The September 2003 *Joongang Ilbo*-CSIS Polls of South Korean Attitudes Toward the U.S.,” paper prepared for the CSIS Study group on South Korean Attitudes toward the United States, December 13, 2003, 1.

⁸⁰ Derek Mitchell, ed., *Strategy and Sentiment: South Korean Views of the United States and the U.S.-ROK Alliance* (Washington, D.C.: Center for Strategic and International Studies, 2004).

The balance of power and state interests in international relations

There are domestic divisions in South Korea over the utility of the U.S.-R.O.K. 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.⁸¹ 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, Seoul finds unacceptable 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 U.S. unilateralism--the Bush approach to North Korea has become the prism through which many South Koreans view the security relationship. Erik Larson notes that, “The ongoing nuclear crisis and what is perceived as a harsh position on the part of the U.S. toward North Korea seems to have led to growing concern among many South Koreans that U.S. actions could pose as great a threat to South Korea as North Korean ones.”⁸² A September 2003 *Joongang Ilbo* poll found that the United States was simultaneously the most liked and the second-most disliked country in South Korea.

With the October 2002 crisis over a second North Korean nuclear program, U.S. and South Korean positions openly diverged. The South Korean populace and leadership urged restraint, while the Bush administration took a harder line. During from the 2002 State of the Union Address, President Bush included North Korea in the “axis of evil,”

⁸¹ Chung-in Moon, “Between Banmi and Sungmi: Changing Images of the United States in South Korea,” paper presented at Georgetown University, August 20, 2003.

⁸² Erik Larson, “An Analysis of The September 2003 *Joongang Ilbo*-CSIS Polls of South Korean Attitudes Toward the U.S.,” paper prepared for the CSIS Study group on South Korean Attitudes toward the United States, December 13, 2003, p. 1.

and later offered other choice negative personal opinions about Kim Jong-Il (referring to Kim as a “pygmy” and how he “loathed” him), after which many speculated a dark future for U.S.-DPRK relations.⁸³ As the crisis intensified, Colin Powell refused to consider dialogue with the North, remarking that “We cannot suddenly say ‘Gee, we’re so scared. Let’s have a negotiation because we want to appease your misbehavior.’”⁸⁴ The South Koreans were concerned that the Bush administration’s open embrace of preemptive war as an instrument of national policy would mean that North Korea would be a potential target of such a preemptive strike, with Seoul – and South Korea – being the victims and bearing the brunt of the devastation that would follow.

On the other hand, many in the United States were skeptical as to the wisdom of South Korea’s policy to North Korea. Indeed, South Korea’s adamant refusal to take a harder line toward North Korea has led some analysts to call South Korea’s foreign policy “appeasement,” thus increasing friction with the United States. Nicholas Eberstadt of the American Enterprise Institute called South Korea “a runaway ally,” arguing that the U.S. ought to “work around” the Roh administration.⁸⁵ The Cato Institute called for an “amicable divorce” between South Korea and the U.S., and researchers Ted Galen Carpenter and Doug Bandow suggested that the alliance should be dissolved.⁸⁶ In the

⁸³ For the State of the Union Address, see <http://www.whitehouse.gov/news/releases/2002/01/20020129-11.html>. For Bush’s March 2001 remarks, see “Remarks by President Bush and President Kim Dae-Jung of South Korea,” March 7, 2001, <http://www.whitehouse.gov/news/releases/2001/03/20010307-6.html>. Also see Bob Woodward, *Bush At War* (New York: Simon & Schuster, 2002), pp. 339-40.

⁸⁴ Jonathan Salant, “Secretary of State Powell says U.S. is willing to talk with North Korea,” *Associated Press*, December 29, 2002.

⁸⁵ Nicholas Eberstadt, “Tear Down This Tyranny,” *The Weekly Standard*, November 29, 2004, <www.weeklystandard.com/Content/Public/Articles/000/000/004/951szxxd.asp> (accessed April 5, 2006).

⁸⁶ Ted Galen Carpenter and Douglas Bandow, *The Korean Conundrum: America’s Troubled Relations with North and South Korea* (London: Palgrave MacMillan, 2004).

The balance of power and state interests in international relations

Wall Street Journal, Bruce Gilley even advocated that China invade North Korea in order to force regime change.⁸⁷

At one point in 2005, President Roh Moo-hyun's comments regarding U.S. policies toward North Korea were unusually direct. The United States had begun to publicly pressure South Korea to take a more active stance against North Korea's illegal financial activities, such as counterfeiting U.S. money. Roh said that:

I don't agree (with) some opinions inside the US that appear to be wanting to take issue with North Korea's regime, apply pressure and sometimes wishing for its collapse. If the US government tries to resolve the problem that way, there will be friction and disagreement between South Korea and the U.S.⁸⁸

When the United States released a press statement through the U.S. Embassy in Seoul "urging" South Korea to take action against North Korean financial transactions, the South Korean Foreign Ministry released a response calling the U.S. press release "inappropriate."⁸⁹

The South Korean embassy in Washington, D.C. argued that, "a more confrontational U.S. policy approach is not likely to bear fruit. North Korea has never succumbed to external pressure over the past fifty years, despite the wishes of foreign ideologues."⁹⁰ In Seoul, the liberal newspaper *Hankyoreh Sinmun* editorialized that "the Koreans should resolve their own problems, including the nuclear issue."⁹¹ Over one hundred respected figures in Korean society, including Catholic Cardinal Stephen Kim,

⁸⁷ Bruce Gilley, "An Immodest Proposal," *Wall Street Journal*, January 5, 2005.

⁸⁸ n.a. "South Korean President Warns U.S. against seeking collapse of the North," *The News*, January 26, 2006 (http://www.ipcs.org/Jan_06_japan.pdf)

⁸⁹ Andrew Salmon, "Roh Opposes U.S. on Regime Change Plans for North, Warns of 'difference of opinion'," *Washington Times*, January 26, 2006.

⁹⁰ Soo-dong O, "Defusing North Korea," press release by the Embassy of the R.O.K., Washington, D.C., December 1, 2004.

⁹¹ Editorial, *Hankyoreh Sinmun*, November 7, 2004.

sent an open letter to the U.S. Embassy in Seoul, urging the U.S. ambassador to reject military options.⁹²

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 will not blindly follow the U.S. lead in the future. With increasingly close ties to China, and a South Korean view that defines the North Korea problem as one of reconciliation rather than terrorism, US-ROK foreign policies are moving in fundamentally different directions.

Conclusion: Foreign policy and grand strategy

This case study of South Korea's response to China's rise yields a number of important implications for our theories of international relations. The extent and limits of balance of power theory, especially when applied to the rise and fall of great powers, has long been a central preoccupation for students of international relations. Now China is in the middle of what may be a long ascent towards global great power status. Indeed, it may already be a great power, with the only question being how much bigger China may become. The rise of China, and whether it can peacefully find a place in East Asia and the world, is thus one of the most important issues in contemporary international politics. This debate appears set to continue well into the future, and thus defining the terms of the debate and isolating the central issues is an important step.

⁹² *Donga Ilbo*, January 12, 2005.

The balance of power and state interests in international relations

Furthermore, privileging the distribution of power as the key determinant of stability and state behavior is a mistake. Interests and beliefs – what states want – is more important to determining whether or not states are threatening than how big they are. Security seeking, status quo states provoke different responses from other states than do revisionist, expansionist powers, and states make their policies designed on what they believe these interests and identities to be.

China's rise is forcing South Korea to deal with these issues. While most international relations theory, and indeed, most American policymakers, see the U.S. as the most obvious and benign ally with which South Korea should ally, China's proximity and its massive size mean that South Korea must deal with China. And yet – instead of being threatened by China, South Korea indeed shares similar policy orientations on issues such as the best way to solve the nuclear crisis. 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 clear that the pessimistic predictions regarding China's rise have not begun to manifest themselves on the Korean peninsula. Rather than fearing China, 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 U.S.

Critics respond to explanations for East Asian stability by claiming either that East Asian states are too small to balance China, or that thirty years is not enough time to

see balancing emerge.⁹³ Yet both these rejoinders are *ad hoc* arguments, rest on an assumption of fear that is empirically unfounded, and are an admission by realists that their theories do not explain East Asia. Most importantly, the assertion that small states inevitably fear larger states is contradicted by a large body of scholarship that probes whether and when this might be the case.⁹⁴ Empirically, small states rarely capitulate in the face of overweening power. North Korea continues to defy intense U.S. pressure, Vietnam fought China as recently as 1979 when their interests diverged, and the Japanese started a war with the United States they knew beforehand that they could not win, and continued to fight long after the outcome was certain.⁹⁵ At a minimum, the onus is on those who argue that East Asian states are too small to balance to show empirically that these states actually fear China, that they have searched all available internal and external balancing options, and that they decided ultimately that capitulation was the best policy to follow. Anything less is not a serious analytic argument, but rather an admission by realists that their theories about balance of power do not apply.

The rejoinder that balancing will happen in the future has similar theoretical problems. Realists themselves argue that states are highly concerned with future possibilities and prepare for those contingencies today – indeed, the core of the security dilemma derives from fears of the future even if the present is peaceful.⁹⁶ In less than three decades China has gone from being a moribund and isolated middle power to being

⁹³ Kenneth Waltz has written that, “secondary states, *if they are free to choose*, flock to the weaker side.” Waltz, *Theory of International Politics* (Reading, Mass: Addison-Wesley, 1979), p. 127.

⁹⁴ Todd Sechser, “Winning Without a Fight: Power, Reputation, and Compellent Threats,” (Ph.D. diss., Stanford University, 2006); Andrew Kydd, *Trust and Mistrust in International Relations* (Princeton, N.J.: Princeton University Press, 2005); Charles Glaser, “Political Consequences of Military Strategy: Expanding and Refining the Spiral and Deterrence Models,” *World Politics* 44 (July 1992).

⁹⁵ Scott Sagan, “The Origins of the Pacific War,” *Journal of Interdisciplinary History* 18 (Summer 1988), pp. 893-922.

⁹⁶ Robert Jervis, “Cooperation under the Security Dilemma,” *World Politics* Vol. 30, No. 2 (1978), p. 105.

The balance of power and state interests in international relations

the most dynamic country in the region, with an economy that shows many signs of continuing to grow. By realist standards, China should already be provoking balancing behavior, merely because it is already so big, and its potential rate of growth is so high. Yet this essay has shown that the dramatic power transition in Northeast Asia has evoked almost very little response from its neighbors. Five or even ten years of Chinese growth would be too early to draw conclusions; but as decades accrue, the argument that balancing is just around the corner becomes less plausible. Furthermore, this rejoinder – like that of “too small to balance” – also assumes fear on the part of smaller states, a highly questionable assumption in general and certainly with respect to South Korea. Beliefs of states must be empirically demonstrated, not asserted. Fear is not the dominant South Korean attitude toward China. Thus, it is a fair and important question to ask why East Asia has not already balanced China.

Some have argued that East Asian states do not fear China because they can rely on the United States military presence in the region to protect them. Although this may be true in general, it has begs the question of why South Korea would let relations with the U.S. deteriorate so badly. The answer, of course, is that most states do not fear military conflict with China in the first place, and thus the U.S. presence is at most a form of generalized reassurance. In fact, most states are working assiduously to increase their ties with China, not limit them. This should not be so surprising: after all, despite some skepticism within the U.S., the United States itself has not chosen to balance or contain China, and thus it is not that surprising that East Asian states not have come to that conclusion, either.

It is true, however, that even though most major trends over the past three decades have led to more stability and cooperation in East Asia, there is no guarantee that these trends will continue indefinitely. Indeed, any discussion about China and East Asia's past and current relations invites speculation about what the future might hold. Most important for this essay is to note that concerns about how China might act a generation from now center on identity, not power. That is, much of the speculation about China's future course focuses on the consequences that might follow if China becomes a democracy, how the Chinese Communist Party might evolve, how Chinese nationalism and its interactions with other states will evolve – all of which are aspects to national identity. However, this essay is not an attempt to predict the future, it is concerned with explaining outcomes of the past decades. The policies China, the United States, and East Asian countries take today will have an impact on how the region evolves. The security, economic, and cultural architecture of East Asia is clearly in flux, and how China and East Asian states might behave in the future when circumstances are fundamentally different is an open question, and an exercise with limited intellectual utility.

Figure 1. A spectrum of alignment strategies

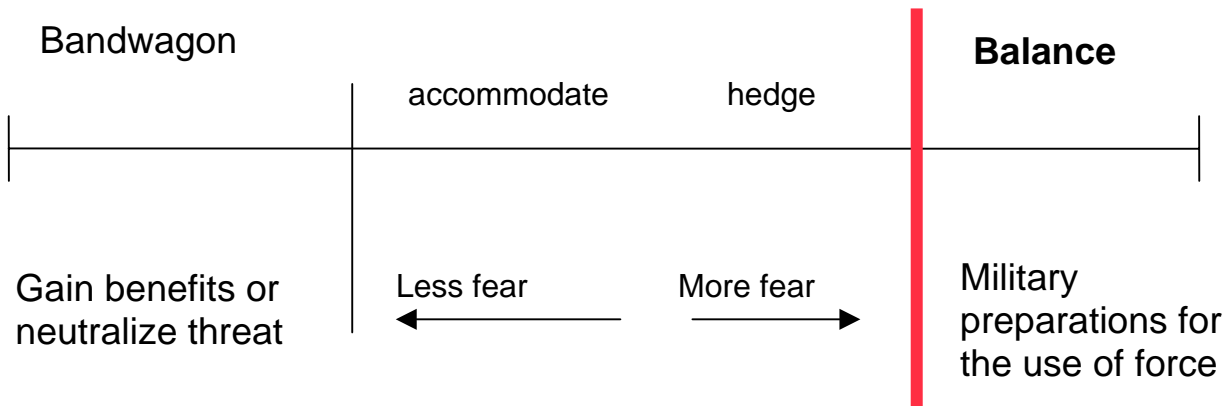
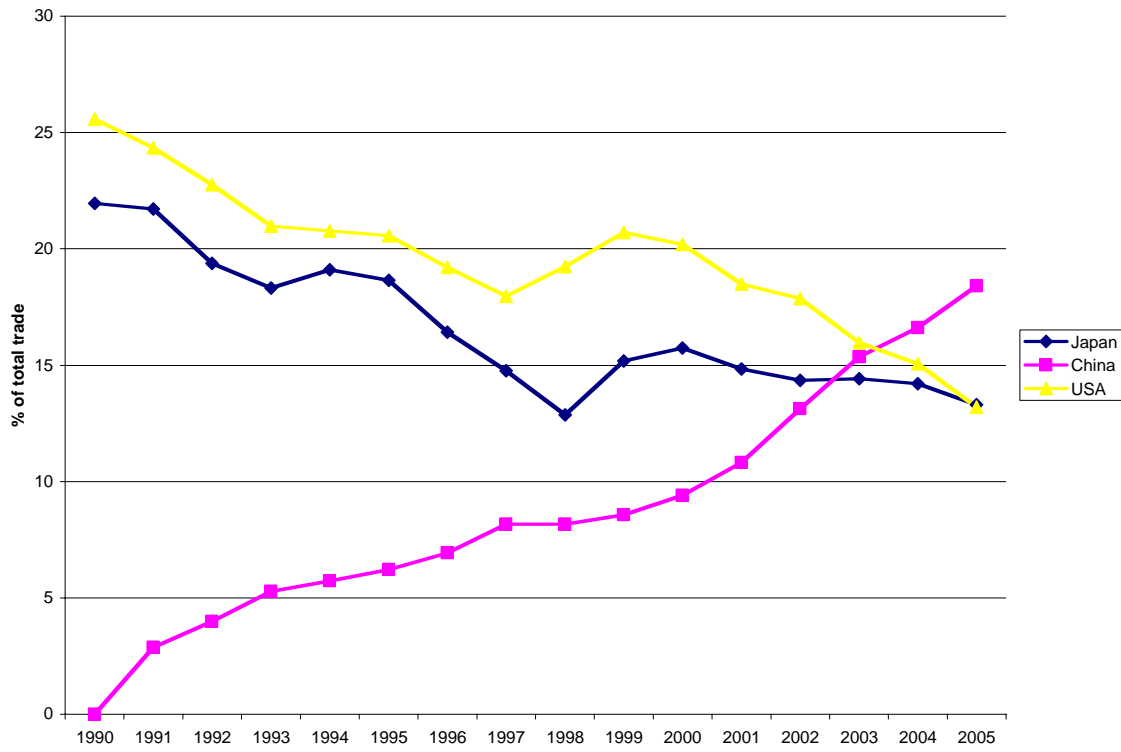


Figure 2. South Korea's major trade partners, 1990-2005



Source: Strategic Asia Online (<http://strategicasia.nbr.org/>)