

The Changing Sino-U.S. Relationship and South Korea's Foreign Policy Strategy^{*}

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I. SINO-U.S. STRATEGIC COOPERATION AND COMPETITION

SINCE CHINA'S RISE in the 1990s, the United States and China have been engaged in a game oscillating between strategic cooperation and competition. Swinging between the two ends of strategic cooperation and strategic competition, both powers have tried to maximize their national interests while seeking stable coexistence. The relationship has also been affected by various domestic forces as well as profound changes in the international environment, such as the rising threat of terrorism and severe economic crises.

The 21st century has seen the United States trapped in the quandary of terrorism and Middle East politics, while China's influence has gained international recognition as a result of its efforts to handle the 2008 global financial crisis. This led to the Obama administration's strengthening of Sino-U.S. strategic cooperation, emphasizing that China's rise is helpful not just to the United States, but also to the world as a whole. However, the relative decline in American status and the resulting discourse on

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China are creating concerns and tensions regarding the possibility of a power transition.

In 2010, a series of events took place that raised tensions in the Sino-U.S. relationship, such as the Copenhagen conference, the sale of weapons to Taiwan by the United States, the Dalai Lama's U.S. visit, conflicts in the South China Sea, the Diaoyudao (Senkaku) island dispute and the ROK-U.S. joint military exercises in the wake of the *Cheonan* incident. Such incidents demonstrated that, while the two are bound structurally to cooperation by long standing factors, there are also ample possibilities for distrust and competition surrounding various issues, which can be amplified and extended to other countries concerned. The trajectory of individual issues was shaped by the ruling perspectives of each of the countries towards the other, deciding whether cooperation or competition would take place as a self fulfilling prophecy, and whether the escalation of tensions regarding the issue was possible given the existing balance of military and economic power. When competition and power transition are taken to be self fulfilling prophecies, this causes the problem that many unprepared security issues are interpreted as the result of Sino-U.S. strategic rivalry. Although both unprepared powers assume defensive positions, these positions are manifested in offensive actions. This is a typical case of the security dilemma, in which defensive actions are misinterpreted as harboring offensive intent due to a lack of mutual trust and information, causing a cycle of escalation.

China is an important axis in the U.S.'s East Asia strategy. Most noteworthy is the fact that U.S.-China relations have moved beyond open competition to a network-based multifaceted relationship. The Obama administration is seeking cooperation with China in global networks such as the G20, while simultaneously creating a blueprint to respond to its rise in East Asia. As in the past, the 2010 Quadrennial Defense Review continued to stress the importance of security cooperation with allies. The United States reaffirmed its security guarantee to friends and allies, while outlining its plan to strengthen cooperation in a comprehensive manner, encompassing economic, social development, internal security and intelligence aspects. Specifically, the U.S. vowed to strengthen cooperation with allies in the areas of peacekeeping, stability, reconstruction, missile

defense and non-proliferation and energy security, while stressing that Washington will continue to build a defense posture that further enhances cooperation.

Such an East Asia strategy was clearly stated in Secretary of State Hillary Clinton's speech given on October 28, 2010¹. The

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United States defined its Asia policy as a "forward-deployed diplomacy" based on active re-engagement. Washington declared its aim to reinforce its East Asia strategy using all available means, such as bilateral alliances, multilateral mechanisms and other multi-actor platforms, as well as pre-existing friendships. In other words, the United States is building a long-term strategy mechanism towards China based on multidimensional networks.

While the U.S.'s strategy towards China is coherent with its East Asia policy and displays flexibility between various networks, China still has to focus primarily on internal issues, such as economic development and domestic political stability rather than an international strategy towards East Asia or the United States. Meanwhile, China is simultaneously defending itself against the American strategy and redefining its core interests according to its own rise in power. Witnessing the American influence in issues that China defines as core interests, such as the South China Sea dispute, China is becoming weary about a possible swing towards containment in American policy. Some in China also hold the view that the U.S.'s re-engagement of East Asia will strengthen its so-called hegemony and revive Cold War style confrontation. Indeed, Beijing has been quick to express concerns regarding the ROK-U.S. joint military exercise in the West Sea (Korean name of the "Yellow Sea") following the 2010 *Cheonan* incident, going as far as to call the alliance a leftover from the Cold War.

However, China's own response to the United States' network-based, post-modern strategy remains entrenched in modern power building, with some parts based on soft diplomacy and public diplomacy. If China can sustain economic growth while expanding

its domestic market to overcome the problems caused by rapid growth, its strategy towards the United States will become more sophisticated. Pivotal in the ongoing strategy formulation is the growing complexity in decision-making processes, coupled with the increasing heterogeneity in social opinion. The Chinese leadership responds sensitively to a wide spectrum of domestic opinions, in order to fulfill the duty of a one-party regime in pre-emptively absorbing dissonant voices. The single-party regime has to take care of both efficient economic growth while heeding populist nationalism to guarantee its own legitimacy. When the Chinese government's response to challenges to its rise from surrounding powers are seen to be lacking, nationalist sentiments are incited and spread through the country's highly developed media network. Thus, Beijing's hand is forced to give a hardline response in the case of such conflicts.

Over time, the actors involved in Chinese diplomacy have gone beyond the ranks of the Communist Party of China (CPC). The People's Liberation Army, lower ranking government officials, local bureaucrats, capitalists involved in export enterprises, energy-related bureaucracies as well as the media now try to influence the state's diplomatic policy according to their own interests. This places the government in a dilemma as it struggles to achieve a balance between the diverse vested interests. At times, this results in a tendency to pursue individual interests rather than the national interests of a rising great power. For example, the Chinese foreign minister, faced with pressure from the military and public opinion in southern China, chose to express strong criticism of the United States in response to Secretary of State Hillary Clinton's comments regarding the South China Sea in 2010.²

Just as much as China is concerned about the United States and domestic actors, it also has to keep an eye on its neighbors. China keeps a close watch on how its rise is perceived by its neighbors and how this affects their policies toward China. While using its considerable economic clout to build close ties with its neighbors, it also pursues a foreign policy emphasizing soft power, shared values and public diplomacy. The aim is to send the message that China's rise will be conducted through peaceful means and warn against the

negative outcome of any containment policy from the U.S..

Ultimately, China's strategy towards the U.S. will also gradually take on a network-based configuration befitting the 21st century. This is unavoidable, even if only to respond in kind to the U.S.'s networking and soft power strategy. As the respective visions of the two great powers regarding the strategic architecture of East Asia come head to head, the oscillation between conflict and cooperation over a variety of issues will continue. Although the perspectives taken by the two major players and their domestic actors are likely to be the most crucial factors, this does not mean that the role of the middle power can be neglected. It will be worthwhile to examine the practical role that middle powers like Korea could play in the evolving organizational structure of East Asia.

II. THEORETICAL PERSPECTIVES REGARDING THE SINO-U.S. RELATIONSHIP

1. Pessimism: Power Transition and Offensive Realism

HOW WOULD CHINA'S RISE and the closing gap in power disparity impact the global and regional orders? Power transition and the resulting change in the international order is a recurring theme in history, and many theories have been formulated to explain the phenomenon. The problem is that the history and actors forming the backdrop to power transition are rapidly changing, and thus, global politics in the 21st century have undergone a facelift, with the entry of new actors into a changing power field.

Power transition theory deals with this phenomenon most directly and is taken as the most definitive in the field. In this view, the most important structural factor in the equation explaining and predicting change in the international order is national power. When the rising power reaches parity of about 20% difference in power with the existing hegemon, it begins to consider directly challenging the existing order. Whether and when the challenge occurs depends on how much dissatisfaction the rising power harbors towards the leadership of the existing hegemon and the structure of international politics. Looking back at the history of the modern Western international order, the rising power

challenges the hegemon when it experiences dissatisfaction regarding the existing regime and almost without exception, this took place in the form of a great war. The rise of the United States to replace Britain stands as the only exception to the rule. Meanwhile, there are variations in the timing, length and intensity of wars over hegemonic status.³

However, power and dissatisfaction are not the only factors deciding how and when power transition takes place and what outcome will be. The existence of an alliance of powers in cohorts with the challenger and the magnitude and intent of such a power coalition are also significant. The response of the hegemon, its allies and other satisfied powers are also important variables. If the existing hegemon takes an inclusive stance to reduce the dissatisfaction of the rising power, power transition can be peaceful, if it happens at all. If the hegemon creates a strong alliance to keep the challenger below parity level while making efforts to assuage its dissatisfaction, power transition does not occur.⁴

If China's rise is observed under the lens of power transition theory, factors affecting the outcome would include changes in China's rising power, its dissatisfaction with the American-led order, its own strategic intent, the capabilities of sympathetic powers, the engagement policies of the U.S. and its allies and the success of containment policies to slow down China's development.⁵

Based on a looser hypothesis than power transition theory, offensive realism also tries to explain conflict between great powers using the systemic factor of power distribution structure. Mearsheimer posits that all great powers seek regional hegemony in order to maximize their own security under the organizational principle of anarchy, the basic premise of offensive realism. Rather than focusing on the intentions of possible threats, his theory argues that a hegemon's security strategies will only become offensive in order to maximize the power disparity and thus, the state's own security. Under the anarchic organizational principle of modern international relations, great powers try to maximize their own security and their pursuit of regional hegemony becomes unavoidable. Thus, great powers coexisting in the same region face the tragedy of perpetual competition and conflict.⁶

In the offensive realist view, China and the U.S. are both great powers in competition for security and the competition between them will only intensify in the future. Although it may be difficult for China to challenge the American hegemony on a global scale, it will have no choice but to seek regional hegemony in East Asia to maximize its own security and protect its core interests. In the process, it will come into security competition, not only with its neighbors, but also with the United States.⁷ The logic of a peaceful rise cannot stand under the overarching worldview of offensive realism.

Offensive realism also runs parallel to discourse within China. Yan Xuetong is the leading scholar in Chinese offensive realism. He stresses the superficial nature of friendship between the U.S. and China, arguing instead for a conflict of interest theory. His argument is that the United States and China are structurally bound to a competitive relationship, and any possibility of cooperation will have to be considered under mutual recognition of this fact.⁸ He also places weight on the strategic expansion of China, pointing out that Japan, despite its attempts to balance, may have no choice but to seek cooperation with the great rising power.

Yan also recognizes the difference between Soviet-U.S. competition over superpower status and the current Sino-U.S. relationship, pointing out that the United States is still a superpower while China remains one of several great powers. However, he does not refute the point that China's development, if sustained, will mean the closing of the gap between it and the U.S.. The extent of the disparity between the two countries will be determined by the extent of U.S. commitments abroad and its external support.

Domestically, this depends on China making the right political decisions to strengthen its national power. Internationally, it depends on the European Union's ability to establish a cohesive unit by 2015. This would determine whether China would become the third greatest power after the EU or the second.⁹

For other East Asian countries, the possibility of a bipolar competition between the U.S. and China in the region presents a huge threat. However, the question remains whether such realist predictions are truly inevitable. Firstly, other explanations in the

realist faction are critical of such a view. Even if national power is taken as the most important factor, this does not mean that conflict is inevitable. For example, defensive realists argue that states are fundamentally defensive in intent and do not rule out the possibility of creating cooperative institutions to resolve security dilemmas. As Friedberg posits, there is also the possibility that China and the United States can achieve cooperation and peace in light of mutual threats and the deterrent effect of nuclear weapons.

Kirshner offers a different outlook in his critique of Mearsheimer's offensive realism from the perspective of classical realism. Kirshner is skeptical of the inevitability of conflict argued for by offensive realists. In his view, the basic premise of offensive realism—that great powers have no choice but to seek hegemony in order to secure their own survival—is faulty. For China to seek hegemony in an environment surrounded by great powers would mean a decrease in stability and a threat to its own survival. China is surrounded by many powerful states, such as Japan, India, Vietnam and Korea, which will react with great resistance to its pursuit of hegemony in Asia.

Offensive realism is a branch of structural neo-realism, which views systemic variables as the deciding factor in shaping the Sino-U.S. relationship. Classical realism also acknowledges that power is a key variable in determining relationships between great powers. However, unlike neo-realism, it goes beyond the deterministic view to stress that the future may be shaped by the perceptions, ideology, culture and strategies of various state actors. In fact, classical realists, such as Morgenthau and Carr, place emphasis on the importance of diplomacy and political actions in determining international relations, even while considering power as a key factor. In other words, the future depends on how state actors choose to behave and diplomacy based on power considerations also plays a significant role. Classical realists continued to stress the importance of diplomacy with the Soviet Union even during the Cold War, under the premise of power politics. Likewise, it is important to keep in mind the systemic changes caused by China's rise, but a more scientific approach would be to consider the future that may be constructed through diplomacy.¹⁰

2. Optimism

FOR DISCOURSE more firmly entrenched in the optimist camp, there are liberalist theories of international relations. Liberalists place emphasis on a variety of variables other than national strength and strategy. Firstly, the logic of the market is firmly rooted in international relationships bound by economic interdependence. As mutual sensitivity and vulnerability rise as a result of interdependence, and mutual interests are maximized, it becomes difficult for conflicts to escalate into open war. Liberalists also base their optimism on the institutionalization of cooperation, which creates mechanisms for conflict resolution. China and the United States are already very much economically interdependent with many economic actors placing emphasis on the logic of the market. Moreover, strategic dialogues between the two are taking place at various levels through diverse routes. If China were to take the path of democracy, there would be close integration between the civil societies of the two countries, which might also serve to keep inter-governmental disputes in check. Friedberg also cites the increasing economic interdependence, China's increasing integration into the global order and the possibility of its evolution into a liberal democracy as positive factors.¹¹

China truly is an indispensable partner to the United States in the economic sphere, and will act as a stepping stone to American economic recovery and subsequent revival of the U.S.'s hegemonic status. Although China is a challenger to U.S. hegemony and a target of active U.S. containment, it is also extremely important to American economic growth, which means that the economic ties between the two have to be managed prudently. This relationship of interdependence is evident from the economic value of China to the United States. China is the U.S.'s 2nd largest trading partner and the greatest exporter of goods to the U.S.. At the same time, China is the third largest importer of U.S. goods, as it is the market for 6.6% of all American exports.

In 2010, China accounted for 7% of exports and 19% of imports in the total trade volume of the U.S.. China is not only a more significant export market than Japan, Germany and France, it also accounts for more imports than Mexico and Canada. In the 1990s,

the China market accounted for an annual average of 1.5% of total U.S. exports, but this figure shot up to over 6% in the 2000s. This is the greatest growth in export markets for American goods since the 2000s. Although the China market for American exports only accounts for 20% of the Eurozone and 50% of Mexico currently, the rapid growth rate means that it will soon become the second largest market for American goods after the Eurozone.

On the other hand, China relies on the trade surplus from the United States as one of the engines of its economic rise. However, the overall proportion of exports to the United States in China's total export volume is decreasing. After a historic high of 10% in 2004, the proportion of U.S. exports in China's GDP has been steadily declining, reaching about 6% in 2009.

In the past decade, China's reserves of American treasury bonds have quadrupled. In 2001, China's reserves of U.S. treasury bonds stood at a mere 78 billion USD, or 1/10th of all U.S. treasury bonds held worldwide. In 2007, this figure rose to 500 billion USD, or 1/4 of the total.

It is important to note the fact that China's rise is taking place under a new framework of international politics—an American led post-modern order. China's level of integration into the American-led capitalist global economic network is very high indeed. For example, half of China's export goods are produced using foreign capital and more than half of these goods are assembled products. Thus, it can be seen that China plays a significant role in the global production chain.¹²

As seen at the G20 summit, another challenge for China in keeping up its economic growth is abiding by international regulatory norms while maintaining its rise. The G20 summit, while fundamentally a state-centric modern institution, also combines elements of network governance with the participation of non-state actors, such as the IMF, the World Bank, private capital and civil organizations.¹³ The growth and rise of China is very much

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integrated into the processes of post-modernism. China could ultimately attempt to create a new economic order, but for now it has to seek a stable external economic environment. If conflicts in neighboring regions call for Chinese military intervention or spark off an arms race, which adversely impacts China's economic development, this could jeopardize China's entire national strategy. This would be especially so in the case of a standoff with the United States.

In sum, liberalism, which emphasizes the market and non-state actors is critical of the realist prediction of inevitable conflict, as China is strongly entrenched in the U.S.-led liberal system of international political economy. However, it is unclear to what extent this corresponds with the democratic peace theory or the neo-liberal institutionalist theory of institutional peace. Although China is becoming more diversified, it is still not a democracy. Also, even though Beijing and Washington are participating in cooperation institutions and the bilateral relationship is changing as East Asian international politics becomes more institutionalized, their power competition is also taking place in the form of competition and balancing within international institutions. I will analyze this aspect of the Sino-U.S. relationship in greater depth in the following section.

III. U.S. RE-ENGAGEMENT OF ASIA AND CHINA'S RESPONSE

WITH THE RISE of China, the U.S. response has been to strengthen its engagement of East Asia by reinforcing its military, economic and cultural architecture in the region. Simultaneously, China is also trying to present its own vision of East Asia as its own power grows, in order to create an East Asian architecture more favorable to its own interests.

In the evolved power field of international politics in the 21st century, the Sino-U.S. relationship has to be considered under the lens of several theoretical viewpoints. Firstly, the shift in the balance of economic and military power is no longer the deciding factor in shaping the East Asian order. Other factors related to soft power, such as culture, ideology, knowledge and institutions, are growing in

importance and competition in these fields will become a significant part of the Sino-U.S. relationship. In this sense, the construction of order as discussed by constructivists has become more important. Secondly, as discussed by liberalists, the market softens Sino-U.S. competition, but the power of the state to influence markets remains strong due to strategic competition and mistrust. This is especially true in the case of China's state-led market economy, and thus it remains unclear how much influence market forces could have on state policy. Thirdly, international political organizations working on a global scale include East Asia in their scope of influence. The importance of state actors in the 'international' sphere will contract to give way to networks of diverse actors in global governance, such as international organizations, capital, civil society, individuals and media. Such a change would not only impact the Sino-U.S. relationship, but also the governance of East Asia. Thus, when the U.S. and China try to command the East Asian order according to their respective interests, they have to respond more sensitively to these networks of non-state actors. In this sense, the nature of hegemony becomes more network-based or governance inclined.

The current trajectory of the Sino-U.S. relationship seems to indicate the influences of these new forces at play, rather than a direct application of realism and liberalism. Looking at actual policies, the Obama administration put an end to the primacy strategy, which had been implemented throughout the Bush administration to opt for a strategy of selective intervention. After the September 11th attacks, the United States suffered a crisis of security and legitimacy, followed by a huge financial crisis, making it difficult for it to continue its traditional hegemonic strategy. As a whole, the U.S. is pursuing multilateral cooperation to solve the domestic and global security threat of terrorism while responding to challenges to its hegemony. Such a modification of its grand strategy is being carried out under the consideration that its leadership is not facing any serious threat in the short to mid-term, even though other competitors including China may be on the ascent.

Some scholars are even suggesting more radical retrenchment strategies to achieve offshore balance. They hold the view that as the United States is in declining fiscal health, it has to manage the

relative decline of its hegemony and formulate a retrenchment strategy for recovery. At the same time, a “graceful retrenchment” strategy is recommended to manage its decline, in light of a possible conflict with a rising China and the relative decline of the United States. Such a graceful retrenchment would slow down the pace of decline by decreasing American commitments abroad and increasing U.S. dependence on its allies to maintain the regional balance of power and structurally manage the next hegemon.¹⁴

In the 21st century, the United States has been preoccupied with terrorism and other issues in the Middle East, while the influence of China became widely recognized due to its actions following the 2008 financial crisis. This led to the Obama administration’s emphasis on strategic cooperation between Beijing and Washington, based on the belief that China’s development is beneficial not only to the United States but to the world as a whole. However, the relative decline of the United States has led to concerns about power transition and tension, which have formed the backdrop to discourse surrounding China’s rise. The series of events leading to Sino-American tensions in 2010, such as the Copenhagen climate conference, weapons sales to Taiwan, the Dalai Lama’s U.S. visit, ROK-U.S. joint military exercises following the *Cheonan* incident, as well as disputes in the South China Sea and the Diaoyudao (Senkaku) islands, showed that while the U.S. and China have long-term reasons to seek structural cooperation, mistrust and competition can be stirred up by various issues and spread to other states concerned.

U.S. Secretary of State Hillary Clinton does not deny the competitive nature of the Sino-U.S. relationship. However, she stresses that the U.S.’s engagement strategy runs parallel with competition. Clinton’s Asia strategy is based on five principles: an emphasis on bilateral relationships; strategies based on clear objectives and values (e.g., security, stability, economic growth, democracy and human rights); result-oriented pragmatism; flexibility of means including unofficial and minilateral frameworks (e.g., Three-Party Talks, Six-Party Talks); and the use of major regional multilateral initiatives.¹⁵ This view is echoed in later statements defining the objectives of the U.S.’s Asia policy as

economic development, regional security and loyalty to U.S. values, which the U.S. hopes to achieve through bilateral alliances, partnerships and multilateral instruments.¹⁶

Within such an East Asia strategy, the U.S.'s China policy can be summarized into three main branches: the U.S.-led construction of the East Asian region, the Sino-U.S. relationship and bilateral cooperation on a variety of issues. More specifically, the United States will keep close ties with its existing allies (South Korea, Japan, Australia, the Philippines and Thailand) and partners (Indonesia, India, Vietnam, Singapore, Malaysia and New Zealand) to pursue a forward-deployed diplomacy. In the Sino-U.S. relationship, the U.S. plans to maintain its engagement strategy, keeping the strategic dialogue going while seeking cooperation on a variety of global issues, such as the environment, the global economy and non-proliferation.¹⁷

The view of the Sino-U.S. relationship put forth by Secretary of State Clinton is a clear demonstration of the U.S.'s strategy towards China. After outlining the premise that it is important to utilize the growth and momentum of Asia for the economic and strategic interests of the United States, she put forward the idea that the Asia-Pacific will become a stage of renewed engagement. She supports America's interest in the region, citing figures such as the U.S.'s 320 billion dollars worth of exports to the Asia-Pacific in 2010, which created 850,000 jobs in the U.S.. Ultimately, she defines the Sino-U.S. relationship as the most challenging and important bilateral relationship in the history of the United States, which requires careful, continuous and dynamic strategic efforts, calling for a China strategy that is based on reality and outcome-oriented, while being faithful to the principles and interests of America.

Clinton went on to evaluate the past two and half years of the U.S.'s China strategy, saying that its core had been to expand shared interests, promote mutual trust and encourage more active efforts from China in solving global issues. She also stressed the role of the APEC, TPP, minilateralism and bilateral FTAs as the pillars of East Asian economic construction, saying that the regional architecture has to be responsive, flexible and effective. Clinton also added that the United States hopes that the TPP will become a model for regional

economic construction and that it will lead to greater regional integration and free trade, emphasizing the need to work towards reduced export restrictions, increased transparency and fairness.¹⁸

From this, we can observe that the United States will not seek a balancing strategy against China in the short term. China's power has not grown to the extent that it has become a serious challenger to the United States and thus Washington seems to have decided that it can maintain global security and the economic architecture as the sole hegemon.¹⁹ In the short term, this can be seen as seeking engagement and cooperation among great powers to postpone the use of a balancing strategy. However, this does not rule out the possibility that China could eventually challenge U.S. hegemony. Thus, the United States is making efforts to tie China down within the American framework and create mechanisms to keep it in check.

In the military arena, the United States has always emphasized security cooperation with its allies and partners and is continuing to do so, as outlined in the 2010 Quadrennial Defense Review. This report reaffirmed the U.S.'s security commitments abroad and revealed its plan to strengthen cooperation in a comprehensive way, going beyond military cooperation to encompass all areas of diplomatic, economic, social development, internal security and intelligence cooperation. It also stated the position that Washington will work with its allies to strengthen cooperation on a broad range of issues, such as peacekeeping, stability, reconstruction, non-proliferation and missile defense as well as energy security, placing emphasis on building a national defense posture conducive to cooperation.

The U.S.'s plan for East Asia is taking specific form in its active engagement policy, the expansion of which shows its resolve to expand its response to China across the region. While emphasizing cooperation on a wide scale with China, the United States remains wary of the latter's military buildup in space and cyber technologies, stating that it will keep a close watch on China's military buildup in order to protect both its own and its allies' interests.²⁰

The report "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense" outlines the most recent developments in U.S. defense strategy. The report, written with future military budget cuts in mind, has the following key points: the structure of

U.S. combat forces and investments will be reconfigured towards the Asia-Pacific and the Middle East; large-scale permanent military bases will be changed to more readily transportable forms; and while budget cuts of 487 billion dollars will be made over the following decade, budget flows to the key areas of the war against terrorism, anti-WMD proliferation, alliance support and cyber terrorism defense will either be kept intact or increased.²¹

The report makes it clear that the United States views the Asia-Pacific as a key strategic region. Although the threat terrorism poses to the global security environment remains the key priority, its importance is declining, while the Asia-Pacific remains crucial to the future economic development of the United States and the maintenance of alliances. The United States puts anti-access access denial (A2AD) response as its third priority in its defense strategy. If the first and second priorities apply to general objectives of anti-terrorism and deterrence or defense, the third priority applies to China as a singular entity of crucial importance to the U.S..²²

China also views Asia as key to its national strategy and pursues harmony as its long-term goal, believing that all Asian countries share the common goal of initiating joint development and fostering harmony in the region. President Hu Jintao put forth five suggestions for its implementation: first, respecting diversity in civilization and promoting good relationships between neighbors; second, seeking overall development by changing the patterns of development (in other words, seeking economic development in keeping with global trends and seeking harmony between the global economy and domestic economy); third, sharing opportunities for development and facing challenges together; fourth, seeking common ground in spite of differences in order to promote joint security; and finally, overcoming the Cold War zero-sum mentality to seek regional security cooperation, peace and stability, pursue mutual interests and deepen regional cooperation.²³

Domestically, China aims to continue its stable economic growth over the next decade to create a “*xiaokang* society” (a modestly well-off society) by 2022.²⁴ The 12th Five Year Plan emphasizes stable economic development, creating domestic demand and resolving inequality. Thus, Beijing also finds it prudent to refrain from overt

competition with the United States at this premature stage.

Although Chinese military policy recently seemed to have shifted from defensive realism to offensive realism, Chinese economic policy continued to abide by the rules of the liberal economic order, while seeking a greater voice within the framework. China's official policy for the next decade is to create a stable economic environment and maintain cooperation with the United States, while developing its own capabilities to protect its core interests and prepare for the construction of a multilateral East Asian order.²⁵

Thus, China also seems to have little appetite for a balancing strategy against the United States in the short term. Even though the U.S.'s leadership has been weakened by the economic crisis, the grand strategies of the two both recognize the importance of cooperation for crisis resolution. China will continue preparing for long-term development by seeking cooperation with great powers in the near future. However, there is no way of predicting whether it will challenge U.S. hegemony to seek a power transition, or whether the relationship will remain at the level of competition between great powers.

China's response to the "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense" report is also telling. On January 6, 2012, the *Global Times* stated that, although the U.S. cut its military budget, its engagement with Asia is being strengthened, with China and Iran as the key targets. In other words, it pointed out that the U.S. is indeed seeking to contain China, while the latter's efforts to improve the bilateral relationship are having little effect. With Sino-U.S. competition intensifying, China's strength is in its economy and thus its strategy has to be to overshadow the U.S. economically. The editorial theorizes that, although the two have to be wary of entering a new Cold War, China cannot afford to lose its right to security in the Asian region to the United States.²⁶

IV. KOREA'S DIPLOMATIC STRATEGY

1. From Small to Middle Power Diplomacy

GREAT POWERS TRY to increase their influence over the entire international order to maximize their own interests. Although the

benefits from security may be defensive in nature, they try to obtain the greatest possible amount of security, which creates fear among their neighbors. In seeking regional hegemony for security, their policies imply offensive and expansionistic behavior. This is the tragedy of great power politics as discussed by Mearsheimer.²⁷

Great powers wield influence in shaping the structures as well as creating the ideology to justify them. As they shape regional orders around their own interests, they may lack the objective foresight to identify genuinely shared interests of the region in the post-modern process. They are liable to fall into the security dilemma as they try to check other great powers and analyze even minor issues strategically. The Sino-U.S. relationship in the second decade of the 21st century has elements of such great power tragedy.

Middle powers lack the influence to create structures and systems to pursue their own interests. However, unlike weak nations, they possess the policy tools to impact relations between great powers and the operation of the international system. They can wield influence by opposing great power policies, taking sides or maintaining neutrality. By presenting policy alternatives, they can influence the operation of international politics. Sometimes, they can form leagues among other middle powers or weak powers to increase their influence. The intentions of a middle power in presenting an objective viewpoint to mediate between great powers are pure, but also arise from the need to pursue self-interest, resulting in inevitable neutrality. However, when great powers are locked in tension and competition, they are forced to make a choice and take risks.

It is very difficult for weak states to influence the creation and operation of an international system and rarely, if ever, do they get to exercise the right of denial. Weak powers may choose to bandwagon and opt for security over autonomy, form alliances with great powers to reinforce their balancing strategy, declare neutrality to avoid all great power conflicts, or seek other means of resolution, such as working through international institutions. The exception is when the weak power occupies a position of geographical importance or a crucial role in a great power network, and has strong ambitions in its relationships with great and middle

powers, in which case, it may wield some influence. However, in an international system where major shifts are led by great powers, it is difficult for a weak power to seek a coherent diplomatic strategy.

The objective for South Korea in the 21st century is to do its utmost as a middle power to creatively construct a new regional order. As Korea rises beyond a weak power to middle power status, it has to seek strategies befitting the objectives and diplomatic character of a middle power.

More specifically, this means that Korea should work towards changing the ordering principle from modern balance of power to a multi-dimensional regional network-based order for peace, stability and prosperity. The balance of power between great powers is a crucial aspect of this strategy, and the biggest question is how to promote mutual cooperation in the Sino-U.S. relationship, given the uncertainty caused by China's rise.

This also leads on to how the ROK-U.S. alliance and Sino-U.S.

Middle power diplomacy leads on to how the ROK-U.S. alliance and Sino-U.S. strategic partnership can be pursued side by side.

strategic partnership can be pursued side by side. Currently, Korea relies on the U.S.'s East Asia security architecture militarily and deep mutual interdependence with China economically. As a whole, there is a contradiction between the security and economic architectures of East Asia, placing a greater burden on middle powers like South Korea.

Secondly, South Korea as a middle power cannot unilaterally seek the transformation of the East Asian order. It has to seek cooperation with other middle powers that share mutual interests in regional order reconfigurations that great powers may neglect. East Asia is no longer home to many weak powers. This is especially true for Northeast Asia, which is made up of middle powers, such as the two Koreas and Taiwan, and great powers, such as the U.S., China, Russia and Japan. Although the Korean Peninsula used to be an experiment in geostrategic competition as a buffer for great power conflict, it is now a middle power, which has the ability to take a stand. It has to work towards creating a middle power

initiative that encompasses the interests of all middle powers to jointly pursue change in the organizing principle of the region.

Finally, Korea has to mediate between the future of the Korean Peninsula and the future of East Asia. Currently, Korea lacks a grand strategy overarching its North Korea strategy, unification strategy and East Asia strategy. It has to formulate a strategy on North Korea and unification in line with its East Asia strategy of transforming the organizing principle of the region. This is related to formulating the future governance of the Korean Peninsula and overcoming the national division of the modern era.

The challenges that Korea faces in constructing the architecture of East Asia over the next decade are as follows: the extent to which Korea can come up with a plan and make its voice heard amidst the respective visions of China and the United States for the architecture of East Asia; how to map out a plan for the systematic implementation of Korea's macrostrategy while dealing with its own individual issues; how to maintain its general approach while seeking to link issues closely together; and how to construct the domestic infrastructure for diplomacy to realize the Korean vision.

2. Direction for Korean Diplomacy in the 21st Century

KOREA'S SPECIFIC OPTIONS for the construction of an East Asian order can be laid out as follows. Firstly, it can put forth a "multilayered network for coexistence" as an alternative to the Sino-U.S. led order. In this case, the issues that would need to be resolved are the means by which to achieve this and how to generate domestic political backing and gain international support.

Secondly, an initiative of diplomatic cooperation between middle powers could be created. This plan could be carried out simultaneously with the first, and could take the form of heightened strategic dialogue with Japan, Taiwan, ASEAN, Australia and India. However, this could be misperceived as balancing by both the U.S. and China.

Thirdly, Korea may consider focusing selectively on either its bilateral alliance with the U.S. or its strategic cooperation with China. This is the preferred scenario for Republicans in the U.S.

and conservatives in China, in which Korea focuses on either party in anticipation of a Sino-U.S. conflict in the long run.

The fourth strategy could be a hedge to spread risks and prepare for a variety of potential scenarios. However, the problem is whether this would be sustainable within the evolving Sino-U.S. relationship.

Lastly, Korea could tie its global strategy to its East Asian strategy, approaching the region in accordance with its global strategy as much as possible. This option could be carried out together with the first and the second.

In this situation, Korea's strategic vision has to provide for a shift from a power transition to the modification of the regional order. Over the next decade, it has to work towards the systemic flexibility necessary to peacefully deal with the power transition in East Asia and then secure a peaceful transition on the basis of a new regional system. For this, it has to maximize its use of the ROK-U.S. strategic, multidimensional and complex alliance, while securing its own position in the Korean Peninsula, the region and the world. It also has to lock down the strategic partnership with China to specifics in order to develop its multidimensional strategic network with the Asian giant.

In order to avoid conflict or the over-escalation of competition between China and the United States, there is also the need to seek harmony between military balancing and socioeconomic engagement in the great power relationship. It is important to analyze the strategic mistrust existing between the two in the various issue areas and the forms of diplomacy required to reduce the security dilemma. It is also necessary to find out possible areas of cooperation on each issue and the role that Korea can play, so as to prepare a mechanism for cooperation within tensions and an issue-specific balancing strategy. Moreover, specific actions required for importing, modifying and fixing the system of global norms in the East Asian region have to be implemented.

Cooperation and leadership among the middle powers of East Asia are needed to conduct a diplomacy of regional change. This would require an examination of possible means of cooperation in each issue area. Possible partners for Korea would include

ASEAN, Australia, New Zealand, Taiwan, India and Japan. It may not be easy to come up with a mechanism for middle power collusion, as free riding has to be avoided, while creating a basis for collective actions. In this sense, there is a need to explore the possibilities of a Korea-Japan alliance and figure out the appropriate level of cooperation between Korea, Japan and the U.S.. On top of that, a strategy of economic diplomacy has to be formulated in order to comprehensively respond to both economic and security challenges, while creating a consensus for the joint pursuit of active global governance diplomacy.

Korea also has to work out the specific roles it could play in individual issue areas as a middle power conducting transformative diplomacy. This is part of moving beyond weak power diplomacy to intervene in the construction of the regional architecture. In this process, Korea can consider the different functional roles of the convener, broker or architectural partner. In multilateral issues, it has to work towards preventing the “systemic balancing” mechanisms of East Asian multilateralism and play a leading role in setting down a structure of genuine cooperation.

Specifically, Korea has to maximize its use of its alliance with the U.S. in order to secure South Korea's status in the Korean Peninsula, the region and the world. On the other hand, a multidimensional strategic network with China has to be further developed by establishing the specifics of a Sino-Korean partnership. It can also consider excluding the U.S. and China to seek diplomatic cooperation, collusion and an initiative among middle powers.

The ongoing competition between the United States and China in military, economic and cultural fields is natural and unavoidable. The question is how to change the rules of competition to a more stable and predictable form, so as to prevent the competition from escalating into a military conflict. East Asia is an important region in global international politics and this trend will continue. Although global governance can at times display tendencies toward power politics, the trend is towards the rising influence of various actors and global public opinion as seen at the G20 summit. The multidimensional norm is being exported to East Asia in the era of globalization. The great powers of China and the United States

as well as middle powers, such as Korea, have to create a culture of cooperation on individual issues based on shared norms. For example, in dealing with the issue of North Korea's nuclear program and the question of North Korea's future, South Korea has to provide an alternative to the balance of power perspective to induce cooperation based on universal values, such as the normalization of North Korea as a state, non-proliferation and human rights.

Specific efforts have to be made in order to prevent individual issues between China and the United States from being interpreted as signs of strategic confrontation by creating an alternative discourse and logic. Consensus towards issue-specific balancing, which seeks solutions according to individual issues, has to be created, while systemic processes of conflict resolution have to be applied and reconfigured. Currently the United States and China are struggling with the security dilemma related to power transition, as a result of uncertainty and strategic mistrust. Middle powers and multidimensional actors, as well as international institutions on a global level have to work to reduce the security dilemma by ensuring the exchange of accurate information, ascertaining intentions and providing alternatives to uncertainty in individual issues.

The ROK-U.S. alliance is both a powerful source of policies for transforming the organizing principle of East Asia and a target of Chinese criticism. As the global hegemon, the U.S. is seeking a complex military strategy and diplomacy for the transition to the post-modern era in accordance with its own interests. This comprises of an imperial military space in order to respond to post-state and post-territorial use of violence and the global inter-linkage of its regional alliance networks. In its war on terror, the U.S. has utilized network-based military force and hybrid war strategies. Furthermore, it expanded NATO and made efforts to link Europe and its alliances in East Asia. It also worked towards increasing the strategic flexibility of U.S. forces based in various regions.

As an ally of the United States, Korea has to work on developing the alliance after first establishing its own strategy for the peninsula, the region and the world. In the changing post-Cold War era, South Korea has to preemptively define the aims and functions of the

alliance. As a middle power, Korea could expand the functions of the alliance to serve the expansion of its interests over the region and the world, while creating a discourse against over-involvement. When China realizes that South Korea's strategic motives are not unconditionally biased towards the United States, the alliance would be able to coexist with strategic cooperation between Seoul and Beijing.²⁸

Ultimately, South Korea has to ensure its national security, pursue a coevolution policy towards North Korea and create an East Asian peacetime regime, while working within the logic of the ROK-U.S. complex alliance. At the same time, it has to work on various issues individually for its rise as a global middle power in accordance with universal values.

Needless to say, Korea's relationship with China has been developing in leaps and bounds, and this trend will continue. The upcoming challenge is the translation of deepening economic, social and cultural ties into cooperation in security strategy. According to liberal theories of international politics, cooperation in lower-level issue areas, such as economy, society and culture will spill over into higher level issue areas, such as politics and the military. However in East Asia, even with the Korea-China economic cooperation rising to new heights, there has not been a corresponding spread into political and military cooperation. Instead, there has been an increasing tendency to exploit economic relations as a means to political and military ends. Thus, there appears to be a limit to the propensity for market forces and economic cooperation to influence the logic of politics and the military.

South Korea's trade volume with China has grown to the point that it now surpasses the sum of its trade volume with the United States and Japan. Thus, Korea's sensitivity and vulnerability towards the Chinese market and its economic policies have increased. Not only is Korea's economic strategy towards China very much influenced by Beijing's macroeconomic policies, Korea is very much affected when China implements economic policies as tools in its South Korea policy. In short, Korea has become more vulnerable. The consideration that China may use economic policies as a tool has become an important factor in deciding

Korea's own policies towards China. Beijing's clout is even more visible in the North Korea issue. In this situation, it is crucial to lead China into viewing its relationship with South Korea under the lens of the common interest of the entire region. This is not only key for the development of the Sino-Korean relationship and for Korean interests but also for China's regional strategy as a great Asian power. The strategic partnership with China also has to move beyond inter-governmental relations to expand into networks within the Chinese civil society. Although democracies and non-democracies are strictly defined in the theory of democratic peace, there is the need for a more flexible approach in the Sino-Korean relationship to consider connections between networks in the two countries amidst the diversification of China's civil society.

The issue of North Korea and the basic aim of Seoul's North Korea policy should also be reconfigured with a long-term perspective. Firstly, the aims of diplomacy with Pyongyang should not be restricted to denuclearization, economic openness and reform or unification. Instead, they should be considered from a long-term perspective and in combination with other issues of foreign policy. Secondly, North Korea's leadership succession has to be seen as a factor for fundamental change in Pyongyang's foreign policy, and the North Korea policy should be reconsidered under this view. This requires a strategic evaluation of Kim Jong-un's North Korea. Third, it has to be understood that the dawn of hegemonic competition between China and the United States places the North Korea issue on a whole new horizon. Finally, North Korea has to be considered from the global, regional and local dimensions, in light of the changing international political environment of the 21st century.

Going forward, South Korea has to understand the role of the North Korean issue in its overall diplomatic strategy. It has to consider the pros and cons of the North Korea issue in its pursuit of middle power diplomacy, how the North Korea issue can be used to its advantage while there is a possibility of its position weakening due to Sino-U.S. competition, how the succession can be utilized as a stabilizing factor in inter-Korean relations and through which diplomatic channels this can be achieved.

If the North Korea issue cannot be resolved in the short term, South Korea has to continue working to reinforce its role in the management of the issue, while strengthening its strategic cooperation with China and creating more diplomatic room for itself within the Sino-U.S. relationship. The North Korea issue should be recognized as an opportunity for multilateral security in East Asia, while comprehensive diplomatic achievements should be sought, for example, by stressing the South Korean model for global diplomacy in the process of the denuclearization and normalization of North Korea. Such efforts will have to be carried out hand in hand with a vision for the unification and future governance of the Korean Peninsula.

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