

**THE CHINA FACTOR IN ROK-U.S.
RELATIONS:
1997-2007**

**Dissertation Submitted to the Jawaharlal Nehru University in partial fulfillment
of the requirements for the award of the Degree of**

MASTER OF PHILOSOPHY

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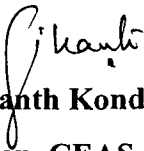
DECLARATION

I declare that the dissertation entitled “**The China Factor in ROK-U.S. Relations: 1997-2007**” submitted by me in partial fulfillment of the requirements for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work and has not been submitted for any other degree of this University or any other university.



Shashi Bhushan Bharti

CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.


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Chairperson, CEAS




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Dedicated

To

Baba & Manjhli Maa

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ABBREVIATIONS

APEC	Asia Pacific Economic Cooperation
ARF	Asian of Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
DMZ	Demilitarized Zone
DPRK	Democratic People's Republic of Korea
EPB	Economic Planning Board
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
IAEA	International Atomic Energy Agency
IMF	International Monetary Fund
KCIA	Korean Central Intelligence Agency
KCP	Korean Communist Party
KDA	Korean Democratic Party
NGO	Non Government Organization
NSC	National Security Council / New Security Concept
NP	National Party
NPT	Non Proliferation Treaty
OECD	Organization for Economic Cooperation and Development
PP	People's Party
PRC	People's Republic of China
R&D	Research and Development
ROK	Republic of Korea
SKIG	South Korean Interim Government
SOFA	Status of Force Agreement
UN	United Nation
UNESCO	United Nations Educational Scientific and Cultural Organization
US	United States

USFK	United State Forces Korea
USSR	Union of Soviet Socialist Republics
USTR	United State Trade Representative

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PREFACE

After the paradigmatic shift in the global political economy by the decline of USSR and end of Cold War it became the end of communist economic system and then the rise of global finance, which leads fundamental change in the world economy. Under the guidance of IMF, opening of financial markets became top priority of U.S policy making which profoundly affected Korea-U.S. political and economic relations.

The foremost foreign policy concern of the successive governments of the Republic of Korea since its establishment in 1948 has been its relationship with the United States. The first U.S military contingent landed in Korea on September 8, 1945, as an occupying, force and with the primary tasks of disarming the Japanese troops and maintaining order below the 38th parallel. Eventually, the United States became the principal sponsor of the Republic of Korea, it's protector from external military threats, and the provider of assistance for it's economic sustenance. However, 1997 financial crisis marks a turning point in their bilateral relations. Koreans view that U.S. would have done more to avoid region-wide financial crisis which made Korea to suffer enormously. Korea got ever with the financial crisis; however it greatly affected world view. Public opinion in Korea started to view china much more friendly country than U.S.

China and South Korea have come a long way since they were adversaries, The arc of their relationship since the late 1970s is an excellent model of East-West cooperation and, at the same time, highlights the growing impact of China's "rise" over its regional neighbors, including America's close allies.

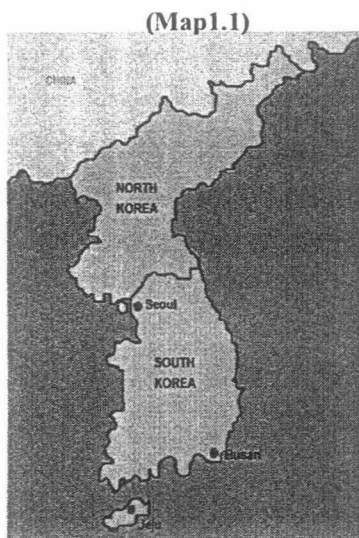
As of 2002, China also replaced the United States as South Korea's number-one destination for outbound investment. In 2003 alone, Seoul invested US\$1.6 billion in china, surpassing the United States and Taiwan and becoming the third-largest investor in china, after Hong Kong and Japan. Considering that many conglomerates and their parts manufacturers have already moved their assembly lines to China, South Korea's economic dependency on China will certainly continue to increase. In sum, China matters dearly to South Korea in economic terms.

Chapter 1

Korea-U.S. Relations during Cold War: Historical Overview

Introduction

South Korean Peninsula has been the flash point of conflicts between the two power



blocks right since the beginning of Cold War. Korea got divided like many other countries namely Vietnam, Germany etc. because of the onset of cold-war between the two superpowers two power blocks. Since then the world politics has been partially determine by the events and happenings in the Korean peninsula or to put it more appropriately in the North-East Asia as like China, Japan, Taiwan (Formosa) and even South-East Asia, through ough Cold War period Korea like Japan remained as flash point for two rival super powers.

Source: <http://search.daum.net/cgi-binbin/nsp/search.cgi>

In post Cold War the relevance of South Korea as a strategic partner has not decline precisely because China still remained as a communist state despite having embraced market-led economic system. South Korea's geo-strategic importance becomes all the more relevant because of other half of Korea ie, North Korea (DPRK) still remains communist and has gone nuclear recently.¹

Relations between the United State and Korea have expanded at great extent after the Korean War (1950-1953). Security ties have dominated the bilateral-relationship but the relative importance of political economic relations has steadily increased. For the United States, South Korea has been an important link in the global structure designed to contain the spread of Soviet influence. South Korea (ROK) was particularly important to the defence of Japan, the keystone of the U.S. security

¹ Andrew Scobell, "China and North Korea: The Limits of Influence," *Current History* (September 2003): 274-278; and Jae Ho Chung, "China's Ascendancy and the Korea Peninsula: Form Interest Re-evaluation to Strategic Re-alignment?" in *Power Shift: China and Asia's New Dynamics*, ed. David Shambaugh (Berkeley: University of California Press, 2005), 155-156.

system in the Pacific. The investment of lives and money during the Korean War created a stake in maintaining the alliance; the political cost to a U.S. leader of abandoning South Korea would have been extremely high, especially after the failure in Vietnam. Moreover, U.S. behaviour toward its commitment in Korea was viewed as a litmus test of the reliability of U.S. commitments elsewhere, particularly in Japan.

The ROK contributed forces to the U.S. war effort in Vietnam (1954-1975), an action highly valued by the United States, both for its military impact and its symbolic importance in internationalizing support for South Vietnam. Participation in Vietnam produced concrete benefits for South Korea in the form of foreign exchange and armaments, as well as served to bond the two allies more closely.

Challenges to the South Korea-U.S. alliance stem from a shift in the international orders as well as domestic politics in both countries. For South Korea, the need for a shift is mainly because Korea's status has changed dramatically since the early years when unilateral U.S. aid was vital. After a three-year Civil War, South Korea achieved remarkable economic development and finally achieved democracy. Korea is proud to have achieved a number of important feats: hosting the Seoul Olympics, joining the United Nations, becoming a member of the Organization for Economic Cooperation and Development (OECD), and co-hosting the World Cup. Naturally, Korea now wishes to be treated with the respect afforded its position in the global arena.²

Historical Overview

Korea was liberated from Japan at the end of World War II (1945), but it got neither freedom nor independence. Instead, it was partitioned along the 38th parallel; the American troops occupied the area south of the line; Soviet troops occupied the area to the north. (The Allied occupation of Korea would have lasted officially until August 1948. However, Soviet troops did not leave North Korea until the end of 1948, and U.S. troops did not withdraw from South Korea until the end of June 1949.) The 38th parallel was the artificial military demarcation, which U.S. government decided to draw not wishing to see all of Korea occupied by Soviet troops and this was the

² Lee Sang Hyun, Past, Present, and Future of the Korea-U.S. Alliance, *East Asian Review* - Vol. 15, No. 2, Summer 2003, pp. 74

beginning of U.S. global hegemony in terms of international relations and which had been also a nature of state interdependence.

Beginning of ROK-U.S. Alliance

Koreans in the South enthusiastically welcomed U.S. troops as their liberators in the beginning. When the U.S. occupation troops arrived, Japanese officials were made to remain in the government in order to facilitate the administration of South Korea. U.S. Allies outlawed the People's Republic, and established the United States Army Military Government in Korea as the only government in South Korea. These actions made the people disappointed and their thoughts against the Americans grew fast. Though freedom of expression, thought, speech, media, religion and assembly was achieved, strategic decisions were made not by the Koreans but by the General Hodge and his military governor of U.S. Allies. Communists and Socialist flourished with the new freedom; they established their political and social organization and published propaganda materials.

There were two dominant right wing parties; the Korean Democratic Party (KDA) that was supported by landlords, bankers, industrialists and businessmen, and the National Party (N.P) that was constituted of moderate rightists. Dr.Syngman Rhee returned to Korea from the United States in mid-October 1945, he united all right wing organizations of Nationalists. There were also two major left wing parties that had a large number of labour and youth organizations; the Working People's Party (P.P) and Korean Communist Party (KCP). The first election in South Korea was held in Oct-Nov. 1946 to elect members of Korean Interim Legislative Assembly.³ U.S. General encountered many difficulties in dealing with the Koreans as well as with the Soviet. Meanwhile, a majority of the Americans in Korea lost interest in helping the Koreans and wished to go home. To most of them, Korea was simply 'a piece of worthless real estate. Realizing the futility of effort to solve the Korean question by negotiating with the Soviet.⁴ Therefore, the South Korean Interim Government was

³ Andrew C. Nahm, Extract from 'A History of The Korean People', Hollym, Korea, 1988. pp. 01

⁴ Park Tae Kyun, "Woobanggwa Jeguk Hanmigwangyeoui Doo Shinwha" 『U.S.-Korea allied hegemony miracle』, Changjakgwa Bipyeongsa, Aug., 2006. pp. 50

established (SKIG). Only after SKIG was established were all Japanese officials retained in the government since August 1945 removed

South Korea was in economic chaos after collapse of Japanese rule and the partition of the country. The poor economic condition was aggravated by labor strikes, terrorism supported from leftist organizations. The most urgent task of the American military government was to sustain the economic life of the people and improve the economy in order to political improvement. Korean economy began to improve in the fall of 1947 but the shortage of food, fuel, clothing and other consumer goods, including medical supplies, persisted until the U.S. occupation ended in August 1948. However the Koreans witnessed a tremendous educational growth during the period of American occupation primarily due to their eagerness and efforts to educate their children. The primary aim of American's educational policy was to establish democratic education in South Korea.

Particular emphasis was given to scientific and technical training. The most significant change was the introduction of Korean language and Korean history as part of the study syllabus curriculum. The development of national consciousness and pride, ethical and wholesome character and the sense of social responsibility were emphasised.

Emergence of Two Koreas

By the spring of 1947, American foreign policy shifted from the position of accommodation to one of containment in dealing with Communist power. The Truman Doctrine, which declared the U.S. policy of supporting people to free who were resisting attempted subjugation by armed minority of by outside countries, initiated the Cold War. The failure of the Joint U.S.-U.S.S.R. Commission led the U.S. to seek a different solution to the Korean question and it turned the issue involved in the election over to the United Nations, (September 1947) The U.N. failed to settle the Korean question satisfactorily, it ultimately led to the emergence in 1948 of the two separate Korean states.⁵

The United Nations decided to hold separate elections only in South Korea, which created a dangerous situation. The struggled between the groups supporting the

⁵ Koo Young Nok and Han, Sung Joo, *The Foreign Policy of the Republic of Korea*, Columbia University Press New York, 1985. pp. 154

United Nations plan and those opposing it intensified. The Communist in south, acting under instructions from the north had embarked on an intensive campaign of terrorism to obstruct and sabotage the elections. The American military government intensified its campaign for public education on one hand and military preparedness on the other to encounter the Communist movement. Meanwhile, the Communists increased their terrorists activities in order to obstruct the elections. In spite of Communist disruption, the election was carried out. The government of the Republic of Korea was inaugurated on 15th August 1948 with Syngman Rhee as the first president.

North Koreans claimed that secret elections were conducted in South Korea. The Supreme People's Assembly met on September 1948 in Pyongyang ratified the constitution and elected Kim Il-sung premier. On October 1948 the Soviet Union followed by its satellite countries, formally recognized the North Korean regime. Thus the Democratic People's Republic of Korea emerged in the North⁶.

During the months of August and September 1948, the Korean people witnessed the emergence of two governments, each claiming to be the legitimate government for all Korea. The military demarcation line between the American and the Soviet occupation zones became an international boundary known as 38 parallel. Allied U.S. occupation achieved its primary aim that of defeating and disarming Japanese troops in Korea and the liberation of Korea from Japanese colonial rule.

However it failed to implement the Moscow Agreement. When they withdrew their troops from the Korean peninsula, they left a nation which was still divided. Having no clear-cut policy, the American occupation left behind no notable accomplishments. When the American ended their occupation South Korea was politically unstable, socially chaotic, and an economically bankrupt country. On the other hand, the Soviets achieved much more in North Korea. The Soviets promoted cordiality with the North Korean Communist leaders, established a coherent political structure, and fostered a well-equipped military force capable of launching an aggressive war to unify the divided country.⁷

⁶ Ibid – pp. 164

⁷ Andrew C. Nahm, Extract from 'A History of The Korean People', Hollym, Korea, 1988. pp. 05

Political Turmoil since the First Republic (1948 – 1960)

Following the inauguration of Taehan Min-guk (The Republic of Great Han) on Aug. 15th, the growing criticism against the Rhee administration and an increasing antagonism between the President and the National Assembly coupled with the communist activities in the south, gave great impetus to the growth of President Rhee's autocratic rule and to the open suppression of civil liberties.⁸

The Communists, who opposed the United Nations sponsored elections in South Korea in May 1948, instigated a rebellion on Cheju Island. The cheju Rebellion had begun on April 5, 1948, and resulted in the death of at least 30.000 persons (10 to 15 % of the population of the island by the time). It was completely subjugated in the spring of 1949. Though the rebellion in the southern parts of the country was put down, national security did not improve as economic and social conditions worsened. A series of North Korea-provoked military incidents occurred in May and June 1949 in Hwanghea Province, Military clashes between the troops of the south and the north occurred in Kangwon Province during August. North Korean-directed guerrilla activities became troublesome.

These activities increased the sense of danger to national security as the Rhee administration became increasingly oppressive with liberal application of the National Security Law (NSW). In the midst of a growing anti-Rhee atmosphere, Kim Ku, the leader of the Korean Independence Party, who had been in contact with Pyongyang in order to hold a Peaceful Unification Conference was assassinated by a South Korean Army officer on June 26, 1949, creating an extremely unstable political climate.

Out break of Korean War

In the midst of political turmoil, the Republic of Korea faced the most serious threat to its existence when the North Koreans launched a war against the south on June 25, 1950. The poorly trained and inadequately equipped South Korean military was unable to stop the North Korean troops. The government fled first to Taejon and then to Pusan. The North Koreans occupied almost two-thirds of South Korean territory. Only after the arrival of more U.S. and U.N. forces and following the successful

⁸ James E. Hoare, *Europa Regional Surveys of the world, "The far east and Australia, 2007"* 38th edit, Routledge taylor & Francis group. London & New York, 2007. pp. 589.

amphibious landing of U.S. forces at Inchon in Sep. did the security of the Republic seem to be assured.⁹

However toward the end of October 1950, the war turned against U.N. forces with the arrival of Chinese troops to aid the North Koreans and Seoul was retaken by North Koreans in early January 1951. Seoul was recovered by U.N. forces thereafter, but the South Korean government remained in Pusan.

During the Korean War, anti-government criticism increased and Rhee's politics of intimidation grew further. President Rhee declared martial law in Pusan area on May 25, 1952 and employed strong pressure tactics. But again on Aug. 5, 1952 presidential elections, Rhee won the election by an overwhelming majority and China taken initiative. As China's entry into the Korean War in October 1950, the growing unwinability of the war together with the looming danger for a possible protracted war with Communist China, led the American government to seek a way to end the fighting. The absence of the will to win the war and destroy Communist North Korea was clearly demonstrated by the Americans.¹⁰

The oppressive politics of the Rhee administration and its stand against the Korean armistice plan won the enmity of the Americans. President Rhee did not wish to lose the opportunity to unify the country, being concerned with the future security of South Korea. However the Korean armistice was signed on July 27, 1953, and a three mile wide demilitarized zone (DMZ) zigzagging across the peninsula was established, replacing the 38th parallel line as the national boundary between the two Korean states. President Rhee refused to approve the signing of the armistice by the Korean government, therefore, created a serious problem in establishing diplomatic relations with the People's Republic of China (PRC) and any amicable negotiations between the two Korean governments for the reunification. The U.S. and the ROK signed the Mutual Defence Treaty on Oct. 1, 1953. And Korean War was ended.

⁹ Lee Min Sick, "Geundae Hanmigwangye yenkoo" 『Research of U.S.-Korea Relations form Past to Present』, Baeksanmunwha, Sep. 1998. pp. 82.

¹⁰ Kanishka Jayasuriya, Asian Regional Governance Crisis and Change, Routledge Curzon Taylor Group Londen and New York, 2004. pp.218.

First U.S. Economic Aid to ROK

Many high-ranking military officers became concerned with the chaotic situation that developed in the spring of 1961 and many of them were dissatisfied with the leadership of incompetent, corrupt and highly politicized generals in the top layer of the armed forces.

The revolutionaries organised the Military Revolutionary Committee and Succeeded in soliciting the cooperation of Army Chief of Staff General Chang whose aim was to control the revolutionaries so as to protect the constitutional system. Both President Yun and General Chang were concerned with the ever present threats of the North Korean Communists. The Military Revolutionary Committee was renamed the Supreme Council for National Reconstruction on May 30. In July 1961, General Park Chung-hee took over the chairmanship of the Supreme Council and in August. He announced that political activity would be permitted in early 1963 in order to pave the way for the restoration of civilian rule. Meanwhile in June the Supreme Council adopted a 1962 -1966 Five -Year Economic Development Plan with the goal of constructing a self-supporting economy. In 1961 and 1962, South Korea received a total of and 414.5 million in economic aid from the United States.¹¹

Meanwhile the government structure was modified and new ministries of Construction and Public Information along with the Economic Planning Board (EPB) were created. Under strong American pressure and certain threats, President Park Chung-hee had to step back from his attempt to prolong the military rule. On April 8, he lifted the ban on political activities and press censorship. On July 27, he announced that the transfer of government to civilians would be made within the year. In the October 15, 1963 presidential election, he was elected; the opposition leaders had not been united, thus, failed to present their combined front against President Park and the military junta by presenting a single candidate.

After that the rapidly deteriorating situation in South Vietnam. A sudden change in U.S. Asian policy and her policy toward the People's Republic of China with the trip made by an American ping-pong team, coupled with the growing anti-government activities of the opposition parties and students and led President Park to take an extraordinary step in strengthening his power. On December 6, 1971, he

¹¹ Alice H. Amsden, *Asia's Next Giant South Korea and Late Industrialization*, New York Oxford University Press, 1989. pp.38.

proclaimed a National Emergency Decree in order to strengthen national defence. His action further curtailed human rights and the freedom of press.¹²

Antagonism between the ruling party and the New Democratic Party grew as student anti-government activities increased. The sudden changes in the Sino-American relations and the new development in North-South relations for open talks between the two governments for peaceful reunification of the country provided a convenient pretext to prolong President Park's rule. President Park was shot and killed by Kim Chae-gye, director of the Korean Central Intelligence Agency (KCIA) on October 26, 1979.

And on the night of December 12, Major General Chun Doo-hwan Commander of the Defence Security Command ousted General Chong Sung-hwa. The December 12, incident raised a serious issue between the commander of United States forces in Korea and General Chun because of his mobilization of troops without the authorization of the commander of the U.S. Korean Combined Forces Command. The political turmoil that followed the death of President Park initiated a sudden economic crisis. The people particularly university students became more and more impatient with the slow pace of the political reform program.

While the primary objective of the United States in entering into the relationship of alliance was to check the expansion of the Soviet and Chinese power in East Asia, South Korea's sole objective was to Prevent another North Korean invasion and possibly to gain control of the northern half of Korea. The world situation was important to South Korea only because of its relevance to its own security.¹³

United States and South Korea have thus carried on a one-directional, rather. United States as already shown has been the provider of help and South Korea only the recipient. The one-sided nature of the relationship has been reflected also in the relative influence of the allies. These goals often conflict with each other. South Korea is showing a greater degree of willingness to attempt "self-reliance," not only

¹² Andrew C. Nahm, Extract from 'A History of The Korean People', Hollym, Korea, 1988. pp. 08

¹³ Chung Jae Ho, Between Ally and Partner Korea, China Relation and the United States, Columbia University Press New York, 2007. pp.90

in the economic and political arenas but also in national defence, while the United States is expressing reluctance to act like a full-fledged protector of South Korea.¹⁴

The U.S.-Korean relationship has been rather severely strained in the 1970s by the failure of both countries to understand the underlying basis for the alliance and the structural changes of recent years. Korea failed to take account of that the alliance survived the simultaneous pressures during 1976-78 of the troop withdrawal question, the so-called Korea gate scandal, and tensions over the issue of human rights is a testimony to the importance that two countries attach to their relationship and the strong interests that each country recognises to exist in the alliance.

The South Korean government's position can be seen as that of trying to make the best of a difficult and unavoidable situation. Striving to gain as much financial benefit as possible was one way this was attempted. The government also succeeded in obtaining from the United States the long-sought status of forces agreement covering U.S. military personnel in Korea. Most important of all, it used these circumstances as an opportunity to solidify the U.S. security commitment.

Still this represented a change in the alliance relationship between the United States and South Korea as it had prevailed up to 1965. For such a change to come about, and for South Korea to be able to keep U.S. pressure on domestic matters at bay, required a combination of several factors, including: (1) the "stretching taut and thin" of American resources by the Vietnam involvement, which made South Korea's contribution invaluable to the United States; (2) South Korea's domestic political consolidation and success in economic expansion; and (3) a change in the international structure toward a lessening of bipolarity and the increasing importance of small states in world politics in general.

Another significant development with regard to Korean-U.S. relations in the 1960s and 1970s was the diversification of Korea's foreign economic relations. The U.S. share in Korea's total trade dropped from 49 percent in 1962 to 27 percent in 1976. By 1967, Japan had succeeded the United States as the primary trading partner of South Korea, a position that Japan has maintained ever since.¹⁵ The combined share of United States and Japan in Korea's total trade has been decreasing, from a

¹⁴ Ibid – pp.92

¹⁵ Ralph N. Clough, *Embattled Korea, The Rivalry for International Support*, West View Press, 1987. pp. 212

high of 76 percent in 1962 to 67 percent in 1976. The United States was still the largest creditor country with 35 percent of South Korea's total

Loans as of 1976. Since 1970, however most of the loan has been coming from sources other than either the United States or Japan. In the "Foreign direct investment"(FDI) category, the United States lagged far behind Japan, by a ration of three to one as of 1976. Since 1971, Japan's investment in Korea has been substantially higher than that of the United States. That Korea has been moving away from heavy economic dependence on the United States should be understood as both a cause and effect of a lessening dependence in its overall relationship to the United States. In an apparent effort to reduce U.S. resistance to the importation of Korean merchandise, particularly textiles, shoes, and electronic equipment such as colour television sets, the both Korean government actively promoted the purchase of U.S. goods, particularly agricultural products and aircraft, for military, as well as civilian use.

For the United States, Korea will remain a strategically important area in its overall military posture in Asia and the Pacific, as well as a valuable market for its commercial goods and arms exports. It is difficult to anticipate its relationship's undergoing a radical and fundamental change in the near future. Whatever changes have taken place, and are likely to take place, would be adjustments-albeit significant ones, made to be more suitable to changing conditions, as well as to the domestic conditions of each of the partners within the basic alliance framework of the earlier. However one may safely expect that South Korea will try to take a more realistic view of what the changed circumstances are, not only in the world situation but also in the internal dynamics of the United States.

Security Aspects

For the United States, South Korea has been an important link in the global structure designed to contain the spread of Soviet influence. South Korea is particularly important to the defence of Japan, the keystone of the U.S. security system in the Pacific. The investment of lives and money during the Korean War created a stake in maintaining the alliance; the political cost to a U.S. leader of abandoning South Korea would be extremely high, especially after the failure in Vietnam. Moreover, U.S.

behaviour toward its commitment in Korea is viewed as a litmus test of the reliability of U.S. commitments elsewhere, particularly in Japan.¹⁶

The ROK contributed forces to the U.S. war effort in Vietnam, an action highly valued by the United States, both for its military impact and its symbolic importance in internationalizing support for South Vietnam.¹⁷ Participation in Vietnam produced concrete benefits for South Korea in the form of foreign exchange and armaments as well as served to bond the two allies more closely.

But later on framework of the alliance was transformed into a new division of labour between U.S. strategy and Korean tactics. The U.S. has exercised strategic planning as well as strategic deterrence. After Washington stopped the covert nuclear weapon program of the Park government in the 1970s, the ROK has concentrated on modernizing its conventional weapons.

However, the desire for South Korean "strategic" capabilities has led to efforts to extend the range of ballistic missiles and strategic information and early warning capability including the command, control, communication, computer and intelligence assets, which would be redundant and less urgent under the existing alliance. Consequently, the alliance has been transformed into a division of labour between U.S. software and Korean hardware.

The key asset of the USFK is not its firepower, although formidable, but rather its advanced information capability. The ROK procurement plans include systems as well as advanced weapon systems. However impressive they may be, high-tech weapons are still "hardware" unless Koreans internalize the information technology and managerial skills involved in the revolution in military affairs the latest phase of the division of labour in the ROK-U.S. alliance is U.S. initiatives and Korean responses. Recently, the security relationship between the two allies has been undergoing a transformation from a patron-client relationship to a more or less symmetric partnership.

Still, it is the U.S. that initiates changes in the alliance and South Korea responds while Seoul demands the normalisation of the existing alliance structure that is autonomy and equality. The U.S. also wants symmetry, albeit with differing

¹⁶ Ibid – pp.210

¹⁷ J. Mark Mobius, *The Japan-Korea Normalization Process and Korean Anti-Americanism*, *Asion Survey* Vol. 6, No. 4. Apr., 1966, pp.242

implications. Washington demands equal contribution to the alliance, including higher ROK defence burden sharing and support to U.S. overseas military operations that may culminate in a Regional U.S.-Japan-ROK Tripartite alliance against China.

Due to the augmentation of the ROK military and the deterioration of North Korean forces brought about by the North's economic crisis, the USFK has become a "surplus" defence asset. While the North may be superior in "bean counts" or sheer "firepower scores" such as division equivalents the South enjoys a qualitative edge in military training, equipment support, logistics, and state of readiness, all supported by a much larger defence budget. The North has lost badly in the Inter-Korean conventional arms race. In particular, owing to the RMA, the South is far superior to the North in advanced weapons and information capability, an extremely important force multiplier.

In addition, the geo-strategic conditions on the peninsula, with numerous mountains and hills, definitely favour defence. A successful surprise North Korean attack with widespread use of chemical agent is an extremely unlikely, worst-case scenario. The ROK-U.S. allies enjoy a preponderance of power to the extent that Washington is tempted to launch a pre-emptive strike on North Korea.

However, there is one area in which North Korea has a major strategic advantage. Due to Seoul's close proximity to the DMZ, the North is able to bring major destruction upon the capital city with its long-range artillery. Although over-rated, the threats from the artillery as well as the alleged weapons of mass destruction remain credible. There exists an asymmetric balance between the two Koreas in spite of the ROK superiority in military capital stock. It is a balance between the ROK (U.S.) superiority in war-fighting capabilities against low cost DPRK deterrents. The two Koreas possess such strengths and vulnerabilities that mutually assured destruction, with or without nuclear weapons, is highly probable. The security dilemma of the asymmetric arms race needs political solutions. South Korea and the United States, in cooperation with other nation in the region, should seek arms control and disarmament with North Korea, including the North Korean nuclear program.

Still, the recent announcement of redeployment and withdrawal of the USFK has had quite an impact on threat perception in South Korea. While public opinion calls for a more equal partnership in the alliance, it is also true that many South Koreans have maintained a deeply entrenched sense of insecurity. For them, the ROK-U.S. alliance and the USFK remain the backbone of national security in spite of

the dramatic growth in economic and military capabilities of the South vis a vis the North. In fact, both Pyongyang and Washington have effectively manipulated the South Korean perception of insecurity in their negotiations with Seoul. A more serious problem concerning the troop redeployment and withdrawal would be that it might cause unnecessary conflict and mistrust between Seoul and Washington.

Economic Aspects

Until its economic takeoff in the mid-1960s, South Korea was a heavy economic burden for the United States but the burden steadily diminished as the South Korea economy moved into its period of rapid economic growth.

As of 1984 the ROK had become the seventh largest trading partner of the United States with a two-way trade of \$17 billion. It was the fourth most important market for U.S. agricultural products. The economies of the United States and South Korea are largely complementary. The U.S. advantages in natural resources, high technology, and capital are complemented by South Korea's educated, disciplined, relatively low wage labour force and its middle level skills in labour and management.¹⁸ The United States has a comparative advantage in the production of foodstuffs, chemicals, aircraft, and sophisticated machinery. South Korea's advantages lie in textiles and electronic products as well as certain types of ships and steel products.

United States has been the largest supplier of foreign capital Equity investment by U.S. companies was a small fraction of their investment elsewhere in the world but the trend has been sharply upward in recent years. A significant step in the internationalisation of the world's automobile industry was General Motor's decision to invest in a joint venture with the Daewoo Corporation to produce subcompacts in Korea.

South Korea is an important member of the fast-growing group of Pacific Basin nations, which, in the aggregate, have become a more important trading partner for the United States than Western Europe. Thus it's economic importance to the United States transcends the bilateral relationship. South Korea's ties with Japan, the

¹⁸ Ralph N. Clough, *Embattled Korea, The Rivalry for International Support*, West View Press, 1987. pp.215

ASEAN, Australia, and recently even with the PRC, contribute significantly to the economic dynamism of the entire region.

Political Aspects

Relations between the United States and South Korea, although based predominantly on security interests and the mutual advantages of expanding trade and financial transactions, can not be defined in these terms alone. The total relationship comprised also the perceptions that each government and people have of the other, the extent to which they cooperated in global policies and the interactions of the two countries outside the realms of security and economic relations. This broad encompassing variety of attitudes and actions is here termed political relations.

The most contentious issue in this political area has been the political system in South Korea. The restrictions on democratic freedoms imposed by South Korean leaders have placed a strain on relations between the two allies. The U.S. government has expressed support, in principle, for the evolution of South Korea into a more fully democratic country with fewer curbs on human rights. At the same time, it has recognised the importance of political stability to South Korea's security. Internal turmoil could be exploited by North Korea and make defence more difficult against a North Korean military attack. Concern for stability and the underlying security relationship has caused U.S. administrations to maintain fairly close relations with South Korean leaders who ruled with a firm hand, even when some of the measures they took to maintain themselves in power seemed excessive and perhaps in the long run counterproductive.¹⁹

The most striking feature of the U.S.- ROK relationship is its durability. The alliance forged in the Korean War has remained strong despite the two countries geographical separation, their differences in size and stage of economic development and the acrimonious disputes they have had. Its strength is based on the compatibility of the national interests of the two countries-security, economic, political, and diplomatic interests. In each of these areas there have been differences between the two governments but the area of compatibility are more compelling than the differences.

¹⁹ Oh Seung Soo " Hanmigwangyeeul Mirawa Hangukeul Seontaek" 『U.S.-Korea Future and Korea Choice』 , Samsung Kyeongjae Yengooso, Jun., 2005. pp.88

The disputes tend to be about means not ends. Both countries agree on the need to deter aggressive use of force by the Soviet Union or North Korea but may differ on the best way to do so. Both agree in principle on the desirability of free enterprise economic systems and a minimum of restrictions on world trade, but often differ on specifics. Both agree in principle on the desirability of progress in South Korea and elsewhere toward more fully democratic systems, but may disagree on the appropriate pace and methods of change. The compatibility of U.S. and South Korea global objectives make diplomatic cooperation relatively easy. In some areas, such as the Middle East, South Korea's diplomatic rivalry with North Korea may cause it to take steps not in accord with U.S. policies.²⁰

Over the years the U.S. stance, official and private, favouring evolution toward democracy has had an effect. The effect is palpable, although impossible to measure or document. The U.S. stance has strengthened moderates among Korean politicians, bureaucrats, academics, and businessmen and has tended to limit the extremism of hard-liners. Political opponents of the ruling elite, while expressing disappointment at the reluctance of the U.S. government to intervene more actively, and individuals in the United States. A critical test for the political system in South Korea and U.S. policy toward it came in the period from 1987 through 1988, the year of the Seoul Olympics and the scheduled change of presidents.²¹

The overall political impact of the rapidly proliferating ties of many kinds between U.S. citizens and Koreans is difficult to evaluate. Korean emigration to the United States reached 30,000 to 40,000 a year in the 1980s, making Koreans the fastest growing ethnic body in the United States. Thousands of Korean students attend U.S. universities, and the upper ranks of the South Korean establishment-government, business, and academic-are dotted with thousands returned students holding advanced degrees from U.S. institutions. Tens of thousands of U.S. military personnel have served in the U.S. forces in Korea. U.S. visitors to Korea for tourism, business and other activities numbered 213,000 in 1984. Korean travellers to the United States numbered over 100,000 and this figure is certain to grow rapidly as the Korean community in the United States expands and increasing affluence enables

²⁰ Whang Woo Kyeon, "Hanmigwangyewa Communication" 『U.S.-Korea relation and approach』, Yijin, May, 2000. pp.204

²¹ Kang Jeong Koo, "Jeonwhangi Hanmigwangye Sae Panjjagi" 『U.S.-Korea Changing Relation in New Direction』, Hanwool, Aug., 2007. pp.34

more Koreans to visit. Numerous ties have developed between U.S. church groups and the growing number of Christian churches in South Korea²²

Conclusion

Increased contact does not necessarily result in greater harmony between peoples, given the differences in culture and national interests; it can also create more scope for friction. So far the growth in mutual understanding and appreciation between U.S. citizens and Koreans appears to have kept pace with the inevitable rise in friction. Hence further South Korea figured out it's state of dependency to interdependency, which has been an indicating aspects of bargaining position of South Korea with U.S and after developmental state South Korea was able to make it's clear stand towards compromised autonomy to relative autonomy.

²² Park Tae Kyun, "Woobnaggwa Jeguk Hanmigwangye Du Shinwha" 『U.S.-Korea allied miracle』 , chagnjakga Bipyongsu, Aug., 2006. pp. 318

Chapter 2

From Compromised Autonomy to Relative Autonomy: A Framework of Analysis

Introduction

Since the end of the Second World War, the United States has played a prominent role in South Korea's History. Driven primarily by Cold War security concerns after the Korean War, the United States has maintained a large military presence in South Korea. As an important regional ally of the United States, South Korea has received an enormous amount of aid to develop its economy. Over the years, the economic relationship between the two countries has changed, reflecting the absolute and relative vigour of each country's economy, the political atmosphere within each country, the influence of trade with other countries, and the evolving security concerns posed by North Korea. Since 1997, there has been a series of major regional and international developments, which have profoundly altered the economic relationship between South Korea and the United States.¹

Beginning of U.S. aid to ROK (South Korea)

More than any other country, the United States has played a central role in the economic development of South Korea over the past five decades. Whether providing aid or an export market, the United States has been an essential element in South Korea's economic success.

Following the political division of the Korean peninsula at the end of the Second World War, the United States has maintained a significant military presence in South Korea to contain the expansion of Communism through North Korea. During the Vietnam War, South Korea provided its ally with valuable military and logistical support. In order to cultivate a strong and stable ally the United States poured large quantities of economic aid into South Korea starting in 1953.² Until the mid 1960's the United States donated between \$200 million and \$350 million each

¹ Juyeong Joaune Cho, South Korea's Economic Reliance on and Cooperation with The United States, Korean Global foundation Conference, Washington D.C, 22 Sep 26, 2003 .

² M. Dutta, A Cow Economic Communication Series, United States-Asian Economic Relations, No. 2, Durham, North Carolina pp. 309-324

year - more than any other single donor. Thereafter, the amounts declined until direct financial aid ceased in the early 1970's. In addition to outright monetary aid, the United States also provided a considerable amount of investment capital (\$1.4 billion by the late 1980's) well before restrictions on foreign direct investment was put.³

When South Korea began to switch emphasis in manufacturing from import substitution to export-oriented heavy industry in the 1960's, the United States proved to be a ready consumer of those products. With the development of the South Korea progressed from a state of dependence, receiving monetary aid, to greater degrees of economic autonomy, attracting the United States capital investment and providing more sophisticated export products. In the past two decades, economic interactions have become more complex and at times even acrimonious as profound changes have taken place in regional economic and security conditions.⁴

“Developmental State” and the United State

The foundation for Korea's modern national economic development was first developed by the Park's Chung-hee government. The Park administration's "development model" was based on three pillars: strong government intervention in the market; the nurturing of the chaebol; and the authoritarian control over labour activities, with labour excluded from the political decision-making process. The Park administration chose to favour large business groups, the chaebol, over all other businesses, and to help them grow and expand as a means of accelerating the national goal of rapid economic growth. Consequently, the chaebol became engine of Korea's economic development. Inspire government-chaebol alliance had a flip side.⁵ It created problems of inequality between the chaebol and small and medium-scale business between geographical areas, between industrial sectors, and between social classes but Park administration, authoritarian in nature, set targets for economic growth and exports, implementing economic development plans that included the mobilization and distribution of investment resources required to achieve the targets

³ Lee Min Sick, "Geundae Hanmigwangye yenkoo" 『Research of U.S.-Korea Relations from Past to Present』, Baeksanmunwha, Sep. 1998. pp. 138

⁴ Park Tae Kyun, "Woobanggwa Jeguk Hanmigwangyeeui Doo Shinwha" 『U.S.-Korea allied hegemony miracle』, Changjakgwa Bipyeongsa, Aug., 2006. pp. 86

⁵ Choi Jang Jip, Korea's Political Economy: Search For a Solution Korea Focus, April 1998. pp. 4

under its macroeconomic policy. In other words, the government sought to fashion a market-based developing economy, using the control of finance as its basic policy tool.

To understand why the Park administration development model succeeded, the external variables must be considered which were existing at that time, including U.S. policy towards Korea and the circumstances of the global economy. Korea achieved its high growth rate during and after the 1960s under the Cold War regime. Owing to its geopolitical position as a bulwark in the East Asia, Korea benefited from substantial aids in forms of grant and loans. In addition, the wide open export market of the U.S was willing to absorb the Korean exports. Without such a market, Korea's export -lead industrialisation would not have been possible.

U.S. and the Democratic Market Economy model

In the December 1997 election, the new president Kim Dae-jung declared that he would “develop democracy and the economy in parallel.” Referring to this concurrent development, Kim added; “I will make efforts so that the nation's economy may develop into a democratic market economy, and will make sure that the common people's interests are protected.” These remarks were particularly significant coming at the end of the Kim Young-sam administration and the beginning of the economic crisis. The failure of the Kim Young-sam administration illustrates the problems of Korean democracy not only as an ideology but also as a system of governance. Significantly, because of the outgoing government's failure, Koreans began to realize how important it is to allow democracy to take root in society and to elect a democratic government with the capability to run the country.⁶

The economic crisis posed a threat to Korean democracy. Democracy is rarely challenged during times of stability. However when times are tough, when economic conditions worsen, then the question arises as to how deeply democratic values and the democratic process have taken root in society and in the thought in the and lives of its citizens. In other words, democracy is put to the test when society is faced with difficult economic conditions.⁷ Following the 1997 presidential election, Korea finds

⁶Ibid – pp. 9

⁷ Park Se Gil, “ Dasi SSeoneun Hsnkook hyundaesa” 『Rewriting of Modern History of Korea』 , Dolbege, 01, Aug., 1999. pp.257

itself in the position of having to pull itself out of its current crisis under the leadership of a new government and through democratic means.

The function of any economy is to produce wealth and the function of democracy with regard to the economy is to ensure the effective distribution of resources. The primary interest of economic function lies in the value of efficiency that is, how efficiently economic growth can be achieved. And the primary interest of democratic function lies in the process of collective decision making on the question of how to divide up the spoils of growth in a fair and equitable manner.⁸ The economic principles that seek to maximize individual wealth and consumption find their philosophical justification in the tenets of liberalism and individualism, relying on the concepts of utilitarianism and instrumentalism.

Thus, the notion of a “democratic market economy,” a compound expression incorporating both democracy and the market mechanism, has important meaning. A market economy whether based on classic liberalism or neoliberalism It is a realm in which people seek to realise ideals of liberal economic values, an arena where economic activity, the creation of merchandise and services, is freely engaged in. Growth, competition, individualism, private ownership and property rights are central values which imports dynamism of the working of a market economy.⁹

Under a perfect liberal market system, there would be no need for the existence of political or government functions. According to neoliberal doctrine, self-regulatory functions exist in the form of an “invisible hand.” of the market and therefore there is no need of economic policy making to take place , Under such a system, the role of state would be minimal, limited to compensating for failures of the markets. But if the market is allowed free reign without restrictions, it will bring about its own self-destruction, not only politically and culturally but also economically.

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⁸ Ibid – pp. 10

⁹ Oh Seung Soo “ Hanmigwangyeeul Mirawa Hangukeul Seontaek” 『U.S.-Korea Future and Korea Choice』 , Samsung Kyeongjae Yengooso, Jun., 2005. pp.208

U.S – ROK Bilateral trade & Investments

With the exception of 1998 and 2001, Korea's trade volume during the past decade has steadily increased. Between 1991 and 1997, Korea's exports and imports more than doubled. In 1998, however, exports declined 2.8 percent to \$132.3 billion, and imports plummeted 35.5 percent to \$93.3 billion. After the financial crisis, Korea's exports rose again, owing to favourable exchange rates against currencies such as the dollar and the euro as well as the economic upturn in the United States. Exports amounted to \$172.3 billion in 2000, accounting for about 2.73 percent of total world exports for that year. Korea's imports also recovered in 2000, reaching \$160.5 billion. As a result, the Korean economy's dependence on trade, represented as trade as a proportion of GDP, reached 0.81 in 2000.¹⁰ In 2001, however, both Korea's exports and imports sharply declined because of the global economic slowdown. Korea's exports bounced back in 2002 to \$162.5 billion, while its imports showed a slight increase (**Table 1**).

¹⁰ Bark Tae Ho, Korea-U.S. Economic relations, *The United States and South Korea: Reimigorating the Partnership*, Joint U.S.-Korea Academic Steadies Vol 14, 2000. pp. 105

Table 2.1: Korea's Foreign Trade and Investment,(billions of U.S. dollars)

	1997	1998	1999	2000	2001	2002
Exports (\$)	136.2	132.3	143.7	172.3	150.4	162.5
Growth (%)	5.0	-2.8	8.6	19.9	-12.7	8.0
Share of world exports (%)	2.43	2.43	2.55	2.73	2.42	n/a
Imports (\$)	144.6	93.3	119.8	160.5	141.1	152.1
Growth (%)	-3.8	-35.5	28.4	34.0	-12.1	7.8
Share of world imports (%)	2.57	1.68	2.08	2.46	2.19	n/a
Trade balance (\$)	-8.4	39.0	23.9	11.8	9.3	10.3
Overseas direct investment (\$)	3.533	4.612	2.998	4.214	4.925	2.397
Foreign direct investment (\$)	6.971	8.853	15.542	15.697	11.870	9.101
Growth (%)	117.1	27.0	95.6	1.0	-24.4	-19.4

Source: Joint U.S. Korea Academic Studies Vol. 14, 2000

Although South Korea is not as important a trading partner for the United States as the United States is for South Korea, South Korea has nevertheless become a major economic partner. For years now, South Korea has been the United States' sixth largest export market, seventh largest trading partner, and fourth largest agricultural market. American companies have poured over \$10 billion in investments into South Korea over the past three years. Commerce between the two countries has been active, with \$58 billion worth of total trade turnover in 2002.¹¹

The United States is Korea's largest supplier of foreign direct investment and second largest source of imports (after Japan). Until very recently, the United States has been South Korea's largest export market. Exports to the United States accounted for 20% of Korea's total exports in 2000.¹² The United States' exports to South

¹¹ Whang Woo Kyeon, "Hanmigwangyewa Communication" 『U.S.-Korea relation and approach』, Yijin, May, 2000. pp.114

¹² Kang Jeong Koo, "Jeonwhangi Hanmigwangye Sae Panjjagi" 『U.S.-Korea Changing Relation in New Direction』, Hanwool, Aug., 2007. pp.57

Korea consist primarily of semiconductors, chemicals and plastics, machinery, aircraft, agricultural products and beef. The United States' service exports include travel services, port services, royalties, license fees, education and other professional services. Agricultural and food products, chemicals, machinery products, and travel services account for two-thirds of total United States exports to South Korea since 1997.

Shortly after the 1997 financial crisis, the United States overtook Japan as the largest supplier of imports. However, the United States' share of South Korean imports declined, with the United States supplying less than 15% of Korea's merchandise imports. The United States' imports from South Korea consist primarily of electrical and general machinery, automobiles, steel, cellular phones and textiles. Service exports include travel, passenger fares, and freight. Textiles and apparel, chemicals and plastics, metal products, machinery, and non-passenger transportation services account for three-quarters of total South Korean exports to the United States since 1997. Machinery products account for more than 50% of total Korean exports to the United States.¹³ The largest export items are computers, peripherals, and semiconductors which account for more than one-third of the total.

From 1994 to 1997, the United States ran a trade surplus with South Korea after several years of deficits. The surplus was due to the sharp rise in the United States' exports (peaking at \$26.6 billion in 1996), which resulted from South Korea's economic boom that increased demand for foreign products. The 60% rise in the United States' exports to Korea offset the 25% rise in United States imports from Korea from 1990 to 1997.¹⁴ Trade friction between the two countries has depended greatly on the amount of trade deficit the United States accrued vis-à-vis South Korea. Therefore, this period was characterized by relatively placid trade relations between the two countries.

With the financial crisis of 1997, South Korea agreed to International Monetary Fund (IMF) terms of tightening fiscal and monetary policies, engaging in corporate and financial reforms, and opening its doors to foreign goods and investors. For its part, the United States has run an increasingly large bilateral trade deficit since

¹³ Richard Betts, "Wealth, power, and Instability: East Asia and the united States After the Cold War," *International Security* 18, no. 3 (Winter 1993-1994): 34-77

¹⁴ Mark E. Manyin, *South Korea-U.S. Economic Relations cooperation, Friction and Future prospects*, CRS Report for congress, March 21, 2002. pp. 5

1997 in order to help South Korea get out of the financial crisis. In 1998, South Korea's GDP shrank by 6.7%, which led to a decline in exports to South Korea. South Korean exports to the United States rose in 1998, 1999, and 2000 due to increased demand for foreign goods and services products resulting from the devaluation of the won. The slow down of United States economy in 2001, however, led to a drop in imports.¹⁵

As the South Korean economy grew by 9% in 2000, the United States' exports to South Korea increased by 20% over the previous year. However the imports from South Korea continued to outstrip exports to South Korea, making the trade deficit widen. In 1999, the United States had a \$9.4 billion deficit in merchandise trade with South Korea which was only partially offset by its \$900 million surplus in bilateral services trade. In 2002, the merchandise trade deficit with South Korea was \$13 billion.¹⁶

Bilateral Trade Friction & FTA

Until the 1970's, the United States and Korea did not have serious disputes over economic relations. In the 1950's, Korea received large amounts of economic aid, which it used mainly to purchase American goods. In the 1960's and 1970's, Korea developed its industrial sector and pursued an export-led economic growth policy. South Korea-U.S .FTA was widely regarded as a long-term project, driven mainly by high politics than economics, for it would impose significant adjustment costs not only on Korea's agriculture but services as well, with less tangible benefits for the manufacturing sector. Most assumed that there were economically superior alternatives to a South Korea-U.S. FTA with far lower political costs. Against this background, it is only natural that many Koreans are wondering what has changed in the past year to justify the government's new-found enthusiasm for a Korea-U.S. FTA one thing to label the critics of the proposed FTA "anti-American" and hope they will calm, but quite another to counter their claims with sophisticated arguments based on validity.

¹⁵ Hong Soon Young, " Hankook Kyungje yisibyeoneui jaejomyung" 『Twenty Years of Korea's Economic Transformation』 , Samsung kyungje Yengooso, Oct., 2006. pp.195

¹⁶ Chu Sung Hwan, " Hankook Kyungjeeui Yihae" 『Deep Understanding Korea's Economy』 , Mooyek Kyungyoungsa, Feb., 2005. pp.35

Has the government done the preparatory work to address the concerns of various interest groups? Although some academics and politicians argue that it is necessary to use external pressure to overcome the resistance of anti-liberalisation forces the government has done precious little to try to liberalize the protected sectors in the first place. Besides, it is extremely doubtful that the United States would be just content to lend its sword to the Korean government instead of pursuing its own agenda in the trade negotiations. From a political and tactical point of view Finally, the government's negotiating tactics or lack . The announcement to launch formal negotiations for the South Korea –U.S FTA followed Korea's apparently unilateral concessions in four contentious areas: beef, automobiles, pharmaceuticals, and screen quotas.

Although the government insists that it has "voluntarily" liberalized these sectors as part of its general economic policy, this "coincidence" begs the question of why the government gave away precious bargaining chips just a few months before the official launch of the trade negotiations. This move is reminiscent of the government's previous decision to de-link the issue of "strategic flexibility" from the relocation of the U.S. military bases in Korea, weakening Korea's bargaining position and aggravating the potential financial burden of Korean taxpayers.

Even more puzzling is the government's apparent preoccupation with concluding the FTA before the expiration of the U.S. Trade Promotion Authority in June 2007, for it further weakens Korea's bargaining position. Under various guises, fast-track authority regarding trade negotiations has been granted to the U.S. President a number of times since 1974.

During 1980's and 1990's, Korea became a modest economic power and a significant trading partner for the United States. The end of the Cold War shifted the focus of United States-South Korea bilateral relations from the security dimension to economic relations. Concerned with its trade deficits, the United States in the 1980's began aggressively to pressure its trading partners to buy more of its exports.¹⁷ Major trade bills were enacted in 1984 and 1988 to strengthen United States trade laws. Since then the two countries have had numerous disputes involving agriculture, heavy and high-technology manufactures and services.

¹⁷ Baldwin, Frank, ed. Without Parallel "The American-Korean Relationship since 1945" Oct., 1998. pp. 46

Since the spring of 2000, however the U.S. has intensified its pressure on trade issues, protesting that Seoul has been unresponsive to a host of longstanding U.S. complaints. In its annual report on foreign trade barriers, issued in April 2001, the Office of the United States Trade Representative (USTR) devoted 22 pages on South Korea, more than it did to any other country except Japan and China. A year earlier, the USTR cited Korea as a priority watch country under special 301” (Section 182 of the Trade Act of 1974) because it deems Seoul enforcement of intellectual property rights to be unsatisfactory.¹⁸ Korea remains on this list. In the spring of 2001, U.S. negotiators frustrated by the lack of progress in bilateral talks- proposed that the two countries hold quarterly, working level, interagency stocktaking meetings to discuss progress on and strategies for settling major bilateral trade disputes. Korean Ministry of Foreign Affairs and Trade accepted, and both sides credit the meetings with creating a more constructive dialogue by serving as action-forcing events.¹⁹

There has been increasing interest in negotiating a South Korea-United States free trade agreement, which would lower trade barriers between the two countries. The American business community in South Korea as well as the Korean business community in the United States support this idea. In May 2001, American Senator Max Baucus introduced legislation authorizing FTA negotiations with South Korea, his second attempt after the first attempt failed to pass.²⁰ So far, there have been no formal government-to-government discussions about an FTA. Although an FTA would increase the overall amount of exports and imports for both countries, the political climate in the wake of frequent trade disputes is not favourable for the creation of an FTA in the near future.

South Korea is an important member of the fast-growing group of Pacific Basin nations, which, in the aggregate, have become a more important trading partner for the United States than Western Europe. Thus its economic importance to the United States transcends the bilateral relationship. South Korea’s ties with Japan, the

¹⁸ Carid, Ronald J. “Korean War and American Politics” May 1999. pp. 68

¹⁹ Bergsten, C. F. and L. B. Krause. “ World Politics and International Economics” Sep., 2002. pp.123

²⁰ Ibid – pp

ASEAN, Australia, and recently even with the People's Republic of China (PRC), contribute significantly to the economic dynamism of the entire region.²¹

The Washington-Seoul economic relationship although beneficial in important ways to both parties and as far from equal. South Korea is the junior partner, much more dependent on economic relations with the United States than the United States is on South Korea. The United States is South Korea's most important trading partner, taking one-third or more of its exports and supplying about one-quarter of its imports. As indicated above, it has furnished one-fourth of South Korea's foreign bank loans and it is second only to Japan in direct investment. Most of South Korea's technology has come from the United States and Japan in the form of licensing agreements, capital goods imports, direct foreign investment, and technical consultancies. In terms of value, Japan has supplied more, but the U.S. technology overall has been more capital intensive, sophisticated and complex. The economic relationship between Washington and Seoul has not been without problems. The prime difficulty has been the growing ability of South Korean manufacturers to undersell U.S. manufacturers in the U.S. market.

The most striking feature of the U.S.-ROK relationship is its durability. The alliance, forged in the Korean War has remained strong, despite the two countries' geographical separation, their differences in size and stage of economic development, and the acrimonious disputes they have had. Its strength is based on the compatibility of the national interests of the two countries—security, economic, political, and diplomatic interests. In each of these areas there have been differences between the two governments, but the areas of compatibility are more compelling than the differences.²²

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²¹ Whang Woo Kyeon, "Hanmigwangyewa Communication 『U.S.-Korea relation and approach』 , Yijin, May, 2000. pp.143

²² Hasan, Parvez. Korea: 'Problems and Issues in a Rapidly Growing Economy' Jun, 1997. pp. 129

Korea and elsewhere toward more fully democratic systems but may disagree on the appropriate pace and methods of change.²³ The compatibility of U.S. and South Korean global objectives make diplomatic cooperation relatively easy. In some areas, such as the Middle East, South Korea's diplomatic rivalry with North Korea may cause it to take steps not in accord with U.S. policies.

Over the years the U.S. stance, official and private, favouring evolution toward democracy has had an effect. The effect is palpable, although impossible to measure or document. The U.S. stance has strengthened moderates among Korean politicians, bureaucrats, academics, and businessmen and has tended to limit the extremism of hard-liners. Political opponents of the ruling elite, while expressing disappointment at the reluctance of the U.S. government to intervene more actively have drawn encouragement from the support received from groups and individuals in the United States.²⁴ A critical test for the political system in South Korea and U.S. policy toward it came in the period from 1987 through 1988, the year of the Seoul Olympics and the scheduled change of presidents.

Rise of China as a Factor in Korea –U.S. Bilateral Relations

The economics of both South Korea and United States have evolved over time. Starting virtually from scratch after the Second War and the Korean War, South Korea's economy has grown from one entirely dependent on foreign, mostly American aid, through light and heavy industrialization and most recently, into an economy based increasingly on information and communication technology. South Korea's trading partners have multiplied and the relative importance of the United States as a source of imports and as an export market for South Korea has declined.²⁵ The United States' economy has long since lost much of its traditional manufacturing capacity and has recently emphasized services.

As the economies of South Korea and the United States have changed, the economic relationship between the two countries has consequently changed as well. The donor-recipient relationship has yielded increasingly to one between peers. This

²³ Kim, C. I. Eugene and Han Kyo Kim. 'Korea and the Politics of Imperialism' Apr., 1998. pp. 48

²⁴ Kim, Seung Hee, 'Foreign Capital for Economic Development', A Korean Case Study, Apr., 2002. pp. 66

²⁵ Chung Jae Ho, *Between Ally and Partner Korea, China Relation and the United States*, Columbia University Press New York, 2007. pp.117

has meant not only more productive bilateral trade but also more friction, as parallel industries compete closely.

Superimposed on this evolution in South Korea- United States trade, have been important political and economic changes in Northeast Asia. Always economically powerful. Japan has begun to flex its military muscles, considering for the first time to send its troops abroad (albeit as non-combatants). The Soviet Union collapsed, leaving in its wake an increasingly entrepreneurial Russia still in possession of its North Asian territories.²⁶

China has single-handedly taken on so much of the world's manufacturing and holds so much potential as a consumer market that the global economic centre of gravity has shifted perceptibly toward Northeast Asia, encouraging regional competition to establish commercial and logistical hubs. With the growing importance of China as an export market for South Korea and as an import supplier for the United States, each of the latter countries has turned more of its attention to the upcoming economic powerhouse. South Korea looks less and less across the Pacific Ocean for collaboration in matters economic and soon this may become true also for matters geopolitical.²⁷ As for the United States, its ire fuelled by trade imbalances is passing from South Korea to China.

Contrary to this general Northeast Asian prosperity, North Korea, deprived of its former benefactor, the Soviet Union has descended more deeply into economic disaster; in desperation, North Korea has rattled its nuclear sabre more loudly to extort more aid but has largely accomplished nothing but to earn a place in the "Axis of Evil" and to but heads with a belligerently intransigent United States. North Korea's twin threat of war or economic collapse requiring integration with South Korea has intensified.

The consequences of these regional developments on South Korea-United States economic relations have been to lead South Korea to greater independence from the United States. Some observers has likened the relationship to the United States' interactions with richer OECD peers. From a security perspective, the interests

²⁶ Oh Seung Soo " Hanmigwangyeel Mirawa Hangukeul Seontaek" 『U.S.-Korea Future and Korea Choice』 , Samsung Kyeongjae Yengooso, Jun., 2005. pp.285

²⁷ Kang Jeong Koo, "Jeonwhangi Hanmigwangye Sae Panjjagi 『U.S.-Korea Changing Relation in New Direction』 , Hanwool, Aug., 2007. pp.45

of South Korea and the United States with respect to North Korea may be diverging as well, with South Koreans far more cautious and conciliatory toward the North an attitude shared more with neighbours China and Japan with its traditional American ally.

But the share of South Korean merchandise exported to the United States has fallen dramatically from 40% in the late 1980's to less than 20% in 2002. Recently, China has surpassed the United States as South Korea's number one export destination. Conversely, China is supplying an increasingly large proportion of the United States' consumer imports.

Conclusion

For both South Korea and the United States, the prominence of each in trade matters for the other has declined, with China becoming steadily more important as a trading partner for each. The rise of China provided Korea a critical space in the international system, particularly its relation with the United States. Indeed Korea-U.S relations moved from the compromised autonomy to relative autonomy.

CHAPTER 3

Rise of China and Paradigmatic shift in Korea-U.S. Relations

Rise of China

The rise of China has been most remarkable and discernible in the economic realm. No further elaboration is needed on the economic calibre China has so far been demonstrating; a growing body of literature attests to the marvels of China's economic growth. China's economic might has already been proved and widely publicized, to the extent that "China market" has become household expressions in many part of the world and in Asia in particular.¹

China has also been particularly proactive in engaging the European Union and the Association of Southeast Asian Nations in recent years. China is rising! Few people would argue with that, although opinions may certainly vary over the nature whether peaceful or not of the process of its consequences. Since 1978, China's gross domestic product (GDP) has raised four fold: it is the world's sixth largest economy, with a GDP of nearly \$ 1.7 trillion, China also boasts of its status as the world's third largest trading nation.² China has also become a favoured nation for foreign direct investment (FDI) from around the world: in 2002, China replaced the United States as the world's number one destination for FDI.

Recent times the South Korea's increasing dependence on China in both economic and diplomatic terms has increased. Second, and more important, this study analyses the complex impact that China's rise has made on South Korea's strategic soul-searching that began during Kim Dae-Jung's presidency (1998-2003).

China is indeed rising at a very rapid pace. Although the rise is at least the fourth of its kind after that of the Han, Tang, and Qing it's effects this time around seem bigger than ever. The rise of China and the success of its reforms can be substantiated by several key indicators. With the annual growth rate of over 9 percent

¹ Chung Jae Ho, *The rise of China and its impact on South Korea's Strategic Seoul. Searching.* Joint Vol 15, 2005, pp.2

² Park K. Ungsun, *Korea and her Neighbouring Economies*, pp. 53

for the last quarter century, China's economy became the fourth largest in terms of gross national product in 2005. In 2004, China also became the world's third largest trading nation, after the United States and Germany. In terms of foreign currency reserves, in 2005, China rated number one producer.³ China is also the world's largest consumer of raw materials and is the top producer of steel, cola, chemical fertilizer, televisions, air conditioners, and telephones.

Economic is not the only realm where China's rapidly growing presence is felt. It is likely that China may challenge to the U.S centered international order. As China's economic prowess grows over time, national security and economic logic in Asia will become increasingly complicated and multivalent, weakening America's predominant positional. In the face of such a change in the regional co relational forces, different countries are bound to respond differently.⁴

Such dilemmas are perhaps more acute with regard to the countries that maintain formal security ties with the United States, most notably South Korea and Japan. Unlike Tokyo, which has explicitly chosen to stand by Washington by designating Beijing as a potential security threat, Seoul's stance is still not very explicit.⁵ South Korea China rapprochement and their rapidly expanding cooperative partnership on virtually all fronts has not only become another main pillar of Seoul's diplomacy but have also introduced an additional key variable to the "Korean equation". Added to that is America's global strategic reconfiguration after the events of September 11, 2001, which inevitably affects the U.S.- South Korea alliance.

By virtue of history, geopolitics, and of having participated in the Korean War and a signatory of the armistice Agreement, China has been a principal actor and mediator in the politics of inter-Korean relations. While the ultimate key to reunification lies in the hands of the Korean people, China's role is crucial, as it has considerably expanded its diplomatic responsibilities, putting it on a par with the United States, as far as the Korean Peninsula is concerned.⁶

³ Jae Ho Chung, *Between Ally and Partner, Korea China Relations and The United States*. pp..2

⁴ *Ibid* – pp. 4

⁵ Kim, Taeho. 2001. *China's Evolving Bilateral Ties in Northeast Asia*. In *Rising China*, ed. Jaushieh Joseph Wu. Taipei: National Chengchi University, *Institution of International Relations*. pp.8-9

⁶ *Ibid* - pp. 05

As the rise of China has caught the full attention of the world, the debates regarding the possible hegemonic competition between the United States and China in East Asia and in the Northeast Asian region continue. If the U.S-China strategic rivalry should become a zero-sum game played between the maritime and continental forces, South Korea will find itself situated at the very centre of such a confrontation.⁷ Viewed in this light, South Korea-China relations are also very closely connected to the reconfiguration of the regional balance in Northeast Asia and to South Korea's current strategic "soul-searching". South Korea-China relations thus offer an excellent case of the strategic dilemma that many other countries are also facing in the wake of China's rise.

From Normalization to New Approach

When South Korea and China normalized diplomatic relations on August 24, 1992, more than four decades after the outbreak of the Korean War, it was seen by many as the accomplishment of something nearly inconceivable, if not impossible. In retrospect, however, the historic event was the natural culmination of what had been going on between Seoul and Beijing since the late 1970s. In Europe, the end of the Cold War was heralded by the reunification of Germany and the demise of state socialism in Eastern Europe; its East Asian counterpart was South Korea normalising its diplomatic ties with the Soviet Union and China. The remarkable success of *nordpolitik*, as it was then called, was also projected to lead to a thaw in relations between the Democratic Peoples Republic of Korea (hereafter, North Korea), on the one hand, and Japan and the United States, on the other.⁸

Bilateralism between China and South Korea was new in the sense that, for the more than two decades between the Korean War and the mid-1970s, neither country had held any specific policy toward the other besides negative attitudes ranging from indifference to enmity. Therefore, the Seoul-Beijing rapprochement was initially geared more to the construction of a new relationship than to the restoration

⁷ McVadon, Eric. 2001. China's Goal and Strategies for the Korean Peninsula. In *Planning for a Peaceful Korea*, ed. Henry D. Sololski. Carlisle, Pa.: U.S. Army War College, Strategic Studies Institute. pp. 35-36

⁸ Liu, Ming. 2003. China and the North Korean Crisis: Facing Test and Transition. *Pacific Affairs* 76:3. pp. 100

of traditional ties, which had been severed in 1895.⁹ It was no surprise that the improvement of Sino-South Korean relations fundamentally altered the trilateral dynamics among China U.S and South Korea from a stable harmony of functioning behaviour.

After the establishment of trade offices, South Korea-China economic relations were further accelerated in early 1992, by the signing of formal agreements on trade, tariffs, and investment guarantees. Particularly, thanks to the trade agreement, South Korean exports to China enjoyed most favoured nation status, thereby avoiding differential duties. By March 1992, therefore most of the thorny economic and institutional hurdles were cleared, with only the negotiation for diplomatic normalization pending.¹⁰ In retrospect, even the diplomatic normalization was accomplished much sooner than most seasoned observers had initially expected, highlighting the crucial spill over effects of economic interdependence on political rapprochement.

During the three preliminary rounds and one main round of normalization talks between May 14 and July 29, a wide range of issues were discussed. Expectedly, the highest priority for China was the Taiwan issue. Beijing demanded that Seoul endorse the “one China” principle, sever diplomatic ties with Taipei, nullify all the treaties signed with Taiwan, and transfer all of Taipei’s properties in South Korea to Beijing upon normalization. The Korean negotiators proposed in return that Beijing should not tilt toward Pyongyang, stop supplying North Korea with offensive weapons, and offer explicit support for the denuclearisation of the Korean Peninsula.¹¹ These demands were rather abstract and not really substantive and immediate in nature and, potentially, China could always get around them if it wished to.

In 1992, only one year after normalisation of relations. China had already become South Korea’s third largest trading partner, after the United States and Japan.

⁹ 2003. Chinese-North Korean Relations at a Crossroads. *International Journal of Korean Studies* 7, no. 1(Spring –Summer). pp. 23

¹⁰ Ibid - pp. 36-37

¹¹ Nicksch, Larry A. 2003. Korea: U.S.-Korean Relations Issues for Congress. Issue Briefno. 98045. Washington, D.C.: Congressional Research Service. 15 December. www.fcni.org/pdfs/NK_USrelation.pdf.

In 2001, China became the number two destination of South Korea's exports, second only to the United States. In 2003, China (excluding Hong Kong and Macao) finally surpassed the United States as South Korea's top export market. It reached 9.4 percent in 2000 and to 15.2 percent in 2003. Sino-South Korean trade leaped from \$ 6.4 billion in 1992 to \$ 56 billion in 2003. Furthermore, although China scored more trade surpluses with Korea before normalisation, South Korea reaped huge surpluses throughout 1995-2003.¹²

Table 3.1: South Korea's Trade and Trade Surplus with China, 1985-2003

Year	South Korea's trade with China (percentage of South Korea's total trade)	South Korea's trade surplus with a China (millions of U.S. Dollars)
1995	6.4	1,740
2000	9.4	5,650
2001	10.8	4,890
2002	13.1	6,354
2003	15.2	13,201

Source: KITA 2004,

Before the Asian Financial crisis, more than 500000 South Koreans visited China. That number rose to nearly 1.6 million 2003. As of 2003, nearly 180000 South Koreans were long-term residents in China, including more than 35000 students, accounting for 46 percent of all foreign students in China. Bilateral educational exchanges were officially permitted only in 1993, but the pace at which the number of South Korean students in China has risen has been dramatic.¹³ China fever in South Korea along with the "Korean fad" (Hanliu) in China has been as much cultural as much as it has been economic.

¹² Chung Jae Ho, The "rise" of China and it' Impact on South Korea's Strategic Seoul-Searching, Joint U.S.-Korea Academic Studies. Vol. 15, 2005. pp. 89

¹³ Roy, Denny. 2004. China and the Korean Peninsula. Asia Pacific Security Study Series, Vol. 3, no. 1. Honolulu: Asia Pacific Centre for Security Studies. January. pp. 26

Table3.2: Visitors between South Korea and China, 1996-2003(in thousands)

Year	Koran visitors to china	Chinese visitors to Korea	total
1996	530	104	634
1999	820	310	1,120
2001	1290	480	1,770
2003	1561	513	2,074

Source: *Hanguk gyungje shinmun*, 21 October 1991; *Munhwa Ilbo* 20 February 1997; *Chosum Ilbo*, 25 August 1992, 24 August 1997, and January 2003; Korea National Tourism Organization (KNTTO), www.knto.or.kr.

On the basis of a number of surveys since 1988, several trends and characteristics can be discerned.

- South Korean perceptions of China have become increasingly favourable during the period concerned.
- South Korean views of the United States have consistently declined.
- Most nationwide surveys considered here indicate that South Korean perceptions of China were more favourable than perceptions of the United States.¹⁴

Although South Korean elites have traditionally acted on their psychological dependence on U.S. Protection, often characterized as “separation anxiety” crucial changes occurred during Kim Dae-Jung’s presidency and have strengthened during the succeeding administration of Roh Moo-hyun. These changes have been hard for the United States to swallow because of the U.S. conviction that South Korea should always be grateful for what the United States did for it during and after the Korean War.¹⁵

¹⁴ Chung Jae Ho, *The Rise of China and It’s Impact on South Korea’s Strategic Seoul-Searching*, Joint. U.S.- Korea Academic Studies. Vol. 15, 2005. pp. 65

¹⁵ Chung, Jae Ho. 2003-04. *From a Special Relationship to a Normal Partnership? Interpreting the Garlic Battle in Sino-South Korean Relations*. *Pacific Affairs* 76:4. pp. 36

In sum, South Korea is standing at crossroads in its strategic soul-searching. With so many uncertainties, Seoul may find it increasingly difficult to home in on an optimal strategy.¹⁶ In the short run, South Korea will continue with its dual strategy of maximizing its benefits from its bilateral relationship.

Unilateral Dependence with America Non acceptable to South Korea

In recent times wide differences between the United States and South Korea have prompted South Korea to move away from past dependent relations with the United States and adopt more assertive and independent postures in alliance relations and a broader foreign policy, including policy toward China. This process is driven by multiple factors that involve generational change in South Korea--older South Koreans with pro-U.S. view from the Korean War and Cold War periods are being replaced by younger Korean who emphasise disputes and differences with the United States. Differences between the two allies are growing over several issues:

- Asymmetrical alliance relations and more dependence are resented by many in South Korea;
- U.S. decision making on key issues involving North Korea and FTA.
- Base of U.S. forces in Korea at 38 parallel that appears arrogant and cavalier to many in South Korea; and

Meanwhile, China's rise in Asia and it's particular importance to nearby countries, notably South Korea have significantly affected it's foreign policy orientation. The positives in recent Sino-South Korean relations clearly outweigh the negatives in the minds of broad ranges of South Korean leaders and public opinion. According to South Korean decision makers and others, closer ties with China have come to provide an alternative to the past dependent South Korean relationship with the United States.¹⁷ As a result, South Korean leaders are called to decide how to position the South Korean government in relations with the long standing U.S. ally

¹⁶ Ji, You. 2004. Understanding China's North Korea Policy. China Brief 4, no. 5(3 March). www.jamestown.org/images/pdf/cb_004_005.pdf.

¹⁷ National Security Council (NSC). 2004. Peace, Prosperity, and National Security: National Security Strategy of the Republic of Korea. Seoul: NSC. 1 May. www.korea.net/kois/pds/pdf/policy/security_en.pdf.

and the burgeoning Chinese neighbour. The choices are many and varied and it is doubtful that South Korea preferring to seek advantage in relations with both of these powers will signal a clear stance any time soon.¹⁸

China as Strategic Competitor for U.S. - Korean Alliance

A central feature of the Chinese approach is a very clear and carefully balanced recognition of the power and influence of the United States. In the post-Cold War period, the Chinese leadership often worked against and confronted U.S. power and influence in world affairs.¹⁹ China resisted the U.S. superpower led world order, seeking a multipolar world of several powers in which China would enjoy more influence and room for manoeuvre. In recent years, Chinese leaders re-evaluated this approach. Adopting a more pragmatic attitude to the continued unipolar world led by the United States, they acknowledged and gave more prominence to the fact that U.S. power and U.S. influence actually serve many important Chinese interests.²⁰ For example, U.S. power guarantees the sea lanes of communication so important for oil imports coming to China, helps maintain stability in the Korean peninsula and provides important leadership in the war on terrorism.

Greater pragmatism and a strong desire to offset views in the United States that saw a rising China as a competitor and a threat prompted Chinese leaders and officials to narrow sharply the review of areas of difference with the United States. Most differences with the United States now seem to centre on the Taiwan issue and continued U.S. support for Taiwan.²¹

¹⁸ U.S. -China Economic and Security Review Commission (USCC). 2002. Report to Congress of the U.S.-China Security Review Commission. Washington, D.C.: UCC. July. www.uscc.gov/researchpapers/2000_2003/report/anrp02.htm.

¹⁹ Shambaugh, David. 2003. China and the Korean Peninsula. Washington Quarterly 26, no. 2(Spring). Pp. 25-28

²⁰ Snyder, Scott. 2000a. Beijing at Centre Stage or Upstaged the Two Kims? Comparative Connections (July). www.csis.org/pacfor/cc/002Q.html.

²¹ Wang, Jisi. 2004. China's Changing Role in Asia. Washington D.C.: Atlantic Council of the United States, Asia Program. January. www.acus.org/publication/occasionalpapers/Asia/WangJisi_Jan_04.pdf.

China's International effort for North – South Korea

China strongly supported international efforts to improve relations with Pyongyang at the time of North Korean-South Korean Summit of 2000 and in line with South Korean President Kim Dae-Jung's Sunshine Policy toward the North. Strong Chinese political support for inter-Korean reconciliation was welcomed by the Kim Dae-jung government at the time of difficulty in U.S-South Korean relations stemming for the George W. Bush administration's harder line compared with the policy of the Clinton administration toward the North Korean regime.

During the North Korean nuclear crisis of 2002-04, rising tensions prompted by the combination of North Korea's provocative nuclear weapons development, shrill warning and assertive military actions as well as the firm determination of the United States not to be blackmailed by Pyongyang caused Chinese officials to respond to U.S. requests to take a more active role in seeking a solution to the crisis. The Chinese government adopted a more active stance; hosted the three-party talks in Beijing in April 2003 and six-party talks in Beijing in October 2003 and 2004; and engaged in several rounds of shuttle diplomacy with the United States, North Korea, South Korea, and other concerned powers. Though unhappy to be excluded from the three-party talks in April 2003, South Korea supported China's efforts to seek a negotiated solution and was pleased to join the six-party meetings, pushed by the United States, in October 2003 and 2004.²²

In this regard China's policy continued to balance often conflicting imperatives regarding North and South Korea as it dealt with the delicate and potentially volatile situation in the peninsula. Beijing did not appear to seek big changes in the political or military status quo; it appeared intent on promoting as much stability as possible while it benefited economically and in other ways by improving its relations with South Korea. As economic conditions in North Korea deteriorated and as the North Korean regime persisted with provocative military and other actions, Beijing officials worried about possible adverse consequences for China²³ Nonetheless, Chinese officials still saw their basic interests as well served with a policy of continued, albeit guarded, support for the North along with improved

²² Frank, C. R., jr., Kwang Suk Kim, and L. E. Westphal. *Foreign Trade Regimes and Economic Development: South Korea*. New York: National Bureau of Economic Research, 1998. pp. 207

²³ *Ibid*-pp. 36

relations with the South and close consultations with the United States over Korean peninsula issues.

South Korea's Dilemma limits to Engagement

In the view of South Korean officials in mid-2004, South Korea and China also seemed to have a common general interest in multilateral cooperation in Northeast Asia and elsewhere. South Korean government officials noted that they would work hard to promote cooperation with China and others in the United Nations and ASEAN + 3, and that South Korea would seek to work with China to develop multilateral security dialogue in Northeast Asia and Asia more broadly.²⁴

South Korean officials judged that China continued to play critically important role in promoting dialogue for the peaceful resolution of the North Korean nuclear issue, and they pledged to work closely with China to speed the process seen in the six-party talks. China's role in other aspects of inter-Korean cooperation also was seen as centrally important by South Korean officials.²⁵

But South Korean government officials privately said they continued to believe that the United States was far more important for South Korea than was China and they were concerned about preserving a healthy alliance relationship with the United States despite crises and differences in recent years. Nonetheless, they said they faced a difficult challenge in achieving these tasks in the face of widespread South Korean public opinion and the opinions of recently elected legislators that gave China the top priority in South Korean foreign policy and took a dim view of the United States and the U.S.-South Korean alliance.

Just as China's economic and military power is far from matching that of the U.S., China's soft power still has a long way to go. China does not have cultural Industries like Hollywood, and its universities are far from the equal of America's. It lacks credible non-governmental organizations that generate much of America's soft power. Politically, China suffers from corruption, inequality, and a lack of democracy,

²⁴ Kagan, Robert. 2003. *Of Paradise and Power: American and Europe in the New World Order*. New York: Knopf. pp. 59

²⁵ Kim, Woosang, and Taeyo Kim. 2004. *A Candle in the Wind: Korean Perceptions of ROK-U.S. Security Relations*. *Korean Journal of Defence Analysis* 16, no. 1(Spring): 99-118. pp. 40

human rights and the rule of law. While that may make the "Beijing consensus" attractive in authoritarian and semi-authoritarian developing countries, it undercuts China's soft power in the West.²⁶

But after recent developments in the bilateral relations, South Korean officials viewed better relations with China as a useful way to preclude possible Chinese expansion or pressure against South Korea as China grew in wealth and power during the twenty-first century. They also saw good relations with China as providing protection against possible pressure from U.S. against South Korea in the future.²⁷ Officials in Seoul were careful to maintain that relations with China also broadened South Korean foreign policy options, allowing South Korea to appear to break out of the constraints imposed by what they saw as a U.S. cantered foreign policy since the 1950s. South Korean opinion leaders judged that, with better relations with China, Seoul could afford to be more assertive and less accommodating in its relations with the United States.²⁸ Meanwhile, South Korean officials also asserted that South Korea wanted to avoid a situation in which it might have to choose between Washington and Beijing if U.S.-Chinese strains in Asia were to rise sharply.

China viewed good relations with Seoul as a possible hedge against U.S. power and Chinese intentions were assumed by some South Korean experts to reflect a desire to use better relations with South Korea against possible U.S. efforts to contain or hold back, China's growing power and influence in Asian and world affairs. Chinese specialists and officials voiced concern from time to time that the United States might use its alliance relationships with Japan and South Korea, in particular, in order to check or build a barrier against the allegedly expanding "China threat" in Northeast Asia.²⁹ Closer China-South Korea relations would complicate any such U.S. strategic scheme.

²⁶ Schwartz, Thomas A. 2003. Statement of General Thomas A. Schwartz, Commander in Chief United Nations Command/Combined Forces Command & Commander, United States Forces Korea before the Senate Armed Services Committee. 27 March. <http://armed-services.senate/statemnt/2001/010327ts.pdf>.

²⁷ Cossa, Ralph A. 2001. Toward a Post Post-Cold War. PacNet Newsletter. Honolulu: Pacific Forum. 12 October. <http://www.csis.org/pacfor/pac0141.htm>.

²⁸ Han, Sungjoo. The Failure of Democracy in South Korea. Berkeley: University of California Press, 1997. pp. 117-118

²⁹ Hong, Yisup. Korea's Self-Identity. Seoul: Yonsei University Press, 2000. pp. 145

In this context, South Korea and China markedly increased cooperation in Asian regional groups. China's greater willingness in the 1990s and 2000s to cooperate more closely with and play a more active role in Asian multilateral organizations assisted this trend. Thus, China's greater willingness to cooperate with South Korea and others in the economic deliberations of APEC and in security related interchanges in the ASEAN Regional Forum (ARF) enhanced China-South Korea relations.³⁰

The Asia-Europe Meeting (ASEM) initiated in 1996 and meeting biennially, saw both South Korea and China play significant roles that encouraged greater cooperation between East Asia and the developed countries of Europe in part as a counterweight for the U.S-led APEC. The Asian economic crisis of 1997 prompted stronger regional cooperation efforts led by South Korea and China under the ASEAN +3 rubric.³¹ This group, including the 10 ASEAN states plus Japan along with China and South Korea became the paramount regional grouping in East Asia with frequent meetings of senior ministers and state leaders that occasioned major economic and some political and security initiatives, notably proposals by China, South Korea, Japan, and others for free-trade agreements in the region and security plans dealing with East Asia.

Hence these actions reflected strong interest in China and South Korea in deepening intraregional cooperation, first in economic areas but then in political and security areas, in order to ease long-standing mutual suspicions among East Asian states and enhance prospects for peace and development in the region. China's public stance focused on its New Security Concept (NSC), announced in 1997 a reworking of the Five Principles of Peaceful Coexistence that were the mainstay of moderate and accommodating phases in Chinese foreign policy for 50 years.³² The NSC was well received in South Korea and along with other Chinese policies and behaviour provided a vague but sufficient basis for many in South Korea and elsewhere in Asia to deal with China's rising power and influence in constructive ways.

³⁰ Institute of East Asiatic Studies. *Korean Studies Guide*. Berkeley: University Press 1998. pp. 206

³¹ *Ibid*-pp. 123-124

³² *Ibid*-pp. 97-98

When the NSC was initially proposed, Chinese foreign policy strongly competed with the United States, and Chinese officials repeatedly used the NSC to counter the U.S. favoured alliance structure in Asian and world affairs. Following the moderate turns in China's public posture toward the United States in 2001. Chinese officials and commentary generally avoided calling on South Korean or other Asians to choose between China's NSC and the previously emphasized "Cold War thinking" and "power politics" exemplified by the U.S. insistence on maintaining and strengthening U.S.-led alliance structures in Korea and elsewhere.³³ This more positive Chinese approach. Which Chinese officials assume that it will lead to a win-win situation with Korea for all concerned powers?

South Korea and China's approach toward the Korean peninsula including Beijing's recent emphasis on China's peaceful rise was warmly welcomed. In this regard South Korean government officials pointed the discussion of South Korean – Chinese relations in May 2004 national security strategy of the Republic of Korea. The sections of the document dealing with South Korean – Chinese relations were full of positive statements. It highlighted the July 2003 summit between President Roh Moo-hyun and President Hu Jintao, which upgraded the bilateral relationship to a "comprehensive cooperative partnership." South Korean officials welcomed consolidated relations with China providing a "firm foundation" for regional cooperation and peace and prosperity in Northeast Asia.³⁴

Appearing very positive trends in bilateral political, economic, military, and other kinds of relations and the summit's joint statement on 8 July 2003 pledged to increase very active exchanges of personnel and political party leaders to see South Korea play an important role in China's efforts to develop Western China and to seek a bilateral trade volume of \$ 100 billion by 2008. Both sides also pledged to expand military exchanges and enhance transparency in military policies.³⁵

³³ Hong, Sung Chik. *The Intellectual and Modernization: A Study of Korean Attitudes*. Seoul: Korea University Press, 1999. pp. 47

³⁴ Kim, Han K., ed. *Reunification of Korea: 50 Basic Documents*. Washington, D.C.: Institute for Asian Studies, 2003. pp. 23

³⁵ McCune, Shannon. *Korea: In the State of Asia*, edited by Lawrence K. Rosinger New York: Alfred A. Knopf, 1997. pp. 121

China was seen as being in no position to confront the United States and Chinese leaders were seen by the South Korean officials and specialists as anxious to avoid confrontation with U.S. power. This overall situation was seen as likely to continue in existence for many years.

South Korean government officials were privately concerned in mid - 2004 about what they saw as a “China fever” among large portions of the South Korean people and among many of the recently elected legislators in South Korea’s National Assembly.³⁶ China was becoming more popular among these important groups at a time when tensions in the U.S – South Korean alliance relationship continued as a result of a variety of bilateral relations and other issues. The salient issues in U.S.– South Korean alliance relations in mid - 2004 had to do with reaching agreement on deployment and reduction of U.S. forces in South Korea in line with an altered U.S. global military strategy that allowed for stationing fewer U.S. Soldiers overseas and moving those soldiers flexibly in response to a variety of possible contingencies.³⁷ The United States made a notable decision to remove a combat brigade from South Korea and send it to Iraq in mid – 2004 and was said to be unlikely to replace the brigade in South Korea.

Hence, the South Korea more than ever did not want to be in a position of having to choose between the United States and China. On one hand, they wanted to preserve and enhance the alliance with the United States. Some averred that the alliance was an important reason because China treated South Korea in a very friendly manner. Without the alliance, they judged China would have less incentive to be so accommodating of South Korean interests and concerns. There was a good deal of publicity in South Korea about the cultural and historical affinities that prompted many in South Korea to see closer alignment with China as a natural and comfortable stance for South Korea. South Korean government officials assumed that they were less sanguine that such an alignment or position within China’s “sphere of influence” would be good for South Korea, especially without the counterweight of the South

³⁶ Lee, Chong-Sik. *The Politics of Korean Nationalism*, Berkeley: University of California Press, 2003. pp, 55

³⁷ McCune, George M. and Arthur L. Grey, Jr. *Korea Today*. Cambridge, Mass.: Harvard University Press. 2001. pp. 39

Korean alliance with the United States.³⁸ On the other hand, however, South Korean officials also acknowledged that there were some South Korean officials who sought to use improved South Korean relations with China as a means of prompting the United States to be more accommodating and forthcoming regarding South Korean issues and concerns.³⁹

At the same time, the officials saw serious issues in China-South Korea relations and advised that South Korean opinion was volatile and could turn against China if a sensitive issue were to emerge. They cited Chinese – Korean differences over the historical range of China and Korean states a recently prominent dispute among Chinese and Korean historians that had some possible bearing on current territorial claims of the respective governments. Indeed, the issue subsequently became a major dispute, souring Chinese-South Korean relations in the latter part of 2004. Trade issues emerged along with rising trade and promoted anger by some in South Korea.⁴⁰ Some South Korean officials claimed that China's handling of the six-party talks belittled the South Korean role; were this to become widely known, they said, Chinese – South Korean tensions would rise. The Chinese position on North Korea issue also was seen as it,s odds with South Korea, especially in the sense that China was see wanting to preserve the North Korean state as a buffer while Seoul sought reunification.

China's current approach does not confront U.S. interests in South Korea directly but clearly provides a counterpoint for South Korean elite and popular opinion at times of difficulties in U.S. –South Korean alliance relations. Some observe that the United States was not in a good position to improve relations with South Korea and China as a result would loom even more important in South Korea's future.⁴¹ They noted that while President Roh had moved away from anti-U.S. Positions since his election in December 2002, the new legislature and the presidential administration were seen as looking with disfavor at U.S. efforts to

³⁸ Ibid. PP. 27-28.

³⁹ Beller, Jeffrey A. 2003. U.S.-Korea Economic Relations in 2002: A Washington Review. Korea's Economy 2003 19. Washington: Korea Economic Institute. Pp. 121

⁴⁰ Cheong, J.W. 2003. U.S.-Singapore FTA Policy and Implications (in Korean). World Economy Update, 03-22. Seoul: KIEP.

⁴¹ Morley, James W. Japan and Korea: America's Allies in the Pacific. New York: Walker and Cox, 1998. pp. 44

downsize U.S. forces in South Korea in order to use those forces in other areas.⁴² Goodwill on both the South Korean and U.S. sides have become frayed as a result of many crises and tensions, especially since 2002. Several officials on the U.S. side seemed tired of changing and seemingly unreasonable South Korean demands and a similar fatigue factor was also seen by some as taking hold of South Korean officials.

During 2005 and 2006 the Chinese emphasis on peaceful rise seems generally advantageous for South Korea. Over the longer term, China's approach and the recent negative trends in U.S. – South Korean alliance relation pose major concerns for the United States and perhaps, for South Korea.⁴³ While careful not to confront the United States directly or to explicitly exacerbate U.S – South Korean tensions, China's markedly improved relations with South Korea help to insure that Seoul will be a reluctant participant at best in any possible U.S-led effort to pressure or constrain China and that the U.S. ability to establish a future order on the Korean peninsula contrary to Chinese interests also will be curbed.⁴⁴

Six Party talks and China's Role

This was a kind of agreement made by six participating countries (the United States, North Korea, South Korea, China, Japan and Russia) articulated a consensus on a set of principles addressing both goals and means. In the agreement North Korea committed itself to end efforts to produce nuclear weapons, give up its "existing nuclear weapons", rejoin "at an early date" the Nuclear Non-proliferation Treaty (NPT), and resubmit to International Atomic Energy Agency (IAEA) safeguards, including readmission of international inspectors to its nuclear facilities.⁴⁵ The United States affirmed explicitly that it has no intention to attack or invade North Korea with either nuclear or conventional weapons and has no nuclear weapons deployed in

⁴² Ibid- 161

⁴³ Bureau of Economic Analysis (BEA). Various years. U.S. international transaction account data. Washington, D.C.: BEA, U.S Department of Commerce. www.bea.doc.gov/bea/dil.htm.

⁴⁴ Kang, Moon-sung. 2001. Bush Administration Economic Policy Prospects and Implications (in Korean). World Economy Focus. Seoul: KIEP.

⁴⁵ Park, Y.S. 2001. Korean-U.S. Economic Relations: Past and Present. Paper presented at KIEP international seminar, "Major Issues and Policy Implications of Korea-U.S. FTA," Seoul, Korea, December. Pp. 38

Korea. South Korea also affirmed the absence of nuclear weapons on its territory and recommitted itself to the 1992 joint declaration on to denuclearization of the Korean Peninsula.

When the joint statement was issued on September 19, 2005, the future of the Six-Party Talks seemed bright: it was even hoped that the talks would go beyond their original purpose of resolving the nuclear issue and develop into a framework for multilateral security cooperation in Northeast Asia. It is readily apparent that the six participant countries did engage in multilateral cooperation during the course of the negotiations.

Generally speaking, multilateralism can be defined as an institutional form in which three or more states with differing interests participate and coordinate their respective policies according to certain principles or standards. The relations between these states are mediated through “generalized principles of conduct.” A multilateral system promotes international cooperation by offering a forum where foreign policy can be adjusted and fine-tuned.

From this perspective, it is undeniable that the Six-Party Talks developed a multilateral nature through the process of negotiations. Multilateralism is premised on the fact that participating countries must be willing to lay aside their individual demands in order to reach agreement on a common goal. The Six-Party Talks were indeed characterized by this type of negotiation, where both North Korea and the U.S. yielded on some of their demands to arrive at the joint statement.

Furthermore, the multilateral character of the talks can be inferred from the fact that the negotiations possess their own inherent dynamic and logic that have evolved over the course of the five meetings. In particular, America found itself outnumbered five-to-one on the final revision presented by China at the fourth meeting and ended up accepting North Korea’s peaceful use of nuclear power and the provision of a light-water reactor. The Six-Party Talks function according to a movement and logic of their own, outside of America’s political purposes. If America alone were to have refused the plan formulated through a collaborative process and approved by the other five parties, then it would have to shoulder the political burden and assume responsibility for rupturing the talks.

Although the Six-Party Talks exhibit a certain degree of multilateralism, they do not embody the principle in a complete sense. The fundamental character of the

talks is still dominated by the confrontational DPRK vs. U.S. paradigm. Not all parties have equal standing in the negotiations, which are overwhelmingly led by North Korea and the U.S. The participant countries have not settled on either principles or standards for the talks, nor have they formed an agenda relevant to all parties outside of the nuclear issue. The Six-Party Talks are multilateral in the sense that several states have negotiated and come to some agreement on the nuclear issue, but lack other characteristic elements, such as generalized principles of conduct, equal standing between participants, and an inclusive common agenda.

In spite of this, the prospects for multilateral development are still very much alive. If the parties are able to build trust by solving the nuclear issue, create a common agenda, and form basic principles for collaboration, then the Six-Party Talks could even evolve into an institutional apparatus for multilateral security cooperation in Northeast Asia. Given that multilateralism is closely tied to institutions, a regional cooperative security regime could be institutionalized if the talks were to be established as a permanent body for discussing a common agenda.

It is still possible for the Six-Party Talks to develop into a framework for Northeast Asian security cooperation, but first the talks must be reopened, going beyond the missile crisis, and the process embodied by the joint statement gotten underway. Through the September 19th statement, the participant countries have already “committed to joint efforts for lasting peace and stability in Northeast Asia” and “agreed to explore ways and means for promoting security cooperation in Northeast Asia.” In other words, if the statement is put into practice then the six-party forum could function as a meaningful framework for regional multilateral cooperation. In fact, the parties are already contemplating the policy implications for the development of the talks into a multilateral security body in the event of their favourable progress. The South Korean government has revealed its intention to “investigate a plan for developing the Six-Party Talks into a framework for security dialogue in Northeast Asia,” which has been directly corroborated by President Roh Moo-hyun himself. It has been reported on multiple occasions that several high-ranking American officials have mentioned the possibility of developing the talks into a regional security body. China, Japan, and Russia also appear to be in support of such a scheme. North Korea’s position remains undisclosed, but it stands to reason that it would not have any objections, given the general theory that “from the point of view of weaker states, an international system is the only means of restraining

stronger states from exercising their power according to their will.” The talks could offer a check on America’s power if they evolved into a multilateral security forum that guarantees participants’ equal standing.

However, the road to institutionalizing the Six-Party Talks and creating a genuine cooperative security regime is not an easy one. The talks, being the first step to regional security cooperation, possess both promise and significance, but they also have structural limitations under the present conditions. As such, it is difficult to be entirely optimistic about the possibility of institutionalizing the Six-Party Talks. More than anything, this is due to the extant barriers to resolving the nuclear issue and the persisting state of confrontation between North Korea and the U.S. If the six parties are unable to achieve their original goal of peacefully settling the nuclear crisis, then the talks are unlikely to develop in a positive direction. In particular, if America and North Korea are unable to establish a new relationship in which they can peacefully coexist, then multilateral security cooperation in Northeast Asia does not stand a chance.

The most pressing tasks for fostering the creation of a collaborative regional security regime are accumulating experience in multilateral cooperation through the process of solving the nuclear issue and paving the way for peaceful coexistence of the DPRK and U.S. However, the nuclear standoff remains unresolved and relations between the two countries have actually worsened. Plans to develop security cooperation cannot even begin to be implemented unless the North Korean nuclear issue is settled. As such, there is an acute need for Seoul to take an active role in the matter, as previously mentioned.

Furthermore, developing a cooperative framework for military and security matters will not prove to be easy, given the particular characteristics of Northeast Asian affairs. In spite of dynamic regional economic cooperation and the possibility of economic integration, Northeast Asia is still plagued by political and military instability. More than anything, the latent causes for dispute between China and the U.S. could hinder multilateral cooperation in the region. In addition to Sino-American competition, the struggle for dominance between China and Japan is expanding. The deepening confrontation between the American-Japanese alliance and Sino-Russian cooperation is also a factor in hindering political and military collaboration. Moreover, the fact that latent disagreements over territory and interpretations of history still exist between Japan and China, Russia, and South Korea demonstrates the difficulty of

cooperation in Northeast Asia. In light of these dormant disputes, regional instability and the experience of the Six-Party Talks, one should not be overly optimistic about the prospects for security cooperation in the region.

The institutionalization of the talks and promotion of multilateral security cooperation demand a peaceful resolution to the nuclear issue as well as simultaneous efforts to ease political and military instability in the region. China and America must settle on a cooperative relationship, while China and Japan must mitigate their competition over hegemony and defence spending. The Japan-America vs. China-Russia face-off must be managed so as to prevent the level of tension from increasing, and Japan should settle the issues of its past, which lies at the heart of territorial and historical disputers in the region.

Of course, all this will not be easily achieved. Multilateral security cooperation should be pursued concomitantly with easing instability in the region, rather than considering the latter to be a precondition for the former. Given that political and military instability, as well as traditional and non-traditional security threats, still exists in Northeast Asia, it may be advisable to first foster cooperation on non-traditional security affairs, such as terrorism and WMD, natural disasters, environmental concerns, drug trafficking, human rights, prevention of infectious diseases like bird flu, and displaced persons. In the context of the complex, conflicting relations in Northeast Asia, it is more efficient to promote cooperation on post modern, non-traditional security affairs that can be more easily agreed upon. By the same logic, it is hoped that collaborative discussion of the North Korean nuclear issue at the Six-Party Talks will lead to multilateral cooperation on a variety of issues.

The sense of peace and security in Northeast Asia is sure to increase in the event that the Six-Party Talks successfully resolve the nuclear issue and are developed into a productive institution for discussing matters of regional interest. Once formed, an international institution, whose main function is to make cooperation possible, carries its own momentum. The creation of an institution for multilateral security cooperation that originates from the Six-Party Talks could become the first step to peace and stability in the region.

More fundamentally, the agreement promises that “the directly related parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum,” linking resolution of the nuclear crisis to creation of some type of

security structure to replace the current formal state of war.⁴⁶ All six parties agreed to take coordinated steps to implement the aforementioned consensus in a phased manner in line with the principle of ‘commitment for commitment, action for action’.” The agreement indicated that the fifth round of the six-party talks convened again in Beijing in early November, 2005.

The agreement also represents validations for China and South Korea. China, previously a target of some criticism for not doing enough to pressure North Korea, has worked hard but quietly to entice both the United States and North Korea to continue meeting.⁴⁷ Having long maintained that the North Korean nuclear crisis can be resolved only through negotiations comprehensively addressing the full range of related issues, China has been increasingly committed to seeing the six-party talks process bear fruit.⁴⁸ As a result, China's role as host and principal instigator of the negotiations process has taken on importance in shaping views of China's broader international role, both within China and abroad. China's reputation is not tied isomorphic ally to the success of the talks; its prestige could remain relatively intact if the process were to falter due clearly to the obstinacy of North Korea or the United States. Nevertheless, as the stakes of the process quicken, China's insistence on pursuing a negotiated solution will increasingly be tested, demanding increasing Chinese commitment to insure that test passed.

⁴⁶ U.S. International Information Programs (USINFO). 2001. USTR Zoellick on Outcome of WTO Doha Ministerial Meeting. USINFOR.STATE.GOV, Economic Topics. 14 November. <http://usinfo.state.gov/ei/Archive/2003/Dec>

⁴⁷ U.S. Trade Representative (USTR). 2002a. United States Announces Proposals for Liberalizing Trade in Services. Washington, D.C.: USTR. 1 July. www.ustr.gov/releases/2002/07/

⁴⁸ Schott, Jeffrey J., ed. 1989. Free Trade Areas and U.S. Trade Policy. Washington, D.C.: Institute for International Economics. pp. 90

Koguryo Issue and Ethnic Koreans in China

Goguryeo was an ancient Korean empire whose brilliant history flourished on a vast expanse of land in East Asia. Goguryeo thrived for 705 years from 37 B.C., when it was founded to A.D. 668, when it collapsed, and its historical achievements were the source of enormous pride to its descendants. Like most nations from that time, Goguryeo started out from a modest beginning at the Zolbon area in the Amnokgang (river) valley.

The founder of Goguryeo was King Chumo, or Gojumong, who originally came from the State of Buyeo. When he left Buyeo and founded Goguryeo, Gojumong was so hard pressed to afford a decent palace or secure sufficient grain output. Furthermore, the fledgling state was surrounded by stronger nations like Biryu, Seonbi, and Buyeo. So, unless one was strong enough, a weak nation was destined to subjugation to others as a feudal state. Soon, however, Goguryeo developed strong leadership and military power, and began to pursue a policy of expansion by conquering smaller nations one by one. Conquering small neighboring nations like Biryu, Okjeo, Haeng-in and Yangmaek, Goguryeo grew up to be a strong country that even overpowered Buyeo by the early first century A.D.

By the middle of the first century A.D., during King Taejo's reign, Goguryeo was able to absorb various foreign cultural elements on top of the cultural foundations of preceding kingdoms of Old Joseon (Korea) and Buyeo and established itself as a stable state with a systematic ruling structure. King Taejo successfully advanced into Liaodong and the plains of the northern Korean peninsula by attacking Later Han's eastern Commanderies of Lolang, Xiantu and Liaodong, driving them out toward the west. 49

However, Goguryeo had to suffer a humiliating defeat and its capital temporarily fell into enemy hands when forces from China's Wei attacked it from the west. It soon regained its national strength and was able to repulse repeated subsequent attacks from Wei. Goguryeo continued to grow up and held sway over Buyeo and Suksin in the north, and by the early fourth century, during king Micheon's reign, it successfully destroyed Chinese Commanderies of Lolang and Taifang altogether. Its early history was not smooth; however, Goguryeo's capital

⁴⁹ Cho, Soon Sung, *Korea in World Politics, 1940-1950*. Berkeley: University of California Press, 2005. pp. 205

once again fell into enemy hands during the invasion of the Moyong Seonbi tribe. It also sustained another severe blow in , when Baekje attacked it from the south. King Gogukwon died during this attack so it acknowledges a brief account of Koguryo history but has also in a kind of controversial claim by neighbouring state China.

The simmering Koguryo dispute appears to have been triggered by China's deletion of all references to Korean history prior to 1948 from its Ministry of Foreign Affairs website, rather than acceding to South Korean requests to correct Chinese misinformation. After Seoul expressed its outrage, China responded by blocking domestic Chinese public access to websites critical of its actions, including the Chinese-language edition of the Chosun Ilbo and the World Arirang Forum, a cyber-discussion site for ethnic Koreans in China.

China established its Northeast Asian Project in 2002 to provide the appearance of academic and scientific validity to its assertions about Koguryo In 2003, Beijing sought to have the United Nations Educational, Scientific and Cultural Organization (UNESCO) declare those Koguryo ruins that were within China a World Heritage site. Professor Choi Kwang-shik of Korea University, writing in the Korea Times, postulated that Chinese efforts could, however, be traced back to 1980, when Beijing adopted a "one country, one people" policy as a way to consolidate all of China's peoples into one.

The Chinese leadership has been gravely concerned over the destabilizing impact of diverse ethnicity. Bhutanese, Nepalese and Uighur nationalists, among others, have derided the "one people" policy as Beijing's attempt to undermine their efforts for autonomy.⁵⁰ In a similar manner, China may now be seeking to assert its unquestioned control over its north-eastern region, with an estimated 3 million ethnic Koreans, in long-term preparation. for Korean reunification. Beijing may fear that a reunited Korea could seek to petition for the ethnically Korean portion of China as part of a "greater Korea".

Koreans, conversely fear that China's actions may reflect an offensive strategy either to gain Korean territory after reunification or to influence the character of the northern portion of reunified Korea to protect it's national interests. Beijing might for

⁵⁰ Park, Chung Hee. *Our Nation's Path: Ideology of Social Reconstruction*. Seoul: Dong-A Publishing Co. 1999. pp. 49

example; demand a strategic demilitarized buffer with Korea as well as no US troops north of the current Demilitarized Zone. The estimated 200,000-300,000 North Korean refugees who currently reside illegally in north-eastern China, along with Chinese fears of the massive influx that would result from a collapse of the North Korean regime, may also have factored into Beijing's calculus to exert control over its border regions.⁵¹

Hence in this regard the South Korean government will increase its budget for its own Koguryo Research Foundation as a way to counter China's Koguryo efforts more effectively. Ruling Uri Party legislator Cho Bae-Sook announced a preliminary agreement with the Ministry of Education and Human Resource Development to allocate additional funding. Government ordered the state to monitor foreign textbooks to detect any distortions of South Korean history.⁵² Ban Ki-moon told reporters that the Seoul government would "not tolerate any attempt by Beijing to claim the history of Koguryo and would stop further attempts to distort history, such as the revision of its (China's) textbooks." In other sign of a more assertive South Korean policy.

Conclusion

China eventually realized that its heavy handed approach risked a deterioration in its relations with South Korea. Beijing dispatched senior diplomats to settle the dispute before it caused a permanent manifestation of anti-Chinese sentiment in South Korea and undermined its strategic interests in the region and the relationship between China and South Korea has been affected to a certain extent by the issue of Goguryeo.

⁵¹ Barnds, William J., ed. *The Two Koreas in East Asian Affairs*. New York: New York University Press, 2000. pp. 87

⁵² Govt. Web Site.

CHAPTER 4

Conclusion

The year 2003 marks the 50th anniversary of the U.S.-South Korea alliance, which has been one of the long dure bilateral security alliances in the world. The armed forces of the United Nations led by the U.S. Army, fought in the Korean War during which U.S. losses were placed at more than 54000 dead and 103000 wounded. With the armistice agreement signed on 27 July 1953, the United States and the Republic of Korea (ROK) concluded their mutual defence treaty, and the United States Forces Korea (USFK) has since played the pivotal role of deterring aggression from North Korea. Under the security alliance provided by the USFK, South Korea has been able to achieve it's rapid economic development. The alliance fostered a deep sense of security among Koreans as their national security was strongly linked to that of the United States. From the U.S. perspective, South Korea was a success story that repaid the United States for its commitment and support with, first, an economic miracle and later successful democratisation.

The reasons for the restructuring of South Korea-US alliance must be distinguished from the structural reasons of the international systems and the restructuring of the interests and preferences based on the changes in awareness of the players. Structural reasons on the international scale meant the dismantling of the Cold War, the simultaneous progress of both the Cold War and post-Cold War structures and the alleviation of tensions between North and South Korea. On the level of the players, there are changes in awareness with the lessening of a common threat due to the dismantling of the Cold War. And as democracy develops in South Korea, anti-US criticism from civil society grew stronger. Furthermore, the civil society in the US is also changing. These changes within South Korea and the U.S have also called for the restructuring of South Korea-US alliance. The issues related to the restructuring of the South Korea-US alliance are, 'the ideology behind the South Korea-US alliance', 'North Korean nuclear weapons and missiles', 'the political system of North Korea and human rights', 'US troops in South Korea', 'Status of Forces Agreement'. 'Anti-U.S. sentiments', etc.

Domestic political developments in the United States and South Korea: While the rise of Korean nationalism and anti-American sentiment is undeniable, disagreement remains over whether this is a strong trend or just a momentary flare-up. Indeed, polling data seems to indicate that anti-American sentiments remain in flux, suggesting that they might be managed. On the other hand, sentiment could continue to grow and have a severe negative impact on the future of the alliance. In the U.S., while support for the alliance remains strong (in spite of statements by neoconservatives), there are also poor levels of awareness about Korea and soft attitudes about the future of the alliance. This state of affairs could be sharply affected by future developments, easily moving dramatically in either a positive or negative direction.

In recent years China's relations with ROK have deepened considerably. China is now ROK's largest trading partner and the trend is for accelerating trade and investment ties following China's accession to the World Trade Organization (WTO). Beijing has also worked closely with ROK both openly and quietly to manage expanding bilateral relations and sensitive aspects of relations with DPRK, including the ongoing need for food aid and increasing flow of refugees.

The expansion of Chinese-ROK ties also are having an affect on public opinion in ROK, with attitudes towards China becoming increasingly favourable at the same time that attitudes towards the U.S. are becoming more negative. There are many factors affecting shifts in public perceptions, but among them is the realization that ROK has a growing stake in its future relations with China and that it is in the Korean interest to balance this perception with future relations with the U.S. Chinese relations with DPRK have been strained in recent years, but have retained the essential characteristics of DPRK dependence on Chinese political and economic aid to maintain the viability of the DPRK regime, which has been faced with great external and internal pressures for change. DPRK's decision to establish an industrial enterprise zone in Shiniju in 2002 and appoint a Chinese businessman with questionable credentials as the administrator, and the Chinese response of placing him under house arrest for tax evasion, illustrates the lack of close coordination of DPRK and Chinese policy.

China's active courting of ROK and continued willingness to buttress the DPRK regime, despite embarrassing North Korean behaviours, are consistent with its larger national security objectives. In order to counter post Cold War dominance by

the U.S., China adopted in the late 1990s a “new concept of security” in which it embraced regional security dialogue and cooperation. It has pursued this policy actively with the Asia Regional Forum sponsored by ASEAN, and the Shanghai Cooperation Organization, which it helped create with Central Asian countries. In Northeast Asia, this tactic has been reflected in the pursuit of the two Korea policies.

Looking ahead, China can be expected to retain an honest broker relationship with the two Koreas, respecting the legitimate interests of each and seeking peaceful means to advance inter-Korean reconciliation, regional stability and increased economic ties. The recent change in Chinese leadership is also likely to lead to a hardening of Chinese intolerance for DPRK misbehaviours, even if there is no shift from the fundamental policy of not permitting the regime to collapse. The fact that China recently felt compelled to cut off temporarily oil pipeline flow to DPRK to constrain potential actions that would escalate tensions with the U.S. in the wake of the Iraq war, can be interpreted as a recognition and signal that the new leadership is prepared to act to reinforce its views on DPRK behaviour.

The future of South Korea-U.S. alliance has been outlined in three directions: first, the maintaining of the existing South Korea-US alliance; second, lateral or equal relations; and third, improvements into “fair relations.” It is clear that the second and third measures weaken the solidarity and cohesion of the alliance. Whether it is the maintenance of the existing mode of South Korea-U.S. alliance or gradual evolution, or essential reform, would be decided according to the relationships and alliances of the Internal and International ‘social powers.’

With the dismantling of the Cold War and taking the unsymmetrical and hierarchical structure of the South Korea-U.S. alliance, the politics of alliance of East Asian countries based on the new US strategy, emerged as the biggest variable

But at contemporary period china factor is also prevailing in U.S. –ROK relations.

Positive - The United States and China in particular. Given that South Korea is structurally tied to the United States by an alliance framework, equating the rise of China with a Chinese threat will undoubtedly constrain the range of strategic options available for Seoul in its pursuit of reunification.

Negative - China is increasingly more important to South Korea's foreign relations in both economic and strategic terms. At the same time, Seoul has to sustain an amicable and beneficial relationship with Washington not only for economic reasons but also for its strategic and reunification goals. Maintaining amicable relationships with both the United States and China, however, may become increasingly difficult if the overall capability gap between the two, in real or perceptual terms, gets smaller and smaller eventually producing a typical case of "power transition." a "clash of civilization", or even both.

Drastic - More noteworthy are the evolving perceptions of South Koreans toward the United States and China. The emergence of highly favorable views of China among the general public in South Korea marks a stark contrast with the plummeting popularity of America there.

Factor in Rise of the Anti Americanisms

During 2002 in Seoul, dubbed the "candlelight protests," from this proud history, a great exchange has occurred. No doubt many U.S. citizens must have been shocked and angered by the sight of their Stars and Stripes being torn and burned in the streets. Many Koreans themselves were also embarrassed and surprised to witness these unprecedented protests that mobilized many youth and ordinary citizens to downtown streets.

And the cause of the sweeping anti-U.S. rallies was in the late November acquittal of two U.S. soldiers responsible for the deaths of two school girls during a military training exercise on 13 June 2002. There was a general outcry from the public and a national coalition focusing on this case was established. A protest rally in front of the military base led by civic organizations grew into a continuous mass rally at Kwang-hwa-mun plaza in downtown Seoul, where thousands of students, religious groups, and ordinary citizens participated in an ongoing candlelight protest. Neither President George W. Bush's indirect apology through the U.S. ambassador to Korea nor the apologies by other top U.S. government officials could subdue the public outrage. A later apology by President Bush to President Kim Dae-Jung during a telephone conversation was regarded as too late to appease the outcry. The protests then focused on the revision of the Status of Forces Agreement (SOFA) to guarantee

the mandate that the USFK concede its jurisdiction over lawlessness committed by U.S. troops while they perform their duties on Korean soil.

Current anti-Americanism in Korean society is largely political arising from bilateral U.S. - Korea relations. Increasing unilateralism in the foreign policy espoused by the Bush administration negatively affects the minds of not only Europeans but also Koreans. Most ordinary Koreans feel U.S. dominance in international politics in a rather remote way; Koreans tend to see U.S. dominance most clearly in the perceived imbalance in U.S.-Korean bilateral relations. The perception of U.S. strength vis-à-vis South Korea is intensified when the affected party is a poor Korean farmer protesting the opening of the rice market, a Korean woman murdered by an American GI, and schoolgirls killed by U.S. tanks. These events helped produce increasing public resentment against perceived U.S. dominance over South Korea.

Symmetrical power relations are inevitable when a country forges a bilateral relationship with the world's most powerful country. What is unique in the case of South Korea is the fact that the material bases for the power gap with the United States have changed dramatically. When South Korea concluded a military alliance with the United States in 1953, South Korea was a country devastated by war as well as a country with extreme, chronic poverty and chaotic politics. By the late 1980s, however, South Korea had become an affluent society and even became a member of the Organization for Economic Cooperation and Development (OECD) in the early 1990s. Furthermore; a democratic transition followed economic success and Korean democracy is being consolidated despite some growing pains. Experiencing a dramatic change in Korea's national status, many Koreans today seek recognition and reflection from Korea's long-time patron, the United States. Long secure from imminent threat from North Korea and materially comfortable, Koreans have begun to question their identity vis-à-vis the United States and weigh their own national interest as an independent country. This post success new nationalism seems to be more salient than inter-Korean, one-race-of-people nationalism in explaining Korean attitudes toward the United States in 2003.

But the basic action of the anti-U.S. movement in the 1980s relied on student activism, and the protests led by students nearly always involved violence. Aggressive students made several highly publicised storming of U.S. government

properties, including the U.S. Information Service in downtown Seoul. Student movements during the 1980s were led by strong leftist and nationalist ideologues who were anti-capitalist, anti-authoritarian and anti-American. The United States was condemned as an ally of the dictatorial Korean government and Korean conglomerates, both of which were accused of oppressing the Korean masses although some leftists and dissidents joined with the students in their anti-U.S. protests, the great majority of Koreans were worried about and opposed student radicalism against the United States. National security was still the overriding concern of Korean citizens and the perceived U.S. negligence in the democratisation struggle did not develop into popular anti-Americanism.

What distinguishes anti-Americanism in Korea since the 1990s that it is now affected in a large segment of Korean society?

- The major actors involved in the anti-U.S. movements are no longer radical university students or dissidents. Participants in anti-U.S. rallies are usually ordinary citizens;
- Established nongovernmental organisations (NGOs)essentially voluntary groups with grassroots membership are often active in advocating issues and organizing street rallies; focusing on specific issues, they are often guided by a general principle such as environmental protection or protection of human rights;
- Anti-Americanism in Korean society is fundamentally a generational phenomenon; younger people in their 20s and 30s most easily identify with being against the United States; and
- Social problems centering on the USFK are the current focus of organized anti-U.S. rallies and popular anti-U.S. feelings; issues that are raised frequently are related to the USFK-the revision of the SOFA; U.S. soldiers assaulting bar hostesses in camp towns; pollution of the USFK; noisy bombing drills at the Maehyang-ri camp; and irksome presence of the U.S. base, Yongsan, in the center of Seoul.

A salient example is the sudden burst of anti-Americanism during the 2002 Winter Olympics when a popular Korean skater and gold medal contender, Kim

Dong-song, was disqualified in the final lap, allowing a U.S. opponent, Anton Ohno, to win the gold. Many Koreans, especially younger ones, felt that the disqualification was somehow intentional, especially given the fact that it was made in response to a gesture of compliance by Ohno. An anti-Ohno Web page was immediately created and Korean netizens vigorously protested the judge's decision.

The increase in criticism and dissatisfaction with U.S. policies is rooted in the growing differences between Americans and South Koreans over their perceptions of North Korea. South Koreans view the threat from North Korea as immediate and local. The United States sees North Korea as a regional and global threat that requires a concerted effort to end the North's production and proliferation of ballistic missiles and terminate its nuclear weapons program.

From the U.S. perspective, the North Korean threat is based on (1) Pyongyang's insistence on a "military first" policy, despite mass starvation of its people; (2) its illicit pursuit of nuclear weapons, including its flagrant violation of four international and bilateral agreements; (3) its proliferation of arms and missiles; (4) its record of state-sponsored terrorism, including the kidnapping of Japanese and other foreign citizens; (5) its continued hostile military stance toward the South; (6) its continued brutality toward its own people through widespread violation of human rights; (7) its involvement in the international drug trade and counterfeiting and (8) its provocation of South Korea and Japan by spy boats and intelligence agents

South Koreans currently assume North Korea differently. Despite the North's clinging to communist tenets, most South Koreans think that Cold War is over. No longer are South Koreans faced with the invincible Kim Il Sung of the past, whose threatening actions and rhetoric often resoundingly justified South Korea's security-first mentality. South Koreans today see in Kim Jong Il a leader who smiles, makes agreements and promises and seems to be pursuing reforms in North Korea.

Moreover, South Korean citizens seem to be satisfied with Kim Jong Il's promises, even though he has consistently either broken them or failed to fulfil them. South Koreans now feel a connection to what they see as poor, starving and weak brethren in North Korea. They are eager to grasp this as the new reality on the peninsula-an unforeseen legacy of the June 2000 summit in Pyongyang that was part

of President Kim Dae Jung's Sunshine Policy effort. But North Korea remains a local and immediate threat to South Korea.

Some South Koreans assume the United States as an obstacle to reconciliation and reunification. They consider America's principled stance against the North for slow progress in inter-Korean rapprochement and the break in dialogue with Pyongyang. This perception was exacerbated when President Bush named North Korea as part of "the axis of evil" in his State of the Union address in January 2002.

U.S. Response

The existing problems between the United States and the ROK have occasioned a petulance that seems surprising, coming from Americans who have long experience in Korea and presumably possessing eyes to see the same problem James Wade and many others discerned long ago.

U.S. Department of Justice declares that the United States is responsible for much of Seoul's present security and prosperity; the implication being that Koreans are biting the hand that feeds them. Other Americans wonder how Koreans can criticize the United States when "North Korea is rattling a nuclear sword." A pentagon official) argued that "it's like teaching a child to ride a bike. We've been running alongside South Korea, holding on to its handlebars for 50 years. At some point you have to let go." Another U.S. military official in Seoul said in Roh's election, "There is a real sense of mourning here." Meanwhile, Tami Overby, of the American Chamber of Commerce in Seoul, which represents U S. business interests, stated that troop withdrawals would cause investors to "seriously reconsider.. their plans here". This remarkable combination of petulant irritability and grating condescension somehow seems unremarkable to both the people who say such things and sometimes the reporters who quote them.

Allen also complained that some Koreans "still blame America for the division of Korea" in 1945. An index of the gulf separating U.S. and Korean knowledge of this history is a reporter's article, "Many young South Koreans sincerely believe that North Korea has taught for decades: that U.S. troops arrived here in 1950 and Split the nation in two. In reality, the Communist North attacked first." The reporter seemed unaware that U.S. combat divisions landed in early

September 1945, a few weeks after John J. McCloy directed Dean Rusk and a colleague to an adjoining room to find a place to divide Korea that would keep Seoul in the U.S. zone. The Americans consulted no allies, let alone any Koreans in coming to this fateful (and unilateral) decision, which was followed by a three-year US. military occupation government that created the Republic of Korea.

But few Americans are even aware of this fact, let alone feel any responsibility or remorse for it. Nor do most Americans understand that U.S. troops have now been based in Korea for nearly six decades. Is it unreasonable or anti-American-for some Koreans to ask whether they ever plan to go home? How would Americans feel if the situations were reversed and foreign troops had been resident on our soil for more than a half century?

Recent Developments

Recent changes in the geopolitical and geo-economic dynamics in East Asia, triggered especially by a rapidly growing China and coupled with generation changes in key political and economic arenas in both countries, demand an adjustment away from vertical donor recipient bilateral relations.

On top of regional issues related to trade and investment liberalization and to economic and technology assistance to less-developed members. APEC also addressed security issues that are basic to the original objective of U.S. - Korea relations, U.S. and South Korean government at APEC agreed on the common goal of ensuring that the Korean peninsula is free of nuclear weapons. United States promoted a plan whereby five nations the United States, China, Russia, Japan, and the Republic of Korea would jointly give North Korea written assurance that North Korea would not be attacked; this would be in exchange for North Korea's promise to dismantle its nuclear program. South Korea also echoed and praised the U.S. efforts by emphasizing that this issue is very critical for further progress in defusing the North Korean nuclear standoff. Against this background, the Korean government approved a troop dispatch to Iraq together with a contribution to reconstruction funds amounting to \$260 million.

Despite the U.S. move to offer a multilateral pledge for non aggression. North Korea still maintains that the nuclear issue on the Korean peninsula is a matter to be

settled between the DPRK and the United States. Although the U.S. government ruled out signing a nonaggression pact with North Korea, he pledged to explore options to provide assurances that the United States had no plan to attack. Here, It can still see a substantial difference in the two sides, but progress has been made toward achieving a negotiated settlement.

Trade and Investment Policy: Assessment

Expanding free trade area within APEC provides a new opportunity to renew the economic partnership between the United States and Korea. The two countries have experienced a chronic trade deficit with Japan. Korea could become a springboard for the United States to penetrate the Japanese market when a Korea-Japan ITA becomes effective.

Korea's idea of becoming a regional business hub in Northeast Asia includes a national innovation centre, research and development (R&D) clustering, and related product development together with inducing R&D-intensive multilateral corporations into Korea along with logistics and financial hubs. Broadly speaking, Korea's business hub concept is designed to respond hand in hand to the changes in the newly emerging economic and political order in Northeast Asia in the era of globalism and regionalism taking place simultaneously. Korea should upgrade its industrial structure to meet challenges from both Japan and China. In this regard, Korea should develop a formidable service sector as a new source of economic growth and transport activities. Japan's industrial competence, especially in parts and components, has never been challenged by Korea. Furthermore, China at present enjoys an absolute advantage in space technology and wages compared with South Korea. China's wage level is roughly 10 percent of Korea's in the industrial sector.

Korea is now rushing to develop next-generation industries that will ensure sustainable growth in the years to come. These industries include semiconductors, flat-panel displays, high-end intelligent eco-friendly cars, digital broadcasting systems, biotechnology products, and financial activities. Korea needs to develop a new engine of growth in a rapidly globalizing world economy.

A strategic alliance between the United States and Korea in science and technology is in order. The United States and Korea can work together to develop

new products in a win-win manner. The bilateral partnership is likely to strengthen existing ties between the two countries on top of the security linkage. The U.S.–Korea relationship is often viewed in a bilateral context. China has become the first trading partner for Korea, replacing the United States this year; Korea continues to register a trade surplus of more than \$ 10 billion with China. China's rapid emergence economically as well as politically in East Asia.

What should South Korea's options and strategies in dealing with both China and the United States be? Much of the answer to this fundamental question lies in one's assessment of China's future. Should China become a friendly, benign power, Sino-American relations will cause less of a strategic problem for South Korea, which has to maintain good relationships with both. On the other hand, if China should become an aggressive and imposing challenge to the status quo, Washington-Beijing dynamics will no doubt constitute an extremely intricate problem for Seoul. In this regard, at to explore the future of China as a crucial determinant of South Korea's strategic environments and options.

Given the acute strategic dilemma that the "rise" of China that is stronger China at loggerheads with the hegemonic United States may oppose, what would be the best choice for South Korea to opt for? Theoretically, the range of choices is quite wide and there seem to be at least ten options for Seoul to consider. They include; (1) preventive war, (2) distancing/downgrading, (3) neutrality, (4) self-help, (5) bandwagoning, (6) binding, (7) engagement, (8) balancing/containment, (9) hedging, and (10) issue-based support. Given the premise that Seoul seeks to maximize economic gains while safeguarding its security interests and at the same time, aims to maintain good relations with both Washington and Beijing, the following assessments are offered for each of the ten options.

South Korea is not and will not be in any position to contemplate a preventive war against the rising China. In view of the ever-expanding economic, diplomatic, cultural, and even military cooperative relationships between the two, as well as for the sake of maintaining peace and stability on the peninsula; even joining in another country's preventive war against China also appears to be a totally unrealistic alternative for South Korea.

Neither distancing nor downgrading that is reducing the scope and intensity of cooperation is deemed a desirable option from South Korea's viewpoint not only for the obvious geopolitical reasons (China's support or at least, not vetoing is essential for attaining reunification) but also, more importantly, because of its rapidly increasing economic stake. The disastrous effect of China's import ban on the two Korean-made products, mobile phones and polyethylene, during the "garlic war" in the summer of 2000 suggests that as long as China sustains its remarkable growth, the distancing downgrading option is unlikely to be considered by Seoul except under extraordinary circumstances.

Viewed from any geopolitical angle, South Korea is more of a buffer state than a "rim state." Therefore a declaration of neutrality does not appear to be an attractive or viable option for South Korea. While South Korea's overall capabilities would make it a "pivotal state" in some other, more favourable strategic landscape in the Northeast Asian context leaning toward one or two of its stronger neighbours seems a more sensible alternative for Seoul, unless it is both willing and able to become a major power itself. Replacing the U.S.-centered alliance system with self-declared neutrality in the absence of concrete and workable security supplements will be not only difficult but also too risky for Seoul to accept.

Nor does relying on "self help" or opting for internal balancing to attain a self-reliant defence capability look palatable, as it is invariably too costly in both economic (requiring at least additional US \$ 1.5 billion per year) and political (extra efforts to mitigate domestic opposition) terms, and it certainly lacks a "competitive advantage" with respect to the major powers surrounding the Korea peninsula. Some of its independent "spirit" can, however, be utilized in combination with relying on diplomacy vis a vis its great power neighbours. In fact, the "cooperative independent national defence" promoted by South Korean government since 2003 contains a similar thread in this regard.

The option of bandwagoning with China—leaving the current U.S.-based alliance system and joining the Sino-centric world—seems unrealistic as it stands now. For the foreseeable future, the rise of China certainly appears more probable than the collapse of China. Yet the rise of China will undoubtedly be an elongated process estimated to take at least twenty to fifty years. If the *primus inter pares* status of the United States should remain unchanged until 2020 at the earliest, and particularly

given the indispensable contribution the American forces make in deterring North Korea and maintaining stability in the region, it is deemed far too premature for South Korea to now opt for bandwagoning the China.

These parameters are most likely to be set by the congruence of the strategic interests of China and the United States, although the ultimate decision will be made by the South Korean leadership largely within the boundary of these parameters. In identifying the specific boundary of these parameters where the strategic interests of the two great powers converge and diverge the views of American and Chinese policy experts were solicited and decoded.

Decoding elite opinion is always a daunting challenge. No royal method is readily available for randomly sampling experts and opinion leaders, nor is there a magic number for the sample size. Intensive face-to-face interviews utilising both structured and open-ended question were conducted with fifty-six American experts in Washington during 2002 and 2003 and with Chinese experts in Beijing and Shanghai during 2004. Despite the potential problems of selection bias-although efforts were made to minimize it, these interviews may provide a useful sketch of where the strategic preferences of the United States and China tend to converge concerning South Korea.

This time around, a reversed order of preference may prevail in this familiar dilemma. If the crux of the matter is whether the cost of South Korea's departure from the U.S. aligned structure outweighs the benefits of opting for some thing else. Until concrete peace assuring mechanisms are securely installed on the Korean peninsula, it will certainly be cheaper and more reasonable for Seoul to side with Washington, as Beijing has no intention or incentive to support Seoul at the expense of Pyongyang. Furthermore, not only will America's support be indispensable for reunification and post reunification reconstruction but South Korea's economic relationship with the United States is also much too intimately intertwined with it's strategic ties.

Nor can China be dispensed with. Assessing China's power solely in per capita terms misses the whole point of its rise. The former Soviet Unions global status was not premised on its per capita indicators, nor was China's accession to the United Nations Security Council over thirty years ago rooted in its economic calibre. China's

fast-growing presence, influence, and shadow over the Korean peninsula can no longer be refuted.

Seoul will closely monitor the specific behaviour of the United States and China in order to determine which is likely to be more benign toward it. Assuming that the capabilities of the United States and China may eventually become more balanced in the future, which of the two will be deemed more benign will constitute a crucial variable. Whether South Korean's favourable perceptions of and positive expectations for China will actually outlive the eventual rise of China also remains to be seen. In the years to come, however, South Korea may find it increasingly difficult to locate a suitable middle ground between the United States and China without offending either of the two.

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