

Sino-American Relations and the Unification of the Korean Peninsula*

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Abstract

Although unification with North Korea, along with the related issue of national security, is South Korea's core national objective, it is not a goal that Korea can pursue unilaterally. Support from the United States and China is necessary. This paper forecasts developments in Sino-American relations, analyzes their implications for the Korean peninsula, and proposes policy options that will facilitate the peaceful unification of the two Koreas. Based on the prediction that the future of Sino-American relations will take the form of the extended status quo with periodic instability, I propose policy options that reflect China's increased relative capability vis-à-vis American capability and utilize the concept of strategic pragmatism. Korea's options include positive peaceful coexistence, deepened inter-Korean cooperation based on the two-track strategy, peninsular arms control along with the institutionalization of Northeast Asian multilateral security cooperation, a modernized Korea-U.S. alliance, and upgraded cooperative relations with China.

Keywords: pragmatic-strategic approach, positive peaceful coexistence, two-track strategy, arms control, multilateral security cooperation in Northeast Asia, Korea-U.S. alliance, relations between Korea and China

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Introduction

Unification with North Korea, along with the related issue of national security, constitutes Korea's core national objective. Any decisions regarding this issue must be given careful consideration and forethought by policy makers. It is stipulated in the Korean constitution that unification is to be pursued using peaceful means, although the processes may be diverse. Given that North Korea is a sovereign nation with membership in the United Nations, and that any use of force by South Korea would not only be in violation of international laws but also result in tremendous costs, peaceful unification is the sole realistic option. South Korea has assumed that the post-unification system will be based on democracy, market economy, and continuance of the Korea-U.S. military alliance. These governing goals must be achieved through peaceful means.

The unification of the peninsula is, in principle, a matter between the Korean peoples. Ironically, however, unification cannot be independently obtained.¹ First, the security of South and North Korea is a necessary precondition for the pursuit of peaceful unification. However, the security of both Koreas heavily depends on the support of their respective "patrons," the United States and China. More specifically, South Korea relies on the presence of the U.S. Forces in Korea (USFK) and extended nuclear deterrence provided by the United States to cope with the North's nuclear and conventional threats. North Korea depends on the DPRK-PRC security pact that provides for China's automatic intervention in the event of an attack as well China's political/economic assistance in ensuring that North Korea survives as a nation in the face of perceived threats by "imperialist forces."

Second, peaceful unification presupposes a process in which the current armistice is replaced by a peace treaty. The United States and China, as signatories of the armistice agreement, are parties directly concerned with the peace process. They are in a position to help maintain peace in the peninsula by providing security for their respec-

1. For a Chinese perspective on this, see Zhao, Lu, and Zheng (2003, 6); Qi (2004).

tive allies. In particular, if the North's medium- to long-term national objectives include diplomatic normalization with the United States, the importance of the United States is greatly amplified in the unification process.

Third, given the volatility of Sino-American relations, both countries' strategic stake in the future of the Korean peninsula is likely to increase as the peace process gets off the ground. The United States will have considerable advantage if it is able to maintain a pro-American nation in Northeast Asia, a region with great economic and strategic significance. The strategic importance of a country to act as an "agent" for the United States will rapidly expand if this nation can also serve as a check against the rise of China. On the other hand, the United States is concerned by the possibility that a unified Korea will land in the pro-Chinese camp for economic reasons or oppose the U.S.-Japan alliance due to a surge of nationalism triggered by the North's anti-Japanese sentiments, as such a scenario could paralyze America's global and regional strategies. About fifteen years ago, Richard Solomon, former U.S. Assistant Secretary of State for Asia, said that "China is actively courting South Korea . . . and South Korea is considering a major shift in foreign policy in which it would align itself with China, an emerging East Asian superpower that Seoul views as a counterbalance to former colonial master Japan."² Ten years later, Henry J. Hyde, chairperson of the U.S. House Committee on International Relations, said that the "ripe apple of South Korea could soon fall into the lap of China."³ These remarks reflected the fear that U.S. influence would shrink and a politically unreformed and assertive China could manipulate what can become the most

2. Ben Barber, "South Korea Considers Benefit of China as Ally: Action Could Hinder U.S. Strategy," *The Washington Times*, June 7, 1996; Center for Strategic and International Studies, *A Blueprint for US Policy Toward a Unified Korea: A Working Group Report of the CSIS International Security Program* (Washington, D.C.: CSIS, 2000), p. 17.

3. Transcript, "A Resurgent China: Responsible Stakeholder or Robust Rival?" May 10, 2006, House of Representatives, Committee on International Relations, Washington, D.C.

vibrant economic region of the world. These imagined scenarios and concerns provide a strong political impetus for those advocating the reversal of such regional tendencies and more active engagement by the United States in peninsular affairs.

For China, danger looms in the possibility that unification may cause the demise of North Korea, its military ally and strategic buffer. The preservation of this buffer has been critical for China's national security; it intervened in the Korean War for this purpose and has considered the relationship between North Korea and China to be as close as that of lips to teeth. Furthermore, China is sensitive to what it considers an American encirclement strategy (*China Daily*, February 22, 2010), and will certainly view unification initiated and led by a military ally of the United States as directly and adversely related to its national survival.

The worst-case scenario for China would be if U.S. forces in Northeast Asia shift their attention to Taiwan, which China considers its own territory, as the need for the forces in Korea diminish with the disappearance of North Korea. In this context, one can argue that the existence of North Korea promotes China's security interests regarding Taiwan by absorbing American military and political resources (Shen 2009).

Clearly, China and the United States have much at stake in inter-Korean relations and consequently will exert influence in any processes that may lead to unification. Therefore, it is essential for South Korea to demonstrate political will, diplomatic prudence, and the intellectual capability to effectively promote its own national interests. The objective of this paper is to offer predictions about the future of Sino-American relations, analyze implications for the Korean peninsula, and propose policy options that will facilitate peaceful unification of the two Koreas.

The Future of Sino-American Relations

Simply stated, there are three directions in which Sino-American rela-

tions can proceed: improvement, deterioration, or the status quo. I will discuss reasons behind each scenario, determine the most probable outcome by comparing and contrasting them, and examine how they will affect the process of the unification on the peninsula.

Deepening Cooperative Relations

Analysts who predict the cooperative future of Sino-American relations tend to take notice of the conditions that drive the two nations into a relationship of “rise or fall together in the same boat (RFTSB).”⁴ In other words, they argue that since the two nations’ economies are structurally interdependent and neither can prosper at the expense of the other, this relationship will inevitably boost bilateral cooperation in a number of fields.

A favorite example used to bolster their prediction is the United States’ huge debt to China (US\$ 868 billion as of May 2010)⁵ and its impact on bilateral relations. Arguments that China can wield power on the United States as a creditor nation in order to promote Chinese national interests are considered incomplete and groundless. Any suggestion that the balance of power will shift in favor of China because it can inflict serious damage on the American economy by disposing of U.S. Treasury bonds is deemed fallacious in that China cannot exercise such leverage, as it understands that the collapse of the U.S. economy would be a great disaster for Chinese national interests.

According to these analysts, the growth of the Chinese economy is derived mainly from the rapid increase in exports led and/or supported by transnational corporations, including those based in the United States, which produce goods in China and sell largely to American markets (Sutter 2010, 597; Quinlan 2002). Furthermore,

4. Li Hongmei, “Rise or Fall Together in the Same Boat,” *People’s Daily Online*, February 27, 2009, <http://english.peopledaily.com.cn/90002/96417/6602642.html>.

5. Major Foreign Holders of Treasury Securities, Department of the Treasury/Federal Reserve Board, July 16, 2010, <http://www.ustreas.gov/tic/mfh.txt>.

any drop in the U.S. dollar due to deterioration of the American economy will also decrease the value of Chinese-held U.S. securities. In the final analysis of these optimists, since U.S. markets and U.S. Treasury bonds owned by China are, in effect, Chinese assets, it is in China's interest to support the recovery of the U.S. economy.

Proponents of the cooperative future theory suggest that continuous economic growth is important politically as well as financially for the incumbent Chinese leaders, as it has been a key element legitimizing the Chinese Communist Party (CCP)'s monopoly on political power. For the party elite, it is existentially significant. As widely known, the CCP is able to justify one-party rule insofar as continuous and rapid economic growth provides national security, better standards of living, socio-political stability, and international prestige for China.⁶ Hence, it is plausible to argue that the CCP is constrained to cooperate with the United States as a matter of self-preservation due to economic interdependence. Of course, the United States is under the same constraint. Until the United States restores its self-contained hegemonic capability, this type of symbiotic relationship will persist.

Optimists suggest that Secretary Clinton's RFTSB theory⁷ reflects this economic reality.⁸ Indeed, the current high levels of interdependence between the United States and China are in sharp contrast to the low levels of interdependence between the United States and the Soviet Union during the Cold War. According to those optimistic theorists, the political and economic elites of both nations have considerable incentives to manage bilateral relations in a pragmatic and productive fashion.

6. It appears that the history of the Soviet failure that derived from its risky "double-simultaneous transitions" also plays a significant role (Crawford 1996, 93).

7. In an interview with Chinese TV, Clinton said, "We are truly going to rise or fall together. We are in the same boat and, thankfully, we are rowing in the same direction" (Li Hongmei, "Rise or Fall Together in the Same Boat," *People's Daily Online*, February 27, 2009).

8. Hillary Rodham Clinton, Secretary of State, Interview with Yang Lan of Dragon TV, Beijing, China, February 22, 2009.

Moreover, the analysts draw attention to the nations' shared interest in maintaining stability in Northeast Asia. The United States has declared peace and stability in the East Asia-Pacific region as a core national security interest since the publication of the *National Security Strategy of the United States of America* mandated by the Goldwater-Nichols Act of 1986.⁹ As Alexis de Tocqueville (2003) presciently commented, "The Americans [are] destined by nature to be a great maritime people . . . They will become, like the English, the commercial agents of a great portion of the world." American efforts have concentrated on expanding trade and commerce in Northeast Asia, particularly in China which was viewed as the west coast beyond the west coast. The Open Door Policy in the late nineteenth century was one such effort (LaFeber 1997). U.S. interest and concern regarding regional stability need no further explanation, given the close ties between trade and domestic politics. In the case of direct investment capital, this is even more relevant as such investments require longer term stability to start producing the desired profits.

The United States, which is currently preoccupied with missions in Iraq and Afghanistan, is in no position to open another front in East Asia. This constraint is not likely to loosen soon. The United States knows that any military operations in the region have the potential to escalate into major conflict with China, a scenario for which it is neither politically nor economically prepared. The preservation of regional stability remains a top priority for the United States.

As previously discussed, China's current political leaders view a stable security environment as a necessary condition for sustained economic growth, which is the paramount national objective. In fact, the opening of China and other related reforms of the late 1970s were only possible due to Deng Xiaoping's perception of improved security conditions for China. In other words, this policy would not have been initiated without the fundamental change in Sino-American relations

9. The Goldwater-Nichols Department of Defense Reorganization Act of 1986, Pub. L. 99-433.

that Deng thought would help China address the Soviet threat. If China perceives an external threat, the government is likely to shift the distribution of resources to favor the military and hardliners over pragmatists, possibly leading to an economic downturn and the delegitimation of reformist policies. Chinese leaders understand that regional stability effectively serves their political interests. They regard the preservation of such stability as the core of Chinese foreign and security policy.

Over the last five years, international society has repeatedly condemned North Korea for flagrant behavior such as conducting nuclear tests in 2006 and sinking a South Korean patrol boat in 2010. Nonetheless, China repeated its long-held position that “to maintain the peace and stability in Northeast Asia is in the common interest of all parties concerned” and that “in the current context, the Chinese government calls on all parties to be cool-headed in response and persist in seeking a peaceful solution of the issue through dialogue and consultation.”¹⁰ Proponents of a cooperative Sino-American relationship consider China’s behavior as deriving from its perception that regional instability may result in serious strategic, economic, and political difficulties.

In sum, optimistic analysts have suggested that the United States and China are in an economic symbiotic relationship and possess strong incentives to strengthen cooperation as their economic and, therefore, domestic political interests are best served by such. This relationship will bring about the convergence of both nations’ interests in preserving the stability of Northeast Asia that will, in turn, boost bilateral cooperation.

10. For the Chinese stance on the 2006 North Korean nuclear experiment, see Foreign Ministry Spokesman Liu Jianchao’s Regular Press Conference on October 10, 2006, <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t275804.htm>. For the Chinese stance on the Cheonan Incident, see *Xinhua*, “China Calls for Calm, Proper Handle of Cheonan Incident,” May 16, 2010, http://www.china.org.cn/world/2010-05/16/content_20050570.htm.

Deterioration of Relations

A group of international relations experts—most prominently the power transition theorists—anticipate that the likelihood of major conflict will increase as China enters into approximate parity with the United States (Organski and Kugler 1980; Bueno de Mesquita and Lalman 1992; Tammen et al. 2000). In this view, the challenger is dissatisfied with the status quo and seeks a new place for themselves in the international society commensurate with its newly acquired power. Rising powers have a desire to redraft the rules by which relations among nations work. The possibility of war is greatest at the power parity as the dominant state has incentive to preempt the potential challenger and the challenger perceives that it has the capability to win the war. Proponents of this theory—mostly Americans—believe that an unchecked China will be dangerous.

According to Tammen and Kugler (2006), the long term Sino-American competition for economic hegemony is already underway: China is expected to catch up with the United States between 2025 and 2035, and economic power will easily be fungible to military clout. A major war could erupt under these circumstances if China's dissatisfaction with the existing international order cannot be resolved. Respective nuclear capabilities carry significant meaning at this stage. Currently, the United States has a first strike capability vis-à-vis China whereas China has minimal nuclear deterrent forces. Tammen and Kugler argue that in the future, as the U.S. National Intelligence Council suggests,¹¹ potential for war will be grave when China gains the nuclear armament to retaliate against any nuclear attack.

However, some theorists suggest that such a war for hegemonic transition is evitable. What matter most are the challenger's values, intent, and level of dissatisfaction. War can be avoided if China's discontent is not strong enough to demand fundamental changes to the existing world order. Tammen and Kugler suggest that ways to miti-

11. National Intelligence Council, *Mapping the Global Future* NIC 2004-13 December 2004, http://www.dni.gov/nic/NIC_globaltrend2020.html.

gate Chinese dissatisfaction include the peaceful management of the Taiwan question, the complete integration of China into the world economic system, and the development of corporate communities and civil societies in China.

Nonetheless, most power transition theorists argue that the impact of values and intent is limited and that structure has a dominant influence during the power transition period. Even if the values and intent exert an impact, a peaceful power transition is unlikely to be repeated in the case of the United States and China, given fundamental differences in outlook and values, and each nation's sense of exceptionalism.

John Mearsheimer is even more pessimistic and deterministic than the power transition theorists. According to him, great powers which operate under anarchy perceive that "the best way to ensure their security is to achieve hegemony now, thus eliminating any possibility of a challenge by another great power, given the difficulty of determining how much power is enough for today and tomorrow" (Mearsheimer 2001, 35). Mearsheimer rejects such theories as democratic peace theory with its emphasis on values and intent, and instead maintains that the logic of great power politics is coercive, structural, and materialist (Mearsheimer 2006).

It is in this context that Mearsheimer argues that China will be forced to pursue hegemony to ensure its security. He believes that China will follow the American historical model of asserting dominance in the Western hemisphere, and that China is likely to try to oust the United States from Asia just as the United States expelled European powers from Latin America. Furthermore, he suggests that China will declare its own version of the Monroe Doctrine like Japan's, promulgated in the 1930s.

Mearsheimer is convinced that the United States will actively try to put a brake on the Chinese pursuit of hegemony. He says he can predict this American response by looking at history; the United States has never allowed the emergence of a regional hegemon. Therefore, the United States will attempt to rein in China and ultimately weaken it to the extent that it cannot dominate Asia. In particular, the United States will by no means allow the Chinese domina-

tion or conquest of Taiwan, given Taiwan's tremendous strategic importance in controlling the sea lanes in East Asia. Mearsheimer is worried that Taiwan will constitute the core of the anti-Chinese international coalition and that Taiwanese provocation of China will ultimately lead to the intensification of the security competition between the United States and China.

Meanwhile, much literature analyzes the cultural aspects of Sino-American conflict. For instance, Rosemary Foot (2009) points out that Chinese exceptionalism can also produce a negative impact on world peace in the same way that American unilateralism derived from U.S. exceptionalism has negatively affected world peace. In particular, she warns, the probability of conflict will rise when China perceives that the time has come for it to lead the world. Since Deng Xiaoping proposed "*tao guang yang hui* 韬光養晦" in the 1980s, Chinese foreign policy has advanced through various stages including Jiang Zemin's "great nation's foreign policy" and Hu Jintao's "peaceful rise" policy. Concomitantly, China's boldness has also gradually increased. In 1992, when France decided to export Mirage aircrafts to Taiwan, China closed the French consulate in Guangzhou. In contrast, when the French Prime Minister and then EU president tried to meet the Dalai Lama in 2008, China not only cancelled the EU-China summit but also threatened to cancel 10 billion euros in planes from the primarily French-owned Airbus. Chinese confidence was also expressed in unusually strong criticism regarding Korea-U.S. joint military exercises in July 2010 conducted as a warning to North Korea after the sinking of the South Korean corvette *Cheonan*. To the extent that such displays are rewarded in world politics, Chinese exceptionalism could relapse into ethnocentrism, ultimately resulting in a conflict that pits one nation's exceptionalism against another's.

These international relations pessimists are worried about another area of potential conflict: energy security. According to the International Energy Agency,¹² China became the world's largest energy user

12. International Energy Agency, "China Overtakes the U.S. to Become World's Largest Energy Consumer," July 20, 2010, http://www.iea.org/index_info.asp?id=1479.

in 2009, which reflects both rapid economic growth and increasing use of low-efficiency energy sources. As such, securing foreign sources of energy is the top priority of China's economic policy and is likely to intensify competition with the United States for energy. The U.S. Congress reacted strongly to perceived threats to national security when China National Offshore Oil Corporation tried to make inroads into the American market, illustrating that energy security is not merely an economic issue (Nanto et al. 2005).

The issue of energy security is complicated by American distaste for the pragmatism of China's foreign economic policy (Klare 2006; Luft 2003). China has engaged relatively freely in trade and investment activities with so-called "rogue states" such as Sudan, Iran, and Myanmar, based on its diplomatic principle of non-interference in internal affairs. Pessimists see China as taking advantage of these "wicked" energy sources through this business-only policy, and also fear the potential formation of anti-American or anti-Western coalitions with these "rogues" behind the scenes.

The American dilemma pits the spread of American values against the pursuit of national interests. Recently, despite severe domestic criticism, the progressive Obama administration decided to resume relations with Kopassus Komando Pasukan Khusus, the symbol of human rights abuse in Indonesia in past decades and the main actor in the East Timor Massacre.¹³ This is one example of changing American attitudes. In short, the pursuit of energy security is likely to intensify the strategic competition between the United States and China.

Since the end of the Cold War and, in particular, the terrorist attack of September 11, 2001, the prevention of international terrorism has been considered to constitute the common interest of the United States and China. Indeed, the anti-Americanism of Islamic radicals and the anti-Chinese separatists have given salience to the importance of U.S.-China anti-terrorism cooperation. Such cooperation helped provide both nations with moral legitimacy needed to

13. John Pomfret, "U.S. Continues Effort to Counter China's Influence in Asia," *Washington Post*, July 23, 2010.

deal with other transnational threats. However, it should be noted that while the two countries have similar ideas regarding the prevention of international terror, they often disagree when it comes to specific actions. For example, American condemnation and denunciation of Chinese “anti-terrorist” actions against separatists can be perceived by China as a deliberate attempt by the United States to create internal unrest in China. The intent of the United States might have been benign. However, what matters is Chinese perception. Such perceptions derived from and reinforced by historical mistrust will hinder the pursuit of common interests.

Nuclear non-proliferation has also been considered an issue that could potentially generate cooperation between the United States and China, which is albeit not so simple because of the asymmetry in interest relationships. Of course, one cannot underestimate the significance of a shared interest in non-proliferation; for example, both countries’ concerns about the denuclearization of the Korean peninsula overlap to a great extent. Nonetheless, the importance of common interests can easily fade as other national interests enter into the strategic calculus and compete with non-proliferation for top priority. China is very cautious in dealing with the North Korean nuclear issue in order to preserve regional stability and to balance the presence of the United States in East Asia. The United States initiated and concluded a nuclear deal with India, which is not a party to the non-proliferation treaty, with an eye to checking Chinese influence in Asia and beyond (Carter 2006).

The Unstable Status Quo

The optimists and pessimists share a commonality in that they predict a significant change in Sino-American relations in the foreseeable future. Contrarily, my forecast is that bilateral relations will take the form of an extended status quo with periodic instabilities. The status quo refers to the collective interrelationships that have constituted the core of Sino-American relations since normalization in 1979. In fact, since 1979, the two nations have made progress in the fields of

trade, investment and diplomacy while simultaneously quarrelling over issues such as Taiwanese independence, the sale of weapons to Taiwan, the Dalai Lama's visit to the United States, and human rights violations in China. Both nations have been able to successfully manage the Taiwan Straits relations by utilizing the notion of strategic ambiguity. At the same time, strategic mistrust still dominates the strategic calculus; the United States is suspicious of what it considers China's strategy to oust it from Asia while China condemns the so-called American encirclement strategy. I predict that this pattern of relations will persist in the foreseeable future, albeit with some fluctuations.

The reasons behind the persistence of the status quo must be clarified. First, there is no dominant force in the disparate tendencies at play in bilateral relations. In other words, cooperation tends to even out with confrontation, resulting in no centrifugal force that will destabilize the general status quo. These two forces do not exactly balance each other, as the tendency for conflict is more powerful than the incentives for cooperation. However, I do not believe this imbalance to be significant enough to cause a profound deterioration in Sino-American relations.

Second, the speed at which China is catching up with the United States will inevitably slow down, and any form of power transition is likely to be considerably delayed. As Paul Krugman pointed out two decades ago, China achieved rapid economic growth in large part through an astonishing mobilization of resources, "driven by extraordinary growth in inputs like labor and capital rather than by gains in efficiency" (1994, 62-78). While qualitative changes have also occurred alongside quantitative expansion, few innovations have taken place within the Chinese industrial structure. Since 1978, the percentage contribution of industry to the total GDP of China has remained steady, at approximately 45%. Moreover, the fact that primary imports include machinery and natural resources indicates that China's economic growth still depends largely on manufacturing, rather than engineering or research and development.¹⁴

14. PRC General Administration of Customs, *China's Customs Statistics*, <http://www.uschina.org/statistics/tradetable.html>.

Another piece of evidence is that cheap labor, the engine of China's past growth, is rapidly becoming depleted. In particular, the youth population has dropped and surplus labor in the countryside has almost been exhausted. The reduced labor supply, along with the new Labor Law of 2008 that enhanced laborers' contractual rights, applies pressure on wages, leading to the rise of export commodity prices.¹⁵ If the Chinese renminbi appreciates against the U.S. dollar and other Western currencies, Chinese economic growth via exports will in-evitably be retarded.

Rising wages in China will increase overseas travel as well as expand domestic consumer markets, thus leading to more imports of foreign products. This will slow the quantitative growth of the Chinese economy. Furthermore, there is a distinct possibility that higher wages will repel foreign investors from China. Currently, foreign direct investment has brought US\$ 500 billion into China and is responsible for 16 million jobs. 153 of the top 200 export companies operating in China are owned (wholly or in part) by foreign capital. If wages and labor disputes increase, such investors will quickly depart. The result will again be the retardation of GDP growth in China. Additional medium- to long-term impediments that are likely to hinder continuous growth in China include social inequality, urban crime rates, environmental conditions, and soil erosion in northern provinces. Bureaucratic corruption and inefficiency as well as the tension between the centralized political system and the decentral-ized economic system may also constitute serious structural constraints.

However, any delay in Chinese growth does not mean that the GDP gap between the United States and China will remain the same or widen. It is expected that a significant amount of time is need for the United States economy to recover from the 2008 market crash. Economists have used the term "potential growth rates," a function

15. The price of Chinese products exported to the U.S. during the period from the summer of 2006 to the summer of 2008 increased by 6% (*Economist*, "The Next China," July 31, 2010).

of productivity, hours worked per employee and the percentage of people in the labor force, as a benchmark to measure economic performance. A country growing slower than its potential suffers high unemployment, while higher actual rates invite inflation and are unsustainable. Robert Gordon estimates that the economy's potential growth rate for the next two decades will be no better than an annual rate of 2.35%, down from the 2.86% figure for the previous 20 years.¹⁶ The official figures provided by the Federal Open Market Committee in June 2010 were 2.5-2.8% (Akram 2010). There is no doubt that these figures will be adjusted. Nonetheless, the medium- to long-term prospects for American economic growth do not seem bright, given that economies recover more slowly following financial crises than after "garden-variety" recessions, and that as late as 2011 and beyond, corporations will still need to pay off or refinance massive debts issued during the leverage boom of 2005-2007.¹⁷

In sum, Chinese economic growth will slow down but continue to narrow the gap between the two economies due to the sluggish U.S. economy. It seems improbable, however, that China will surpass the United States economically as soon as the power transition theorists suggest. Although China has emerged as a global power, the internal forces that have supported its rapid growth are not as powerful as before. Therefore, the balance of economic power will remain stable for the foreseeable future.

A third reason why the future of Sino-American relations will remain at status quo is related to American domestic politics and its close relationship with the business community. Some suggest that politicians are in the pocket of corporations producing military hardware because they not only depend on votes and campaign contributions from big businesses but also understand that the economy is the core variable in elections; the domestic economy is heavily influ-

16. David J. Lynch, "U.S. May Face Years of Sluggish Economic Growth," *USA Today*, May 8, 2009. Since 1875, the annual average potential growth rate for the United States was 3.4%.

17. David J. Lynch, "U.S. May Face Years of Sluggish Economic Growth," *USA Today*, May 8, 2009.

enced by decisions made by such corporations regarding domestic investment. Thus, it may be difficult for any government to initiate policies that would significantly damage the interests of the military-industrial complex, which prospers when weapons are selling well. Military importance is maximized when international tensions are high or wars break out. The military-industrial complex is indeed a force with pull toward regional instability. However, this tendency is checked by another domestic political dynamic. Incumbent politicians want to stay in power and hence will be extremely cautious when considering unintended war against a rising global power such as China. Furthermore, commercial/investment capital prefers stability over conflict and can exercise its own considerable influence over politicians. In the final analysis, it appears reasonable to argue that domestic politics, commercial/investment interests, and the military-industrial complex will find a common denominator in which the latter will continue to sell weapons to nations in East Asia, including Taiwan, and that actual war remains unlikely.

It is important to note that there are forces pulling toward instability. First, mutual mistrust between the United States and China will continue to matter.¹⁸ Although the Red Scare and the Maoist permanent revolution theory have subsided in the minds of the American public with time, fear and hatred of Chinese hegemonic exceptionalism, the CCP dictatorship and its totalitarian ideology, human rights abuses, and political secrecy still persist, especially in the conservative camp. The Chinese have nurtured their own mistrust of what they view as American “offensive idealism”¹⁹ based on the notion of manifest destiny. When Americans proudly claim that Reagan’s neo-conservatist security strategy resulted in the dissolution of the Soviet Union, the Chinese cannot simply dismiss such proclamations as the past history of other nations. Such political mistrust can

18. For example, see Friedberg (2002).

19. The offensive idealist view is defended by Lawrence F. Kaplan and William Christol in *The War over Iraq Saddam’s Tyranny and America’s Mission* (San Francisco: Encounter Books, 2003).

intensify Chinese “megalomania” and/or paranoia depending on the changing power dynamics between the two nations (Brzezinski 1997). This instability may escalate to a dangerous level given that their common enemy no longer exists.

Second, instability may arise due to U.S. concerns about increasing Chinese influence in East Asia. It appears improbable that China will try to expel the United States from Asian politics. Strategic uncertainty and volatility will certainly be increased, however, as the power gap narrows and their strategic relations change from static to dynamic. Stability between the two nations will greatly depend on whether they are able to effectively manage the widened range of relational volatility.

The Future of Sino-American Relations and Korea’s Policy Options

In this section, I will propose policy options based on assumptions of regional change as China’s relative capabilities increase and the status quo with periodic instability of Sino-American relations. Prior to proposing specific policy options, it is necessary to discuss a high-order concept that guides the process of generating such options. I will call this guiding principle a pragmatic-strategic approach. Pragmatism involves a weighing of costs and benefits and a calculation of probabilities with a particular emphasis on consequences. A typical example of pragmatism in international politics is put forth by Hans Morgenthau, one of the best known conservative realists, when he stresses that successful diplomacy should be divested of the “crusading spirit”; one must stay in touch with reality and keep the objective of foreign policy defined in terms of the “substance of real advantage” (Morgenthau 1973, 542-543). Examples include the Yoshida doctrine, which emphasized the importance of seeking commercial opportunities within the limit of the U.S.-Japan alliance in resuscitating the Japanese economy; and Singh’s foreign policies, which leveraged the courtship of the United States, China, and Russia into ele-

ments supporting India's security and internal development. The Joseon dynasty's policy of engagement (*gimi bujeol ii* 羈縻不絕而已) under King Gwanghaegun during the Ming to Qing transition is another useful example (Han 2000, 187).

However, my approach is more than a "value-free" calculation of immediate costs and benefits and instead considers democratic principles and humanistic values as the fundamental basis from which all foreign and public policy should be derived. At the same time, the importance of prioritizing the issues at hand and distinguishing between what can be accomplished now versus in the future is also emphasized. Such an approach sees today's intractable problems as tomorrow's easier solutions, thanks to the accumulation of prior accomplishments. Pragmatic achievements will, over the long term and broad view, work together to contribute to the realization and promotion of such principles and values. It is in this sense that my approach is strategic as well as pragmatic (Park 2008).

Some possible criticisms of my pragmatic-strategic approach must be briefly addressed. First, one can doubt the feasibility of pragmatic-strategic foreign policy for South Korea. South Korea, indeed, had few foreign policies of its own during the Cold War period; as a newly independent, divided, and capitalist nation, South Korea set its foreign policy directions in accordance with American global strategy. Problems stemming from national division were considered to be part of its relations with the United States. This reflected the political position of South Korea as an American client state and, at the same time, the consequence of South Korea's efforts to identify its interests with those of the United States concerning North Korea (Park 2010). However, when the balance of power on the peninsula started to shift, affected by the fading of the "Cold War consensus" in international politics, South Korea's diplomatic normalization with Russia and China, and the deterioration of North Korea's capabilities, South Korea began to experiment with a foreign policy that would promote its own national interests.

But, can South Korea produce a pragmatic-strategic foreign policy like those by Yoshida, Singh, and Gwanghae? One can argue that

it is premature for Korea to adopt a pragmatic-strategic approach considering its modest national capabilities. Such a critic needs to understand, however, that South Korea has grown into a capable international actor after a temporary and tentative role as an agent of the United States during the Cold War. In a similar vein, a failure to adopt such a policy could even be considered “anti-national” by not incorporating major changes in security conditions such as the rise of China and new power relations on the Korean peninsula.

Suspicious that the pragmatic-strategic approach is too liberal or may possess an element of anti-Americanism can also be countered. It is not anti-American inasmuch as Morgenthau was not anti-American. South Korea’s pragmatic-strategic foreign policy has nothing to do with anti-Americanism in South Korea. Winston Churchill replied to an American request for the dispatch of the British troops to Vietnam by saying:

The British people would not be easily influenced by what happened in the distant jungles of Southeast Asia; but they did know that there was a powerful American base in East Anglica and that war with China, who would invoke the Sino-Russian pact, might mean an assault by Hydrogen bombs on these islands (Gilbert 1960, 973; Kissinger 1994, 633).

Churchill rejected the U.S. request by invoking a pragmatic logic that could not permit the possibility of hydrogen bombs falling into American military bases in his country. Churchill pursued British national interest, but was hardly anti-American. Arguments that South Korea’s pragmatic-strategic foreign policy will destroy the United States’ confidence in South Korea are also untrue. Political confidence grows not out of asymmetrical or dependent relationships but from the process of reasonable and equitable negotiations of divergent interests. Moreover, whether a nation obtains international confidence and respect largely depends on whether it cherishes and pursues the values, internally and externally, that international society respects. Of course, Korea should anticipate some disappointment or even resent-

ment due to diplomatic inertia. The George W. Bush administration was upset about certain foreign policies promulgated by President Roh, particularly with regard to North Korea. But such discontent was temporary, as the United States needed time to adjust to a new geopolitical environment. The United States is no longer in a position to impose its will upon Korea; the latter has grown into a regional strategic power that can “use the China card.” In sum, if a politically mature Korea adopts a pragmatic-strategic foreign policy with high levels of predictability and consistency, American confidence in and respect for Korea can only increase.

One thing must be emphasized: Korea’s pragmatic-strategic approach to foreign policy has prudence rather than audacity at its core and considers “the weighing of the consequences of alternative political actions to be the supreme virtue in politics” (Morgenthau 1973). It should also be noted that Korea’s pragmatic approach will not produce pragmatic results if it damages the vital interests of the United States, a military ally and global power. Korea must simultaneously make strenuous efforts to improve its relations with North Korea. A hasty, romantic, or imprudent approach will put Korea into troublesome isolation if North Korea, China, and Russia solidify into an exclusive camp against market democracies. Keeping in mind the complexity and dynamism of foreign policy processes, I turn to discussing policy options available at the levels of inter-Korean relations and international politics.

Inter-Korean Relations

Since détente in the early 1970s, the two Koreas have met and pledged to fundamentally improve their relations, producing a number of agreements including the July 4 Joint Communiqué of 1972, the Basic Agreement of 1991, the historic June 15 Joint Declaration of 2000, and the North-South Joint Declaration of October 4, 2007. However, they were not able to move these historic breakthroughs forward. As a result, the Korean peninsula problem has become internationalized in such forums as the North-U.S. negotiations and six-party talks,

making peace and unification dependent on power relations among the great powers including the United States and China.

The United States and China have tended to prefer the status quo on the peninsula because of the instability that could be created by the unification process. Both nations also worry about the strategic uncertainty that a unified Korea would bring and, moreover, view the status quo as profitable at various levels.²⁰ In particular, under the circumstances of precarious Sino-American bilateral relations, it would be highly undesirable to allow any change that could unintentionally cause major conflict. Under these conditions, peaceful unification will be a mere illusion without strong political purpose and coordinated action on the part of the two Koreas, and the chronically unstable system of division will persist. Peaceful unification can begin only when there is will. Assuming that there is a political will, I will discuss specific policy options that can improve inter-Korean relations and push the unification agenda.

1) The Policy of Positive Peaceful Coexistence and the Upgrade of Inter-Korean Cooperation Based on the Two-Track Strategy

Unification by peaceful means requires the peaceful coexistence of the two Koreas because negotiations, exchange, and cooperation for unification are only possible when both Koreas feel that their security is not threatened. Peaceful coexistence should be positive in attitude and always work toward the objective of unification. Such a concept with future-oriented prospects will aid the two Koreas in proactively seeking peaceful change rather than simply managing the status quo.

In order for such a system of peaceful coexistence to be created and maintained, a two-track or parallel strategy is necessary. At its antipode stands the linkage strategy in which economic issues are used as leverage to solve political/military problems. Roll-back options, sanctions, and disengagement are the major methods in such a strate-

20. Chinese scholars who maintain that the United States, Japan, and Russia are passive in attitude regarding the Korean unification include Zhang (2004, 34).

gy. Historically, the linkage strategy has not performed well as far as inter-Korean relations are concerned. The key to the success of this strategy is the North's high level of dependence on South Korea and the international society, which, however, has had no such leverage. Unwavering Chinese support for North Korea has also undermined the viability of such a strategy. As well-documented, China has awarded high strategic value to North Korea as a military ally and strategic buffer during Cold War and post-Cold War periods. No complex knowledge or calculations are needed to predict that the importance of North Korea will increase as confrontational relations between the United States and China intensify (Shen 2010). Thus, China would not permit North Korea to face an existential threat, either internal or external, as long as it serves China with vital strategic interest. My point is that the linkage strategy has not achieved, and will not achieve, much for South Korea. Instead, political/military problems have often hindered economic exchange and cooperation, leading to a dangerous stalemate increasing the possibility of renewed war and decreased international confidence in the South Korean economy. Unless the regional strategic environment greatly changes, the linkage strategy is not likely to bear fruit in the future.

The two-track strategy, comparable to the Yoshida doctrine, is a pragmatic approach that does not allow political/military problems to dominate other fields of inter-Korean issues. It is a parallel strategy under which South Korea actively pursues a solution to North Korean nuclear problems while expanding and deepening economic exchange and cooperation to increase mutual political confidence. Moreover, the two-track strategy has strong potential to induce North Korea to join international society through trade/investment, prevent backlash through its "ratchet effects" (Park 2009), and reduce the political and strategic mistrust, which is the most troublesome element threatening nuclear negotiations.

I do not suggest that South Korea should deal with North Korea with a two-track strategy at all times. On the contrary, it should retaliate when necessary in response to the North's recalcitrant actions. This punishment should not be its objective, however, and should be deliv-

ered in such a way that would induce and guide the North into a cooperative framework for peaceful coexistence and unification. As well known in international relations scholarship, punishment should be based on cooperative reciprocity by adjusting the quantity and severity of retaliation in a manner commensurate with the North's provocation.

In fact, the two-track strategy has already produced visible change. I would suggest that we define change not in terms of what the South wishes the North to do but rather in terms of a differential between the North's past and current behavior. For example, if the criterion of change is what the South wishes the North to do, such as "complete, verifiable and irreversible dismantlement (CVID)"—as diplomats have termed it—of the North's nuclear programs or the relocation of the forward-deployed forces of the North, North Korea has not changed. But if the criterion is relative and objective change, significant shifts took place until the strategy was abandoned by the Lee administration. For example, the most common phrases used when discussing inter-Korean relations changed from "violations of the armistice agreements," "infiltration of North Korean commandos," "kidnappings," "Rangoon bombing," and "KAL 858 terrorism" to "Kaesong Industrial Complex," "Kumgangsan Tourism Project," and "historic North-South summit and June 15 Joint Declaration." Accusations that the two-track strategy provided the North with funds to make nuclear weapons is a judgment that lacks objective evidence. Furthermore, the amount of inter-Korean economic cooperation is insufficient to justify the claim that it made a major and direct contribution to the production of nuclear weapons.

South Korea should utilize the two-track strategy in order to stabilize inter-Korean relations and induce the North into a process of peaceful unification. Specifically, South Korea should conceptually and geographically expand the Kaesong Industrial Complex, which was hailed by a *Washington Post* writer in 2004 as "the sprout of capitalism."²¹ If this sprout of capitalism can grow into a market, its

21. Anthony Faiola, "A Capitalist Sprout in N. Korea's Dust: Industrial Park to Broach Free Market," *Washington Post*, May 23, 2004.

political and military significance would surely more than offset any possible diversion of funds. South Korea should be more forward-looking in accepting and implementing the North-South Joint Declaration of 2007. If immediate implementation is not economically feasible now, South Korea could at least declare its intent to comply with the agreement and propose a graduated implementation plan.

2) Arms Control on the Peninsula and Institutionalization of Multilateral Security Cooperation in Northeast Asia

In order to stabilize inter-Korean relations and bring the two nations to the path of peaceful unification, arms control that significantly reduces offensive military capabilities is necessary. Upgrading inter-Korean economic cooperation can establish and give impetus to a process of unification. This path will be rocky as long as the two Koreas maintain their significant capabilities for war. Arms control will mitigate military tensions and increase mutual political confidence. In 1990, the two Koreas exchanged their positions on arms control at prime minister level talks, a potential starting point for arms control negotiations.²²

Conventional wisdom concerning arms control suggests that political confidence building measures (CBMs) leads to military CBMs which, in turn, leads to arms reduction. However, one step does not necessarily have to precede the other. For example, many arms control agreements signed by the United States and the Soviet Union during the Cold War were based not on mutual political confidence but on their mutual confidence on the viability and reliability of verification procedures and their National Technical Means (Park 2009). Peninsular arms control could begin with the reduction of offensive weapons. The two Koreas can benchmark the Treaty on Conventional Armed Forces in Europe of 1990. As the arms control process will be an immense financial burden for North Korea, South Korea should consider rendering financial assistance to the North in anticipation of

22. The proposal made here is from Park (2009).

an eventual peace dividend.

Criticism regarding arms control on the Korean peninsula often focuses on undermining South Korea's war-making capabilities and a reduction in military security. In order to address this problem, I propose increased investment in dual-use technologies. This investment will not only help South Korea cut down on military spending but also provide means to fine-tune the economy, boost innovation in high-tech industries through the spin-off effect, and improve the potential capabilities of its armed forces (Park 2006a). It should be noted that the period when the South has military superiority over the North or stable inter-Korean relations are reproduced will be the right time to enhance investment on dual-use technologies, the desired results of which will take years to realize.

Arms control is essential to the unification process, but in order for it to begin and move forward, it needs to be supported by a number of facilitative mechanisms. One is institutionalized multilateral security cooperation in Northeast Asia. Arms control efforts by the Koreans may undermine their national security and put their political leaders at risk if other nations in Northeast Asia continue to increase and modernize their militaries. Strategists who emphasize the uncertainty of future threats and populations that have long suffered from external invasions will oppose any unilateral arms control that jeopardizes their security (Park 2006a). I suggest, therefore, that arms control on the peninsula should be pursued within the framework of multilateral security cooperation in Northeast Asia which will, in turn, help mitigate Chinese concerns about the possibility of a unified Korea becoming a military power in the region.

International Relations

Nurturing and managing international relations conducive to peaceful unification is imperative, given that peninsular questions have already become internationalized. Securing support from both the United States and China is particularly important. However, as long as the strategic calculus of the two superpowers is fixed on maintaining the

status quo on the peninsula, South Korea will suffer from very little latitude in its options. South Korea must therefore design its own policy that effectively and optimally addresses the interests of both powers through a thorough mobilization of diplomatic and other assets. The following subsections will discuss policy alternatives South Korea should consider with regard to the United States and China.

1) Modernizing the South Korea-U.S. Alliance

The modernization of the South Korea-U.S. alliance refers to a readjustment based on the notion of strategic sufficiency made possible by South Korea's increased political confidence and greater economic interdependence between the United States and South Korea. It is partly intended to readjust the level of deterrence against North Korea. Strong joint military power worked well to deter North Korean threats during the Cold War, but maintaining the same level of deterrence in the post-Cold War period will not only be wasteful but also counterproductive. A modernized South Korea-U.S. alliance calls for neither the withdrawal nor significant reduction of the United States Forces in Korea (USFK). It does not require the easing or relaxation of the U.S. forward-checking defense strategy. On the contrary, it calls for the continued stationing of the USFK even after unification. Such an alliance is desirable in that it helps deter any potential threats from China, plays a stabilizing role in Northeast Asia, and promotes international business confidence in Korea. There are concerns that the USFK undermines peaceful coexistence by threatening the security of the North. However, the security of South Korea is a higher-order interest. Whether the USFK constitutes a threat depends on its nature and structure. China and North Korea have effectively conceded the strategic utilities of the USFK despite their hostile official stances.

I propose, assuming the continued presence of the USFK, that South Korea (and the United States) make systematic efforts to reduce the military aspect of the alliance, strengthen bilateral political confidence, and increase economic interdependence. There are a few reasons why South Korea should reduce the military aspect. First,

South Korea is not in a position to provoke China. South Korea should be prudent enough not to allow ideological competition based on alliance logic to dominate its other relations with China. South Korea stated in July 2010 that “the South Korea-U.S. joint military exercise was coordinated within the framework of the alliance and that it would independently make a judgment” (*Segye Times*, July 8, 2010). China responded, “We firmly oppose foreign military vessels and planes conducting activities in the Yellow Sea and China’s coastal waters that undermine China’s security interests.”²³ South Korea’s interest will be least secured under a structure of neo-Cold War confrontation. Second, South Korea should be sensitive to the possibility of an unnecessary and unwanted conflict with China. The United States appears to understand that the USFK has acquired the right to be strategically flexible since the South Korea-U.S. Strategic Dialogue on January 19, 2006. The strategically flexible USFK could be one of the forces that the United States could dispatch to Taiwan, when attacked, under the Taiwan Relations Act. In case the USFK moves, China may launch missiles at U.S. bases in South Korea in attempts to obstruct such a move. This situation in which South Korea would be forced to take defensive action is exactly what it should avoid. South Korea will not be abandoned by the United States because it continues to serve the United States’ vital interests in the region. Even in the above hypothetical scenario, South Korea’s survival is more important than the alliance. The alliance’s *raison d’être* is to ensure South Korean national security; South Korea should not be trapped into provoking an unwanted war with China.

Another criticism directed at the modernization of Korea-U.S. alliance is that such a policy will provoke the United States into reducing its security commitment to South Korea. This mistakes interpersonal relations for international relations; it has become an accepted rule or norm in international relations that states pursue their interests. There will be no significant change in the alliance as

23. Foreign Ministry Spokesperson Qin Gang’s Regular Press Conference on July 8, 2010, <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t715219.htm>.

long as South Korea continues to host the USFK and the political confidence between the two allies strengthens. While it is uncertain that alliance modernization will induce further changes in North Korea, it is fairly clear that an emphasis on the military aspect will continue to threaten the North and China. South Korea needs to be fully aware that peaceful unification cannot be achieved without Chinese support.

It is essential that South Korea remain in the South Korea-U.S. alliance framework and build a high level of mutual political confidence. At the same time, from the pragmatic-strategic perspective, South Korea should expand the boundary of the framework in a gradual and predictable fashion to facilitate more autonomous pursuit of its own interests, including unification. This is a viable strategic means to expedite peaceful unification within changing Sino-American relations. It is also a policy instrument to comprehensively promote South Korea's national interests.

2) Upgrading Cooperative Relations with China

Prior to 1992, China was called "Red China," which had a negative connotation. Since then, China has become South Korea's largest trade partner. According to the Korean Trade Association, South Korea-China trade volume was US\$ 6 billion in 1992 when the two nations normalized relations and grew to US\$ 140 billion by 2009. The South Korea-U.S. trade volume decreased from US\$ 66.8 billion to US\$ 66.6 billion in the same period. In 2006, China became the largest trade partner for South Korea, and South Korea became the third largest trade partner for China after the United States and Japan. China has become Korea's economic bedrock not only in terms of trade but also in terms of balance of payment. Korea suffered a trade deficit in the amount of US\$ 1.1 billion in 1992, but recorded tremendous trade surpluses in 2009 (US\$ 32.5 billion). South Korea's trade surplus with the United States was US\$ 8.6 billion in 2009.²⁴ China has become the

24. U.S.-China Business Council, <http://www.uschina.org/info/index.php#foreigninvestment>.

largest foreign investor for South Korea since 2002 and, as of 2009, has brought in US\$ 5.5 billion. The total investment in 1992 was only one hundred million dollars. South Korea was the fourth largest investor for China in 2008 and sixth largest in 2009.²⁵

South Korea's future is closely intertwined with its relations with China. It is foolish to deny that China is the only nation which has both the capability and will to resist U.S. global leadership and compete regionally for hegemony. Moreover, China has occasionally bared its teeth; it tends to consider the West Sea (Yellow Sea) as its territorial waters and the ancient history of the northern region of the Korean peninsula as part of Chinese history. The significance of aggressive Chinese behaviors should not be overlooked by South Korea. China is also important for its unique and substantial influence over North Korea. At the same time, China is ruled by a one-party dictatorship that is simply incompatible with Korea from the perspective of human rights, liberty, and democracy. It is also true that China has difficulties exercising moral leadership in the international society. On the other hand, the current CCP leadership is the most market-friendly and represents the most open-minded political actors, permitting the largest amount of liberty to the Chinese people since the inauguration of the Chinese government in 1948. China is simultaneously an opportunity and a potential threat for Korea.

The intriguing question for South Korea is how to forge a future with China while maintaining a sound and stable relationship with the United States. The most important task is to manage these relations so that they do not become zero-sum relationships. For example, South Korea needs to actively search for and take advantage of new areas for cooperation while enhancing American political confidence in South Korea. Although South Korea may want to start seriously discussing a Free Trade Agreement (FTA) with China and devise a mutually beneficial agreement, it seems politically premature for South Korea to officially start that process until the South Korea-U.S. FTA shows signs of completion. South Korea should not unsettle

25. Korea Trade Association, Statistics on Korea's Trade, <http://stat.kita.net/>.

the United States by inviting suspicions regarding South Korea-China relations, given the United States' understanding that a South Korea-China FTA will have more than simple economic significance. In particular, the idea that Korea should "use the China card" in order to expedite the ratification process of the South Korea-U.S. FTA is adventurism rather than pragmatism and could result in a backlash against South Korea-U.S. relations.

South Korea also needs to systematically manage and coordinate its foreign policies prior to unification, in order to not stir the security concerns of China, with which the unified Korea will share a border. Major Chinese security concerns will include Korea's lopsided pro-American stance and the possibility of a nationalistic unified Korea with great military (and probably nuclear) capabilities. In fact, China foresees that the South Korea-U.S. alliance will play a major role in the process leading to unification; China views the result as the establishment of a pro-American state that helps the United States to continue to exercise hegemonic power in Northeast Asia.²⁶ This Chinese perception—or suspicion—of American encirclement may amplify as the unified Korea further grows in strength. South Korea's currently lopsided pro-American diplomacy can fan Chinese fears and consequentially increase strategic mistrust between South Korea and China. Resolving these concerns will be critical in securing Chinese support for unification. South Korea needs to adopt and pursue a more balanced foreign policy through means such as the modernization of the South Korea-U.S. alliance based on the pragmatic-strategic approach.

China also has concerns over the nationalism of a unified Korea regarding territorial questions (Park 2000). In ancient times, Korean people lived in the areas now called Liaodong and Manchu; China knows that part of Korean society is nostalgic about that era of expansionism, and that Korean textbooks address this issue. China is also sensitive to the possibility of social unrest in the northeastern provinces with large Chinese-Korean populations. A unified Korea might raise questions regarding the legality of the current North

26. For example, see Zhao, Lu, and Zheng (2003, 6).

Korea-China border, influenced by a Korean version of irredentism (Park 2000).

Of course, chances that a unified Korea would raise such questions and irredentist ambitions are quite slim considering the future dynamics of global/regional politics. But for China, any possibility of separatism in the northeastern provinces looms larger than Koreans may suspect; any separatist movement in the northeastern provinces is likely to cause an internal domino effect across China. It will certainly embolden the separatists in already shaken Xinjiang/Uighur, Tibet, and Inner Mongolia. For China, the vision of this chain reaction is sufficiently frightful (Park 2000).

As mentioned above, one way to mitigate Chinese concerns about the establishment of a potentially pro-American and militarily threatening unified Korea is the institutionalization of multilateral security cooperation in Northeast Asia initiated by Korea. Multilateral security cooperation considers security to possess characteristics of public goods rather than exclusive and zero-sum ones. Thus, it embraces such concepts as common security and cooperative security that transcend traditional security mechanisms including the balance of power and collective alliances. It recognizes that a nation's security is attainable only when pursued simultaneously with the security of a neighboring nation.

I suggested earlier that inter-Korean arms control is necessary for Korea to start and lead the unification process and eliminate fears that a unified Korea would become a major military threat to its neighbors. However, as long as China and Japan engage in an arms race, Korean arms control makes no sense. As the past several years have shown, regional security dynamics have been dangerously driven in major part by the seemingly inextricable conflict between the theories of "the China threat" and "the normal nation" (or value diplomacy) of Japan. Recently, for example, the American announcement that it is "willing to negotiate with Japan concerning the sale of F-22s"²⁷ triggered worries about an escalating arms race in Northeast Asia. It has

27. David Isenberg, "Japan Fired Up over US Fighter," *Asia Times*, May 5, 2007.

been reported that China has already started developing a Jian-14 aircraft model with radar-dodging capabilities. An intensifying arms buildup in China and Japan is most likely to wreak havoc on any arms control effort on the Korean peninsula by rendering such efforts simply unsustainable for domestic political and security reasons. This is why the peace process on the peninsula is organically related to multilateral security cooperation in Northeast Asia. In addition, the peace and stability enhanced by such multilateral security efforts will have positive ramifications for peace on the peninsula and providing reassurance to China.

South Korea is in an advantageous position to initiate multilateral security cooperation in the area. South Korea does not pose a threat to any nation in the region and can lead by example through readjusting its relations with the United States and Japan and helping North Korea join the international community. China will be more hesitant regarding multilateral security cooperation but could become more flexible, depending on the nature of the security cooperation and the speed at which it is institutionalized (Park 2000).

One can argue that multilateral security cooperation collides with regional alliance systems. Logically and theoretically, this is true. The former supposes no enemy whereas the latter does. However, a readjustment or change in the alliance systems can make these two mechanisms coexist in reality. In fact, coexistence of alliances and multilateral security cooperation is the reality in Europe. The dynamic interactions between the two entities tend to move security discourse in the direction of more multilateralism and preventive diplomacy. The South Korea-U.S. alliance, in close collaboration with the multilateral security institution in Northeast Asia, will contribute significantly to reducing mistrust, misperception, misunderstanding, and miscommunication among regional players, therefore enhancing peace and stability in the area and the peninsula (Park 2005). The six-party talks can be a useful beginning to a more comprehensive security community in Northeast Asia. As the 2.13 action plan states, "once the initial actions are implemented, the Six Parties will promptly hold a ministerial meeting to confirm implementation of the Joint Statement and explore ways and

means for promoting security cooperation in Northeast Asia.”²⁸

No less importantly, South Korea should also cultivate able China experts to design policies regarding China to enhance mutual understanding and reassurance. As of now, the distribution of South Korea's diplomatic resources heavily favors the United States, but this should be adjusted to reflect the growth of China in recent years. Looking back to Korea's history, it is striking that Joseon did not send an envoy to Japan from the time of Shin Suk-ju's visit in 1443 until the Japanese invasion in 1592 (Han 2000, 185). Japan changed profoundly during that period of time, but Joseon hardly knew or acknowledged these changes. In contrast to a lethargic and indifferent Joseon, the island inhabitants of Tsushima, whose lives depended on trade with Joseon, actively learned the Joseon language and tried to secure information about the kingdom on the peninsula. There emerged a number of Tsushima residents who were well informed on Joseon politics and economics who became irreplaceable resources for Toyotomi Hideyoshi when he contemplated the invasion of Joseon. This historical analogy could, of course, be misleading because Korea is contemplating peace and cooperation, not an invasion. However, we can apply this history lesson to our peaceful case as well. Korea needs to develop China specialists in order to prudently manage and proactively improve its relations with China.

Conclusion

This paper has attempted to foresee the future of Sino-American relations, analyzed its implications for the Korean peninsula, and proposed policy options. I believe that these policy options will bear fruit if implemented with a strong political will and diplomatic prudence. However, these are necessary conditions rather than sufficient ones

28. "Initial Actions for the Implementation of the Joint Statement," <http://www.nautilus.org/publications/essays/napsnet/reports/initial-actions-for-the-implementation-of-the-joint-statement>.

for moving the unification agenda forward. There is one critically important factor that has yet to be discussed in this paper: building a solid domestic consensus of support. All policy options can only be fully employed with strong domestic support. Building a domestic consensus may not fall under the purview of the government policy. Many South Korean government administrations have tried to build domestic consensus to expedite policy implementation, but in many cases, such efforts backfired because they were often perceived as too ideological or sometimes rejected as propaganda. In order for South Korean society to build consensus and lead the process of peaceful unification, it is essential to nurture and expand the stratum of middle-of-the-roaders, who can neutralize both left and right extremists by refuting their flawed arguments with historical and objective evidence, in terms of their attitudes regarding security and diplomacy. Such middle-of-the-roaders will resuscitate rational debates that will in turn contribute, through the dialectical process, not only to the reasonable design, readjustment, and implementation of policies but also to social integration and political development that will lead to enhanced public confidence in government and politicians. With strong domestic consensus and support for these policies, the Korean government will be able to overcome the great powers' so-called "divide and rule" strategy toward the two Koreas, benefiting from international respect and cooperation, and creating a virtuous circle promoting its national interests (Park 2006b).

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