The Cause of Strife in the U.S.-ROK Alliance

DAVID C. KANG

The United States–Republic of Korea (ROK) alliance is under greater strain than ever before. One former U.S. ambassador to South Korea called 2004 "the lowest point in the history of the alliance,"[1] and in the United States, some influential policy analysts are openly criticizing South Korea and have begun calling for an end to the alliance. Scott Snyder of the Center for Strategic and International Studies noted that "the alliance appears demonstrably less important to both Americans and South Koreans than it was during the Cold War."[2] Nicholas Eberstadt of the American Enterprise Institute called South Korea "a runaway ally," arguing that the United States ought to "work around" the Roh administration.[3] The Cato Institute called for an "amicable divorce," and researchers Ted Galen Carpenter and Doug Bandow suggested that the alliance should be dissolved.[4]

WHY HAVE U.S.-ROK RELATIONS EXPERIENCED TENSION IN THE PAST FEW YEARS?

In the United States, this question is often posited in two parts: Why aren't South Koreans afraid of North Korea? And why aren't South Koreans grateful for the positive role Washington has played in their defense and development over the past five decades?

Indeed, much of the commentary on the rift between Washington and Seoul focuses almost exclusively on cultural and emotional issues. In Korea, for example, there has been debate over a statue honoring General

David C. Kang *is Associate Professor of Government, Adjunct Associate Professor, and Research Director at the Center for International Business at the Tuck School of Business at Dartmouth College. He is the author of* Crony Capitalism: Corruption and Development in South Korea and the Philippines, *and* Nuclear North Korea: A Debate on Engagement Strategies *(with Victor Cha).*

Douglas MacArthur, speed-skater Apolo Ohno's disputed loss in the 2002 Winter Olympics, the two schoolgirls accidentally killed by a U.S. military vehicle, and a heated controversy about whether or not the younger generation is naive in its views about the United States and North Korea. In America, there are some who feel that South Koreans are insufficiently grateful for the steadfast support the United States has given Seoul over the years, emphasizing the loss of U.S. lives protecting South Korea during the Korean War (1950–1953), and the amount of economic and military aid the United States has provided to Korea. Some Americans call South Korea's policy of assistance to North Korea appeasement, and have likened it to paying protection money.

Much of the commentary on the rift between Washington and Seoul focuses almost exclusively on cultural and emotional issues.

However, even if none of these emotional and cultural issues existed, the alliance would still be in dire need of revision; the problems in the U.S.-ROK alliance have not arisen because of Olympic defeats, naive South Korean youth, or American arrogance. The real factor straining the alliance is the structural change that has occurred in East Asia. The region is in flux, and the days of unquestioned U.S. leadership are gone forever.

From the beginning of the Cold War until perhaps a decade ago, East Asia was stable, if not peaceful: Korea and Japan were staunch anticommunist allies of the United States, focused on deterring the Soviet Union and North Korea from military adventurism in the region. China, although large, was politically isolated and economically unimportant. Today, however, China is emerging as the most vibrant and powerful economy in the region, the Soviet Union has disappeared, Japan is exploring ways to exert its influence through a more assertive foreign policy, and interaction between North and South Korea has increased to the point that paved roads and railroads now traverse the Demilitarized Zone (DMZ). The question is how the United States and South Korea can modify their alliance in light of these changes.

This new regional context has created different long-term strategic concerns for the United States and South Korea. For Seoul, the key issue is not North Korean nuclear weapons; it never was. South Korea is first and foremost concerned with national reconciliation—how to integrate North Korea back into the world's most dynamic region, regardless of its nuclear status—and what the foreign policy of a unified Korea should be.

In contrast to Korea's regional issues, U.S. concerns are global in out-

look. For the foreseeable future, the United States will be concerned mainly with counterterrorism and homeland defense and therefore views its East Asia policy as an extension of these national security priorities. Beyond that, the United States is not particularly focused on economic integration in the region, promoting regional stability, or shaping the pace and manner of Korean unification.

In order to find the best path forward for the United States and Korea, policymakers in both countries need to focus on the real issues. In this essay, I argue that although South Korea desires to remain a firm ally of the United States, the two countries' interests in the region are diverging. The U.S.-ROK relationship comprises much more than just the military alliance. Extensive economic ties, cultural flows, and immigration will endure regardless of what form the alliance takes in the future. Nevertheless, while the more apocalyptic concern about the end of the U.S.-ROK alliance is far-fetched, the United States and South Korea must find a new basis for their relationship.

For Seoul, the key issue is not North Korean nuclear weapons; it never was.

WHY SOUTH KOREA DOES NOT FEAR THE NORTH

Among the many reasons for the changing U.S.-ROK alliance, the most immediate is a policy difference over how to deal with North Korea. South Korea's objective is to manage and ultimately solve the North Korea issue, notwithstanding the outcome of nuclear weapons negotiations. The United States, however, is primarily worried about Pyongyang's nuclear weapons program. Even though North Korea has not successfully tested a missile that can reach U.S. soil, Washington is concerned about the potential sale of nuclear material or weapons to groups such as al-Qaeda that would in turn use them against the United States. To that end, the United States has attempted to isolate North Korea and has conditioned its willingness to negotiate with the North until it has dismantled its nuclear weapons programs.[5]

In contrast, South Korea and other East Asian countries such as China are much more concerned about the economic and political consequences of a potential North Korean collapse. In the meantime, these countries believe that North Korea can be deterred. Should a collapse occur, the number of refugees could exceed the entire global refugee population of 2004.[6] Even assuming a best-case scenario in which Pyongyang's collapse did not turn violent, the regional economic and political effects

would be severe. Economic growth in all neighboring countries would be adversely affected, if only because national governments would have to expend scarce resources for the refugee surge. China, South Korea, Japan, and Russia would have to coordinate policies and actions in a rapidly changing political environment.

In addition, Seoul continues to pursue an engagement strategy that has had noticeable success, but unfortunately has received little recognition in the United States. In 1998, South Korean President Kim Dae Jung embarked on the so-called Sunshine Policy, whereby South Korea abandoned its long-standing hostility to the North and began encouraging economic reform there, in addition to cultural exchanges between the two Koreas. This change in strategy has proved popular in the South. In 2002, presidential candidate Roh Moo Hyun won the election based largely on his promise to continue the Sunshine Policy with North Korea.

In 1998, South Korean President Kim Dae Jung embarked on the so-called Sunshine Policy, whereby South Korea abandoned its long-standing hostility to the North.

Following the shift to the Sunshine Policy, South Korea quickly improved its relations with the North: North–South merchandise trade has increased rapidly over the last five years, increasing 50 percent from 2004 to 2005 and exceeding $1 billion for the first time.[7] South Korean conglomerates quickly expanded their activities in the North with the official approval of both the South and North Korean governments. By 2005, over 1,000 South Korean firms had expressed interest in opening operations in North Korea.[8] Perhaps the most notable success has been the Kaesong Industrial Park, a special economic zone just north of the DMZ. Designed to use South Korean capital and North Korean labor, the zone will consist of a railroad and roads that connect North and South and traverse the DMZ.[9] The first products from Kaesong, North Korean-produced iron kitchen pots, became available in Seoul in December 2004 and sold out in one day.[10]

Interactions between the North and South have increased in a number of non-economic areas as well. Hyundai Group established a tour of Mount Kumgang on the east coast of North Korea, which attracted more than 200,000 South Koreans from 2003 to 2004. Meetings between divided families have also occurred on an intermittent basis, and at the 2006 winter Olympics, both countries marched together under the "unification flag." [11]

Despite much skepticism about Kim Jong Il's intentions, North Korea's market-socialism reform policy is continuing. Most significantly, in July 2002, the central government formally enacted a set of economic reforms, the most important of which was the introduction of a market pricing system.[12] Except for crops, rationing was abolished and goods were traded using currency. Although prices continued to be administered by the government, "state prices are brought in line with prices observed in the markets."[13]

Much information about the pace and extent of the reforms is incomplete because North Korea has not opened its economy to full international participation. However, anecdotal evidence abounds that notable change has taken place. Visitors to Pyongyang in 2004 reported that more than 35 distinct markets were in operation, the most famous being the Tongil Market downtown. A microbrewery opened in the city's Yanggakdo Hotel in 2002. Eleven restaurants selling goat delicacies had also opened in the capital by 2004, and the city has a "food street" lined with restaurants that cater to the well-off and to foreigners. These businesses were not privately owned—one was operated by a work unit—but they were "profit generating," according to Nicholas Bonner of Koryo Tours, a company that specializes in travel tours to North Korea.[14] It is estimated that as many as 400 markets operate throughout the entire country.

China has also consistently adhered to an engagement policy toward North Korea. For example, Piao Jianyi of the Institute of Asia Pacific Studies in Beijing stated that "[a]lthough many of our friends see it as a failing state, potentially one with nuclear weapons, China has a different view. North Korea has a reforming economy that is very weak, but getting better every year, and the regime is taking measures to reform its economy, so perhaps the U.S. should reconsider its approach."[15] Without Chinese cooperation, a U.S. attempt to isolate the North will be difficult, if not impossible. Indeed, Kim Jong Il's nine-day visit to Chinese industrial zones in January 2006 was evidence that China continues to have warm relations with the North, and furthermore, that China intends to continue its engagement policy, showing no signs of taking a more coercive stance toward Pyongyang.

On the overall question of how to deal with North Korea, South Korean policy is aimed at a slow opening of the North to the outside world, in the hopes that economic interdependence can strengthen ties, reduce tension, and, over time, prepare the two sides for some type of unification. Given that the United States is focused on nuclear weapons, it is not surprising that Washington and Seoul have experienced difficulties in their relationship.

WHY SOUTH KOREA'S RELATIONSHIP WITH THE UNITED STATES IS CHANGING

The major policy difference over how to approach North Korea masks a fairly smooth working relationship between Seoul and Washington. South Korea provides the largest contingent of troops to Iraq after the United States and United Kingdom. The relocation of U.S. military bases outside of Seoul proceeded with minimal protest, and U.S. and South Korean negotiators are beginning discussions about a free-trade agreement between the two countries. Indeed, there remains deep appreciation and warmth for the United States in South Korea. For example, George Washington University professor Erik Larson notes that there continues to be "substantial support for the alliance and a continued U.S. military presence in South Korea."[16] Both sides, contrary to public perception, value the alliance and their long-standing relationship, and have done everything possible to cooperate.

Although North Korea remains its primary focus, South Korea must ultimately adopt a foreign policy that allows it to deal with the realities of a changed Northeast Asia.

The U.S.-ROK alliance succeeded beyond expectations in maintaining peace at the strategic crossroads of Northeast Asia, promoting South Korean economic development, and helping to enable the emergence of one of East Asia's most vibrant and successful democracies. The United States, of course, pursued mutual U.S.-ROK security interests in maintaining regional peace, which was the prerequisite for South Korean development. Yet the region is changing, and this has caused tensions in a sixty-year-old alliance designed as a containment strategy against the Soviet Union. Although North Korea remains its primary focus, South Korea must ultimately adopt a foreign policy that allows it to deal with the realities of a changed Northeast Asia.

Thus, although South Korean President Roh was roundly criticized for exploring the notion that Korea could be a "balancer"—he dropped the phrase almost immediately—his remark heralded the beginning of a long-term national discussion about how, and to what extent, Korea will situate itself in the region. The days when the United States comprised 90 percent of South Korea's foreign policy focus are gone forever. Now, South Korea—and eventually a unified Korea—must find a way to live with the other major players in East Asia (namely, Japan and China), in addition to

managing its relationship with the United States, a global superpower with interests in the region.

For decades, relations with the United States were South Korea's primary concern. However, China's rapid emergence and Japan's moves toward a more independent and assertive foreign policy mean that Seoul must deal with an environment in which the United States is only one of a number of powerful countries with divergent agendas in the region. As such, Roh's foreign policy pronouncements are more than a reflection of "leftists" or "callow youths," as some conservatives in South Korea claim; rather, they are a reflection of a dynamic region where there are no easy choices.

Although there is much discussion about generational differences in South Korean attitudes toward foreign policy, this talk is somewhat overstated. In terms of South Korea's fundamental approach to North Korea, there is widespread agreement among the South Korean populace that engagement is the proper strategy to follow. For example, a March 2005 opinion poll in South Korea's second largest newspaper found that 77 percent of Koreans supported the use of diplomatic means and talks with North Korea in response to its nuclear weapons development and kidnapping of foreign civilians. [17] Significantly, even those from the "older generations" were solidly in favor of engagement. Of those in their sixties or older, 63.6 percent supported the use of diplomatic relations to address nuclear weapons and kidnapping issues.

A March 2005 opinion poll found that 77 percent of Koreans supported the use of diplomatic means and talks with North Korea in response to its nuclear weapons development and kidnapping of foreign civilians.

Furthermore, China's emergence in the region, and its importance to Korea, was exemplified in 2003 by its surpassing the United States as the largest export market for South Korean products—a position the United States had held since 1965.[18] In 2003, South Korea invested more in China than the United States—$4.4 billion as compared to $4.2 billion[19] In 2005, the ROK was China's third-largest investor, investing over $28 billion.[20] South Korean exports to China increased 35 percent in 2003, to $47.5 billion, far surpassing its exports to the United States, which increased only seven percent, to $36.7 billion.[21] As a result of China's emerging economic power and geographic proximity to Korea, it is not surprising that South Korea will inevitably have to take China into account as it crafts its future policies.

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

CONCLUSION

South Korea's eternal problem is that it sits at the intersection of a number of great powers. The Cold War, which allowed South Korea to concentrate primarily on its relations with the United States, was an exception to this fundamental regional dynamic. With China's emergence, Japan's moves toward a "normal" foreign policy, and continued U.S. concern over North Korean nuclear weapons, South Korea faces the unenviable task of formulating a foreign policy strategy that allows it to retain some control over its own fate and pursue its primary goal of reconciliation with the North, while juggling competing interests from a number of great powers.[22]

There are no obvious choices for South Korea. The actions that other states take—especially the actions of the United States—will go a long way toward determining the constraints within which South Korea operates. However, it is important to understand this fundamental Korean dynamic; it is not emotionalism, nor is it anti-Americanism, that has caused strife in the U.S.-ROK alliance.

The alliance itself may change, which is to be expected, and not feared. Furthermore, the relationship between the United States and South Korea is far deeper than just an alliance—it comprises economic and cultural flows, immigration, and enduring values such as a firm commitment to capitalism and democracy. This relationship will continue to deepen no matter what form the military alliance between the two countries takes. However, to promote both U.S. and South Korean national interests, and to further the goal of peace and stability in the region, both sides will need to avoid petty emotional squabbles and focus on the real issues confronting the alliance. ■

ENDNOTES

1 Donald Gregg, "Kim Jong-il: The Truth Behind the Caricature," *Newsweek*, February 3, 2003, 36.
2 Scott Snyder, "The Beginning of the End of the U.S.-ROK Alliance?" *PacNET* 36 (Honolulu, HI: Pacific Forum-CSIS, August 26, 2004), <www.csis.org/component/option,com_csis_pubs/task,view/id,337/> (accessed April 5, 2006).
3 Nicholas Eberstadt, "Tear Down This Tyranny," *The Weekly Standard*, November 29, 2004, <www.weeklystandard.com/Content/Public/Articles/000/000/004/951szxxd.asp> (accessed April 5, 2006).

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

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

6 *World Refugee Survey* 2004, U.S. Committee for Refugees and Immigrants, <www.refugees.org/article.aspx?id=1156> (accessed February 16, 2006).

7 "Inter-Korean Trade beats $1 billion in 2005," *JoongAng Ilbo*, January 23, 2006; and Economist Intelligence Unit, *North Korea: Country Report 2003* (London: The Economist Intelligence Unit, 2003), 19.

8 Anthony Faiola and Joohee Cho, "Perils of Investing in North Korea Become Clear to a Pioneer," *The Washington Post*, November 24, 2005.

9 "Road Connecting The Two Koreas Opens," *Donga Ilbo*, December 1, 2004.

10 Yonhap, "First Products from Inter-Korean Project Due On Sale in South This Week," December 13, 2004.

11 For more detail, see David Kang, "North Korea's Economy," in Robert Worden, ed., *North Korea: A Country Study* (Washington, D.C.: Federal Research Bureau, forthcoming).

12 See Aidan Foster-Carter, "North Korea caves in to the market," *Asia Times*, August 6, 2002, <www.asiatimes.com/atimes/Korea/DH06Dgol.html> (accessed March 29, 2006).

13 Marcus Noland, "Life Inside North Korea," (Testimony on Life Inside North Korea Subcommittee on East Asian and Pacific Affairs, United States Senate, Washington, DC, June 5, 2003), 3.

14 Andrew Salmon, "For the lucky, North Korea's food options grow," *International Herald Tribune*, October 30, 2004, <www.iht.com/articles/2004/10/30/a4_33.php> (accessed April 5, 2006).

15 Howard French, "Doubting U.S., China Is Wary of Korea Role," *The New York Times*, February 19, 2005.

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

17 *Donga Ilbo*, "Opinion Poll on South Korean Attitudes Toward Japan and Other Nations," March 4–31, 2005, <www.donga.com/fbin/output?f=aps&n=200504602 47&main=1> (accessed February 11, 2006).

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

19 "Korea's China Play," *BusinessWeek*, March 29, 2004, 32.

20 *China Knowledge*, "China Becoming Primary Investment Destination for South Korean Enterprises," November 29, 2005, <www.chinaknowledge.com/financial/news-detail.aspx?cat=general&ID=1533> (accessed April 10, 2006).

21 Ibid.

22 Christopher Hughes, *Japan's Re-Emergence as a 'Normal' Military Power* (London: International Institute for Strategic Studies, Adelphi Papers 368-9, 2005).