

Policy Forum 06-05A: Risks and Hopes for N.E. Asia Peace

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Recommended Citation

"Policy Forum 06-05A: Risks and Hopes for N.E. Asia Peace", NAPSNet Policy Forum, January 17, 2006, <https://nautilus.org/napsnet/napsnet-policy-forum/risks-and-hopes-for-n-e-asia-peace/>

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Policy Forum Online 06-05A: January 17th, 2006

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Essay by Ruediger Frank

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I. Introduction

Ruediger Frank, Professor of East Asian Political Economy at the University of Vienna, writes "there is both a high risk of conflict as well as a good chance for progress on the Korean Peninsula...The Korean government therefore has a chance to actively shape the Northeast Asian future by its efforts toward North Korea, and it can utilize regional dynamics to support its policy toward the

DPRK. Maintaining a proper relationship with the United States appears to be of key importance for either task."

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II. Essay by Ruediger Frank

- Risks and Hopes for N.E. Asia Peace
by Ruediger Frank

Despite the complicated and dangerous constellation of power and interests on and around the Korean Peninsula, it cannot be overlooked that after the armistice agreement that ended the hot phase of the Korean War in 1953, peace could by and large be maintained in Northeast Asia. A major source of this stability was the increasing significance of the region within the bipolar world order that emerged after 1945 and which had not been altered significantly until the very sudden collapse of the socialist bloc. The result was a situation that inspired Francis Fukuyama to make his much debated remark on the end of history and the victory of liberal democracy. From a neorealist perspective, however, there was little reason to celebrate. In an anarchic world of zero-sum power games between players with conflicting interests, the collapse of one side of the power equation may have removed part of the threat emanating from stockpiles of means of deterrence, including nuclear weapons, but simultaneously created an imbalance that left a dangerous vacuum. A scenario in which a unipolar world order could be maintained for an infinite period seems to be unlikely from this perspective. Rather, we would expect the creation of new balanced regional and global power structures.

This is what seems to happen in Northeast Asia. For decades, the picture was rather simple: Japan under the Yoshida-Doctrine concentrated on economic development and relied on the close alliance with the United States for its national security. South Korea became part of this structure. The Soviet Union and China formed the other side, despite their many differences that sometimes were close to the outbreak of an open conflict. The threat emanating from the U.S.-Japan alliance forced them to cooperate. North Korea had declared itself independent from both Beijing and Moscow in the 1960s, but had in fact no choice but to rely on protection by the Soviet Union's nuclear umbrella, in particular after the Nixon shock of the early 1970s reduced the likeliness of full Chinese support in case of a conflict involving the United States. North Korea needed external allies - either for its protection or for a new effort to reunify Korea by force. This made it, despite the continuous emphasis on *juche* (self-reliance), part of the other side of the power equation. The Soviet Union, China and North Korea were pitted against the United States, Japan and South Korea.

With the collapse of the Soviet Union and the simultaneous shift of China towards a more liberal economic order, the successful economic and political development of South Korea, and the emerging desire of Japan to become a more active player in terms of foreign and security policy, the equation as described above is no longer valid. The region right now is in the middle of a restructuring of its power balance. We witness a very dynamic period in international relations, with much room for positive development and creativity, but also a heightened risk of disputes. It is therefore important to find ways to mitigate the various interests in a way that prevents the outbreak of armed conflicts.

Korean Peninsula

The Korean Peninsula plays an important role in this process, both as a passive and as an active

player. A theoretical analysis of the constellation of power and interests shows a significant conflict potential between Japan, which has de facto been the leader in terms of economic and soft power in the region for decades, and the rising giant China. Korea, divided into North and South with very different economic and political orders, finds itself both geographically as well as politically stuck right between these two whales and fights a difficult struggle to prevent turning into the proverbial shrimp. The United States, which still seizes the global hegemony, is heavily exposed on the peninsula.

Koreans have a long and frustrating experience with being the battlefield for great power interests, ranging from the Imjin War in the late 16th century over the Sino-Japanese War in 1894-95 up to the clash between the socialist East and the capitalist West during the Korean War. The concerns in Seoul as well as in Pyongyang with Korea's security situation are great and understandable. The perspectives on this situation as well as the resulting solutions seem to differ, however. While the North follows a very neo-realistic path of deterrence, the South has decided in favor of the liberalist model. The latter emphasizes interdependency, transparency, and dialogue. These characteristics appear to be the mainstay of Seoul's approach toward North Korea in the last years.

As the tremendous ideological and economic changes in North Korea show, this approach has been very successful. A certain causality between the North Korean transformation and the active role of the South Korean side cannot be overlooked. In particular the economic support through humanitarian aid, the Mt. Geumgang tourism project, and the Gaeseong Industrial Zone have created a strong impact. The most important result of these changes is that an uncontrollable collapse of the DPRK (North Korea) could so far be prevented. Moreover, there is more and more evidence that a marketization and monetization of the economy takes place, with significant and far-reaching effects on the North Korean society. The indirect nature of these effects represents a serious challenge for South Korean policymakers who face enormous criticism from within and from the outside. The connection between support for North Korea and actual changes is hard to prove. However, it is no coincidence that the changes in North Korea's ideology and economic policy coincide well with the 2000 summit meeting with the South and the subsequent measures.

Despite the uneasy past and serious security concerns, Seoul has intensified its efforts at expanding and enhancing the dialogue with the North on various levels, trying to mitigate the DPRK's relations with the international community and supporting its integration into international networks of commerce and finance. This has been and still is a very difficult process. However, both from a neorealist and a liberalist perspective, it is important to develop an understanding of the other side's interests and perceptions - either to better understand its actions, or to be able to influence them. South Korea is very well positioned for such a function because of the commonalities in language, history and culture.

In March 2005, President Roh Moo-hyun has announced his desire to turn South Korea into a balancing power in Northeast Asia to prevent possible disputes in the region. Such a balancing role seems indeed to be necessary. There are several disagreements that hamper an efficient cooperation between the various regional powers, and which are skillfully utilized by North Korea to pursue its interests. These include the territorial dispute between South Korea and Japan over Dokdo Island in the East Sea and the dispute between Japan and China over the exploration of an oil field in the East China Sea. Japan has explicitly regarded Chinese drilling in that area as a major threat to its sovereignty. Further, there are the history textbook issue and the Chinese and Korean criticism of Prime Minister Koizumi's visits to the Yasukuni Shrine. Japan and Russia have so far failed to end the dispute over the Kuril Islands. There is competition between China and Russia over the route for connecting Korea to the continental railway network, although this problem appears to having been resolved through expanded cooperation in the field of energy. The debate between China and South

Korea about the historical classification of Goguryeo is now less heated than some months ago, but it is still ongoing. A number of trade issues over products such as garlic, mobile phones, fish and recently kimchi have emerged between the two countries. In December 2005, South Korean officials including the speaker of the National Assembly expressed their regret over remarks by the U.S. ambassador to Seoul labeling the DPRK as a criminal regime, since such comments would not be helpful for the progress of the six-party talks on North Korea's nuclear weapons program.

Conflict potential

This very brief overview hints at opposing interests, different perspectives and the enormous conflict potential in the region. The debates are often not new, but had to be suppressed during the decades of relative stability under the bipolar Cold War regime and are now resurfacing. From the perspective as outlined above, what would be needed to secure peace on the Korean Peninsula, and which consequences would such a scenario have for regional security? The option desired by most Koreans is unification after a gradual and peaceful process. However, this would instantly create the question of the alignment of a unified Korea in the current regional power constellation. Neutrality - for example following the Austrian model - would appear to be the most desirable position; however, it must be doubted whether such a status could be real and sustainable without strong external support. There are two possible candidates for such an alliance that could guarantee a unified Korea's independent position in dealings with its two big neighbors. The less controversial ally would be the European Union. However, due to a number of factors, including a preoccupation with important and controversial European issues such as the integration of new members states and the enhancement of cohesion through a European Constitution, it appears unlikely that the EU would have the will and the potential to play such a role satisfactorily. This leads directly to the other alternative, which is supported by old Asian wisdom on strategic behavior: cooperation with a country that is big and strong, but is located conveniently far away. The United States fulfill these conditions. South Korea is therefore well advised to use the existing traditional close relationship with Washington and try to renegotiate in order to make it more open, equal, and fit for the future.

North Korea will win from either an improvement or a worsening of the bilateral relationship between South Korea and the United States. The former will make it easier for Seoul to play its advocacy role for the North and help to remove the many obstacles for economic exchange that so far exist based on U.S. sanctions. North Korea has for many years repeatedly stated that ideological differences should be overcome in the spirit of national unity and "sharing the same blood," which in fact is a not very well hidden pledge for assistance. A weakened trans-Pacific alliance, on the other hand, will negatively affect South Korea's power and therefore benefit Pyongyang strategically.

Japan would not oppose Korean neutrality guaranteed by the United States. Tokyo's major concern appears to be the economic and political rise of China. A unified Korea that comes under the influence of Beijing is a nightmarish scenario for Japanese, since it would further isolate this island state and remove the buffer zone existing between the two contestants so far. China would be concerned over the other extreme - a unified Korea as an American outpost right at the border. An important and complicated task for diplomats in Seoul and Washington would therefore be to calm Beijing's worries by demonstrating that the American influence on the peninsula would be minimal. For the United States, "losing" a unified Korea to China would constitute a major image damage, both abroad and domestically. The American public is aware of the investments of capital, manpower and energy their country has made in Korea, and would only reluctantly accept their abandonment. However, assuming that Japan will remain the major U.S. ally in the region, a withdrawal from Korea would not appear to be too costly in real terms. If this is true, it would be a realistic option if a proper political solution can be found.

East Asian cooperation

In case of a prolonged existence of a divided Korean peninsula, conflict can best be prevented through encapsulating the source of risk, i.e., integrating North Korea instead of isolating it. In this context, an alternative to the bilateral options as explored above would be a multilateral setting. The developments in this field are highly dynamic, too. APEC, for many years the star among East Asia's efforts at regional cooperation, seems to have lost its predominant position. Instead, ASEAN, in the past often not taken seriously by many observers, has shown an impressive development in particular since the more active role played by China. The looming threat of a consolidation of ASEAN+1 and of being left behind represents a strong motivation for South Korea and Japan to step up their efforts at actively contributing to a regional alliance, despite a number of reservations. The first East Asian Summit in December 2005, the outcome of a proposal made by former President Kim Dae-jung five years before, has been heavily debated and overshadowed by the criticism of Japan's position with regard to the Yasukuni Shrine. However, in a few decades this summit might indeed look like the beginning of an integration process towards an East Asian Community.

Korea, including North Korea, would constitute an integral and vital part of such a regional arrangement. A strong East Asian Community could be a third possible source of support for Korea's neutrality. Moreover, it could open new ways to engage and integrate North Korea into international networks of commerce and finance. This is even more important since conventional access through the World Bank, the IMF and the Asia Development Bank is blocked due to resistance from Washington. A strong East Asian alliance could bypass these roadblocks. Herein is also the great danger of this approach: It is not clear whether a multilateral solution without participation of the United States will be sustainable, and whether all involved parties would be willing to risk a clash with Washington. A possible way out could be a three-way cooperation between the EAC, North Korea, and the United States.

To conclude, there is both a high risk of conflict as well as a good chance for progress on the Korean Peninsula. This issue is closely connected to the bigger picture of security relations in Northeast Asia, which are currently in a dynamic stage of restructuring. Events in Korea will influence the developments in the region, and vice versa. The Korean government therefore has a chance to actively shape the Northeast Asian future by its efforts toward North Korea, and it can utilize regional dynamics to support its policy toward the DPRK. Maintaining a proper relationship with the United States appears to be of key importance for either task.

III. Nautilus Invites Your Responses

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Produced by The Nautilus Institute for Security and Sustainable Development
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