

Inter-Korean Relations in the Absence of a U.S.-ROK Alliance

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EXECUTIVE SUMMARY

In exploring how inter-Korean relations would evolve in the absence of a U.S.-ROK alliance, this essay focuses on three areas: preferences of the South Korean public and elite regarding how best to deal with North Korea, whether North Korea might pull back on its hesitant moves toward economic reform and a more open diplomacy, and how Chinese foreign policy toward the Korean Peninsula might evolve.

MAIN FINDINGS

- In the absence of a U.S.-ROK alliance, South Korea would likely continue to emphasize interdependence. South Korean elite and public opinion on North Korea and U.S. policies is complex. South Korean support for engagement continued even after North Korea's nuclear test—and even as relations between the two Koreas deteriorated over the past five years—in large part because South Koreans found U.S. policy to be destabilizing on the peninsula.
- Because North Korea's military and economic position has deteriorated since the Cold War and the country is far more isolated, North Korea is unlikely to return to an active destabilization campaign against South Korea.
- Because instability would have a direct impact on China's own domestic and international situation, allowing, or even supporting, North Korean retrenchment and destabilization of the peninsula would not be beneficial for China.

POLICY IMPLICATIONS

- Relations between the U.S. and South Korea continue to improve, based mainly on the convergence of policy over how to deal with North Korea. This essay presents a “worst case” scenario and emphasizes that sound policy by both South Korea and the U.S. can avoid this outcome.
- Even with the arrival of a new president in 2008, South Korea would be unlikely to support a containment strategy against North Korea. Both of the major progressive and conservative presidential candidates broadly support engagement strategies, even if they differ over the details.
- South Korean popular support for the U.S.-ROK alliance and U.S. military deployments remains firm, but the alliance performs a less central role in security on the peninsula than during the Cold War.

The international position of South Korea (ROK) involves a complex mix of pressures. Seoul must manage South Korea's alliance with the United States, devise a *modus vivendi* with a massive and dynamic China, and resolve the relationship with Japan. Yet overwhelming the importance of even these issues is South Korea's remaining focus on the last vestige of the Cold War: the unresolved division of the peninsula into North Korea and South Korea. To that end, a fairly clear South Korean grand strategy has emerged over the past decade—one that emphasizes economic interdependence over military strength, accommodation rather than confrontation with China, and a slowly evolving alliance with the United States.¹ The centerpiece of this grand strategy has been the economic engagement of North Korea as a means of solving both the nuclear issue and the broader “North Korea problem.”

Even as this grand strategy has been emerging, however, U.S. and South Korean policies about how best to deal with North Korea have diverged, sometimes quite sharply. The apparent interest displayed by the Bush administration early in its tenure toward fostering Pyongyang's collapse or using military force was unacceptable from Seoul's perspective given that either approach would have threatened the progress made by South Korea over the past decade. South Korea's refusal to take a harder line toward North Korea—a foreign policy referred to by some analysts as “appeasement”—has led to increased friction between Seoul and Washington.² This disagreement over approaches to North Korea was based not on emotions but on national interests: Seoul has focused on avoiding collapse in North Korea while Washington has focused on nuclear nonproliferation.³

Relations between Seoul and Washington have improved in the past year as progress with North Korea has followed the path envisioned by the February 13, 2007 agreement reached at the six-party talks. Furthermore, if relations among the United States, South Korea, and North Korea continue to improve, the U.S.-ROK alliance could dissolve following a significant decrease in tension on the peninsula and resolution of the nuclear crisis. A much more likely end to the alliance than this Panglossian “best of all possible worlds” scenario, however, would be for the United States to at some point return

¹ Jae Ho Chung, *Between Ally and Partner: Korea-China Relations and the United States* (New York: Columbia University Press, 2006).

² Nicholas Eberstadt, “Tear Down This Tyranny,” *Weekly Standard*, November 29, 2004 ∞ <http://www.weeklystandard.com/Content/Public/Articles/000/000/004/951szxxd.asp>.

³ David C. Kang, “The Cause of Strife in the U.S.-ROK Alliance,” *Fletcher Forum of World Affairs* 14, no. 2 (Summer 2006): 23–31.

to a containment policy against North Korea, with South Korea remaining focused on engaging North Korea.⁴

Given this possibility, how might relations between the two Koreas evolve in the absence of a U.S.-ROK military alliance? Fairly clear is that while South Korean threat perceptions of North Korea would increase North Korean threat perceptions would decrease; this would occur simply because U.S. military support for South Korea would be less readily available in event of a crisis or military confrontation. Indeed, rather than focusing on the direction of change the key question should be about the extent of change: would the increased threat perception be enough to override both ROK engagement of North Korea and Seoul's interdependence strategy in general? That is, would a cold war return to the peninsula or would South Korea continue its engagement of North Korea?

Evidence suggests that even without the U.S.-ROK military alliance instability and change on the Korean peninsula would be less dramatic than some observers have predicted. The absence of an alliance might under certain circumstances, such as continued progress in the six-party talks, have relatively little impact. Under other circumstances, such as increased tension between the United States and China over regional issues, the absence of the alliance might be more consequential.

This essay examines relations between the two Koreas in the absence of the U.S.-ROK alliance and is divided into five sections:

- ≈ pp. 29–30 address two scenarios for the future of North-South relations on the Korean Peninsula: (1) a return to a cold war and (2) continued engagement of North Korea by South Korea
- ≈ pp. 30–35 examine South Korean attitudes, threat perceptions, and national interests vis-à-vis North Korea and the U.S.-ROK alliance
- ≈ pp. 35–39 identify the conditions under which the North Korean leadership might feel emboldened enough to take military or other threatening action against South Korea
- ≈ pp. 39–40 analyze China's role in peninsular dynamics
- ≈ pp. 40–41 conclude the essay with an assessment of how an end to the U.S.-ROK alliance would influence relations both on the peninsula and in the region

⁴ The alliance ending because of South Korean containment and U.S. engagement is unlikely, and the author does not consider that possibility here.

TWO SCENARIOS: RETURN TO THE COLD WAR,
CONTINUED CAUTIOUS ENGAGEMENT

For a cold war to return to the peninsula would require at least three conditions. First, South Korean policymakers and citizens must be unaware of the importance of the U.S. alliance to their country's security and hence would miss the alliance only when it is gone.⁵ That is, although South Korean popular and elite sentiment appears to have crystallized around an engagement strategy, this consensus may be possible only because South Korea can take for granted the benefits of the U.S. military and alliance relationship. If the alliance were to dissolve, the South Korean public might realize that the alliance was not such a bad thing after all, and Seoul, fearful of the threat North Korea posed to South Korea, would not only return to high military spending but also reduce or eliminate economic and cultural relations between the two Koreas. Some observers indeed predict that South Korea—and other countries—would even develop nuclear weapons in response to the lost U.S. alliance.⁶

Second, Pyongyang would need to renew the active destabilization efforts that characterized North Korea's foreign policy during the Cold War. The North Korean leadership may conclude that confrontation is the best policy, deciding that Pyongyang would be better off in greater isolation—even if from a relatively worse economic and military position than the country experienced during the Cold War. North Korea may feel that the chances for a successful destabilization of South Korea through asymmetric warfare, terrorism, or even outright invasion would be high.⁷ Furthermore, the North Korean leadership may decide that their halting economic reform efforts were no longer important and that the country could survive in isolation indefinitely. Pyongyang could make such a decision in the event of Kim Jong-il's death, with the lack of clarity regarding what political structure would arise in North Korea and whether the structure would be comprised of Gorbachevian reformists or Putinesque revanchists drawn from the military. Certainly political chaos in North Korea would render any and all current relations up for renegotiation, depending on how the political situation there is resolved.

⁵ Dennis P. Halpin, "The Trojan Horse: Pyongyang's Successful Propaganda Campaign to Win the Hearts of South Koreans and Undermine the U.S.-ROK Alliance" (paper presented at the twentieth Annual Conference of the Council on U.S.-Korea Security Studies, the Heritage Foundation, Washington, D.C., October 7, 2005) ~ <http://www.icasinc.org/2005/2005l/2005ld2h.html>.

⁶ A point made in S. Enders Wimbush's contribution to this roundtable.

⁷ A successful ICBM test is unlikely to change South Korean threat perceptions, given that Pyongyang already has the missile capability to target all of South Korea.

Finally, Beijing would need to abandon China's current policy of encouraging North Korea toward economic reform and at least allow, if not actively support, North Korean subversion of South Korea. Although the extent of Chinese influence over North Korea is unclear, the view that China has more influence than any other country over North Korea is widely accepted. Beijing thus would have to conclude that the absence of the U.S. alliance makes South Korea an unimportant country and that turmoil on the peninsula is in China's interest.

The alternative to the cold war scenario is one that envisions a continuation of the engagement policies in some form. In this scenario, South Korea's path of economic interdependence and political reconciliation with North Korea would continue, with the goal of slowly changing North Korea through increased economic and cultural ties and promoting reform through aid and investment. South Korea would respond to the end of the alliance by continuing to build economic and political ties to manage tensions between the two Koreas. Pyongyang would continue North Korea's military-first policy combined with limited economic reforms, and Beijing would continue to push for stability on both sides of the demilitarized zone (DMZ).

The questions thus become: Does any evidence leading to the conclusion that these conditions are likely to be met exist? Is there any causal path that could lead to such a conclusion?

SOUTH KOREAN ATTITUDES AND THREAT PERCEPTIONS

For the first condition to be met, the South Korean public and policymakers would need to be unaware of how important the United States is for stability, and South Korean preferences would need to shift dramatically in the event that the U.S. military alliance ends. Although how preferences would change in different circumstances obviously is unknowable, there is some evidence that South Korean attitudes have not significantly returned to a hard-line stance against North Korea despite the rise in tensions on the peninsula over the past five years.

In fact, the South Korean public has consistently favored the U.S.-ROK alliance, even while overwhelmingly supporting an engagement strategy. These two attitudes are not incompatible; both maintaining strong relations with the United States and avoiding risky or destabilizing policies toward North Korea are seen as critical to South Korean security. Even during the second nuclear crisis of the past few years, when concerns about U.S. adventurism and unilateralism increased, South Korean support for engagement did not

significantly waver. During the times of highest tension, South Koreans consistently felt that U.S. threats were destabilizing. For example, in 2005 the *Chosun Ilbo* found that 65.9% of South Koreans born in the 1980s (i.e., age 16 to 25) would side with North Korea in the case of a war between North Korea and the United States “that was instigated by the U.S.”⁸ Important to note about this response is that South Koreans, who do not automatically side with North Korea, have seen U.S. foreign policy as provocative.

South Korean popular support for engagement is also not restricted to the younger generations. A *Donga Ilbo* opinion poll conducted in March 2005 found that 77% of Koreans supported the use of diplomatic means and talks with Pyongyang in response to North Korea’s nuclear weapons development and kidnapping of foreign civilians.⁹ Significantly, even those from the “older generations” were solidly in favor of engagement. Of those in their 60s or older, 63.6% supported diplomatic means.¹⁰ A 2005 Korean Institute for National Unification poll found that 85% of the general public and 95% of opinion leaders approved of North-South economic cooperation.¹¹

Even Lee Myung Bak, the presidential candidate from the conservative Hannara-dang (Grand National Party, or GNP), supports engagement. In contrast with the more uncritical engagement of the current administration, Lee calls for engagement with “reciprocity.”¹² The party’s official platform also supports engagement of North Korea. According to the party platform, entitled “Peace Vision for the Korean Peninsula,” if the GNP wins the December 2007 presidential election the party would invite 30,000 North Koreans annually for technical training in South Korea; open the South Korean media market to North Korean television, radio, and newspapers; and provide rice and fertilizer aid to North Korea with no strings attached.¹³ Thus although a South Korea under Lee’s leadership could adopt policies contrary to those of Roh Moo-hyun, for the time being engagement appears to be the consensus view in the ROK.

⁸ Pak Tu-shik and Pak Min-son, “‘Mi-Bak Cheonjaengddaen Buk Pyeondeonlgetta’ 66% ‘Bukhan’e Kaseo Salgo Shipta Neon’ 0%” [“Side with North Korea during a U.S.-NK War,” 66%; “Want to move and live in NK,” 0%], *Chosun Ilbo*, August 15, 2005.

⁹ Derek Mitchell, ed., *Strategy and Sentiment: South Korean Views of the United States and the U.S.-ROK Alliance* (Washington, D.C.: Center for Strategic and International Studies, 2004).

¹⁰ “Opinion Poll on South Korean Attitudes toward Japan and Other Nations,” *Donga Ilbo*, March 4–31, 2005 ∞ <http://www.donga.com/fbin/output?f=aps&n=20050460247&main=1>.

¹¹ Christine Ahn, “Reunification Is on the March,” *International Herald Tribune*, February 9, 2006.

¹² Kim Jun Yop, “Candidates Lee and Park Need to Reveal Their Policy on North Korea,” *Daily NK*, June 20, 2007 ∞ http://www.dailynk.com/english/read_print.php?cataID=nk00400&num=2245.

¹³ “GNP’s Softened Stance toward North Korea Draws Heated Debate,” *Yonhap News*, July 10, 2007 ∞ <http://asia.news.yahoo.com/070710/4/34kio.html>.

The explanation for this seemingly puzzling—and to some in the United States even maddening—opinion lies partly in differences in national interests between South Korea and the United States. Although U.S. concern has centered on North Korea's nuclear and missile programs, South Korea's long-run concern has been more complex: how to manage and ultimately solve the North Korea issue, notwithstanding the outcome of nuclear weapons negotiations.¹⁴ South Korea is thus balancing two unfavorable options: war or collapse. Although collapse would not directly affect the United States, South Korea would be forced to live with North Korea no matter what occurs. South Korea's range of concerns is thus greater, as is the country's need to craft a comprehensive strategy to deal with all contingencies, not just a nuclear test in North Korea.

In fact, South Korea is now more worried over the weakness rather than the strength of North Korea; the ROK is more concerned with the economic and political consequences of a collapsed regime in North Korea. Even assuming a best-case scenario in which a collapse did not turn violent, the regional economic and political effects of collapse would be severe.¹⁵ To return to support for hard-line containment, the South Korean public would have to reverse these priorities. South Korea would need to be willing to cut off economic engagement with North Korea, to risk collapse (and even war), and to abandon any possibility of managing a “soft landing” for North Korea. Seoul might even need to abandon efforts for reaching a relatively peaceful solution to the nuclear problem that Pyongyang poses.

Even after North Korea's October 2006 nuclear test South Korean public opinion did not change significantly. For example, the East Asia Institute and *Hankook Ilbo* found that South Koreans blamed the test on several factors: 27.5% of poll participants blamed the test on “the South Korean government's passive attitude,” 25.2% blamed “North Korea's inflexibility,” 24.8% blamed “conflicting interests of the six parties in the nuclear talks,” and 23.1% attributed the test to “Washington's negative stance.”¹⁶ Another poll conducted after the nuclear test found that 62% of South Koreans wanted to continue the economic cooperation projects between North and South Korea.¹⁷

¹⁴ For overviews of the 2002 crisis and its aftermath, see Victor Cha and David Kang, “Can North Korea Be Engaged?” *Survival* 46, no. 2 (Summer 2004): 89–108.

¹⁵ See, for example, Nicholas Eberstadt and Richard J. Ellings, eds., *Korea's Future and the Great Powers* (Seattle: University of Washington Press, 2001).

¹⁶ Kim Hak-sung, “Changing Perceptions of North Korea and the United States and Forming a National Consensus,” *Korea Foundation, Korea Focus* 15, no. 3, Autumn 2007 ~ http://www.koreafocus.or.kr/essays/view.asp?volume_id=63&content_id=101680&category=G.

¹⁷ Kim Sang-bom, “Kaesong gongdan Kumgangsang gwangwang gaesok, 62%” [Continue Kaesong and Kumgang, 62%], *Naeil Shinmun*, October 16, 2006 ~ <http://www.naeil.com/news/NewsDetail.asp?nnum=297897&sid=E&tid=9&type=9>.

The gap between U.S. and South Korean perspectives on inter-Korean cooperation has continued. Although Americans were generally skeptical of the second inter-Korean summit of October 2007, a *Hankook Ilbo* poll of South Koreans taken after the summit revealed that 74% approved of the summit and that the president's approval rating had doubled, reaching 43.4%.¹⁸ Thus, even with a severe increase in tension, public opinion in South Korea has generally remained in favor of economic cooperation and wary of U.S. coercion. The South Korean public does not appear to be viewing a return to Cold War containment as a viable option.

Although having occurred slowly, this shift to an engagement strategy appears to be deeply rooted. Because South Korea's emergence over the past half-century was predicated on an economic development model that catapulted South Korea into the ranks of the developed nations, continuing a strategy of engagement in South Korea's broader foreign economic policy is not surprising. Furthermore, the weakness of North Korea, democratization, the end of the Cold War, and a change in South Korea's national identity have all contributed to the belief in South Korea that military issues are secondary to economic issues.

This change in attitudes has been prompted in part by changes in relations between North and South Korea. Having rapidly increased over the last five years, North-South merchandise trade exceeded \$1 billion for the first time in 2005 and was expected to grow 26% in 2007 to \$1.7 billion (see **Figure 1**).¹⁹ Commercial trade accounted for 65% of total North-South trade in 2005, while non-commercial (government) trade accounted for less than 35%. Trade with South Korea accounted for 41% of North Korea's total trade in 2006, and South Korea's total 2006 aid to North Korea was comprised of \$141 million in official aid and \$44 million from civilians and NGOs.²⁰

For some years now the Kaesong Industrial Complex, a special economic zone just north of the DMZ, has been open, and both a railroad and roads connecting North and South Korea run through the DMZ. Shoes, clothes, electronic products, machinery, and some semiconductors and

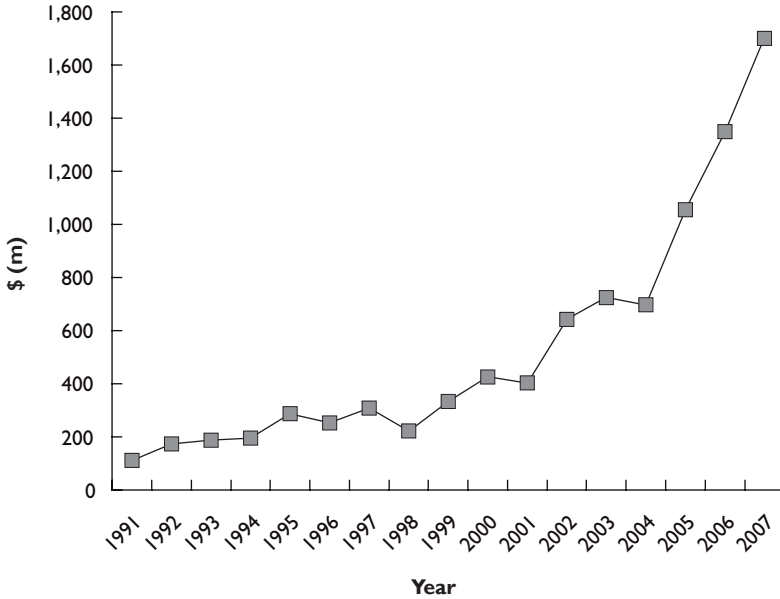
¹⁸ Jack Kim, "South-North Korea Trade to Rise 26 pct in 2007-Roh," Reuters, October 7, 2007 ~ <http://www.reuters.com/article/latestCrisis/idUSSEO233742>.

¹⁹ "Inter-Korean Trade Beats \$1 Billion in 2005," *JoongAng Ilbo*, January 23, 2006.

²⁰ Ministry of Unification, "The Status of Humanitarian Assistance toward North Korea (as of June 30, 2006)" ~ <http://www.unikorea.go.kr>; and Ministry of Unification, "North Korea's Trade Volume in Trade with China and South Korea in the First Half of 2005 and 2006" ~ <http://www.unikorea.go.kr>.

FIGURE 1

Total Estimated Trade between North and South Korea, 1991–2007



Source: “Yöndobyöl nambuk kyoyök ch’ui,” [Statistics on Inter-Korean Trade], Ministry of Unification, July 7, 2007 ≈ <http://www.unikorea.go.kr/index.jsp>; and Jack Kim, “South-North Korea Trade to Rise 26 Pct in 2007-Roh,” Reuters, October 7, 2007 ≈ <http://www.reuters.com/article/latestCrisis/idUSSE0233742>.

communication equipment are currently being produced at Kaesong.²¹ As of July 2007 there were 15,000 North Korean workers employed at Kaesong. By mid-2007 total production at Kaesong had shown average monthly increases of over 19%, with monthly production of over \$14 million.²²

South-North negotiations also have covered a wide range of issues, including the creation of joint sports teams, reunions of families divided by the Korean War, economic assistance to North Korea, and, most significantly, military matters.²³ South Korean NGOs and churches have engaged in private economic and humanitarian assistance with North Korea, such as sending

²¹ Sang-young Rhyu, “North Korea’s Economy and East Asia’s Regionalism: Opportunities and Challenges” (paper prepared for presentation at the conference “Northeast Asia’s Economic and Security Regionalism: Old Constraints and New Prospects,” Center for International Studies, University of Southern California, Los Angeles, March 3–4, 2006).

²² Ministry of Unification, “Key Statistics for Gaeseong Industrial Complex (as of October 30, 2007)” ≈ <http://www.unikorea.go.kr>.

²³ David C. Kang, “North Korea’s Economy,” in *North Korea: A Country Study*, ed. Robert Worden (Washington, D.C.: Federal Research Division, Library of Congress, 2007).

materials to build houses in rural provinces. Over 1.1 million South Koreans have visited North Korea since 2000.²⁴ In 2004 the two sides agreed to establish a hotline and to halt the decades-long propaganda efforts along the DMZ.²⁵ In 2005 North and South Korea established 300 direct telephone lines linking South Korea with the Kaesong Industrial Zone. This was the first time that the two sides have been connected in such a way since Soviets troops severed telephone lines in 1945. After the 2007 summit between Kim Jong-il and Roh Moo-hyun, the two sides agreed to the first-ever exchange visits of North and South Korean prime ministers and defense ministers.

In sum, interdependence with North Korea appears to be the keystone of Seoul's overall foreign policy. The tipping point for South Korean public opinion may not be a nuclear test but the withdrawal of a U.S. security guarantee, and there is little evidence of the South Korean public becoming more prone to containment strategies as tensions rise.

NORTH KOREAN RETURN TO DESTABILIZATION OF THE SOUTH


Under what conditions would the North Korean leadership feel emboldened enough to return to a destabilization campaign waged through terrorist acts, infiltration, and active subversion of South Korea? Can South Korea deter and defend itself against North Korea? Although all defense planners desire more military goods, South Korea is not obviously weaker than North Korea. To quote Richard Betts, the military capabilities of South Korea “need to be kept comfortably superior to those of [North Korea]. But they should be measured relatively, against its capabilities, and not against the limits of what is technologically possible or based on some vague urge to have more.”²⁶

North Korea spent approximately \$5.5 billion on defense in 2005, ranking 25th in the world in military spending. By comparison, South Korea spent \$20.7 billion on defense in 2005, ranking 10th in the world.²⁷ Even as far back as 1977 South Korea was spending more than North Korea on defense in absolute dollar terms—with South Korea's defense budget at \$1.8 billion

²⁴ Ahn, “Reunification Is on the March.”

²⁵ James Brooke, “2 Koreas Sidestep U.S. to Forge Pragmatic Links,” *New York Times*, June 26, 2004.

²⁶ Richard K. Betts, “A Disciplined Defense: How to Regain Strategic Solvency,” *Foreign Affairs* 86, no. 6 (November/December 2007): 70.

²⁷ “U.S. Military Spending vs. Rest of the World,” Center for Arms Control and Non-Proliferation, February 5, 2007  <http://www.globalissues.org/Geopolitics/ArmsTrade/Spending.asp#InContextUSMilitarySpendingVersusRestoftheWorld>.

compared to North Korea's \$1 billion. The only measure by which North Korea has outspent South Korea is per capita GNP—an indicator of North Korean weakness, not strength.

The quality of North Korea's military, including training and equipment, has steadily deteriorated relative to South Korea, especially in the past three decades. The South Korean military not only is better equipped, better trained, and more versatile than its northern counterpart but also has better logistics and support.²⁸ The bulk of North Korea's main battle tanks are of 1950s vintage, and most of the country's combat aircraft were introduced before 1956. Evaluations after the first Gulf War concluded that Western weaponry is at least twice—or even four times—as effective as older Soviet-vintage systems.²⁹

By contrast, South Korea's military modernization is actually increasing. President Roh Moo-hyun has repeatedly said that it is unacceptable for the world's twelfth largest economy not to “assume the role of main actor” in its own defense. Indeed, South Korea has increased defense spending 10% annually since 2004 and plans to continue this expansion until 2012. The country also expects expenditures on military research and development to increase 18% until 2012, combined with a reduction in armed forces by 6% (approximately 45,000 personnel). Such military modernization will include new surface-to-air missile capabilities (the SAM-X project), as well as air-to-air refueling capability, Aegis-equipped destroyers, attack helicopters, and advanced command and control capabilities.³⁰ South Korea is also beginning to take a more active role in the planning and operation of defense along the DMZ, with the United States already taking the role of a supporting military.³¹ A further reduction in U.S. commitment to South Korea would be consistent with the general trend over the past few decades.

Although North Korea may no longer have a serious invasive capability Pyongyang certainly continues to hold Seoul hostage. Indeed, North Korea's most likely aggression against South Korea would involve not a full-scale invasion but rather asymmetric attempts to destabilize or disrupt the South Korean economy and political life. These attempts could include small-scale

²⁸ Some assessments suggest that these logistical advantages may have doubled South Korea's combat effectiveness. See Michael O'Hanlon, “Stopping a North Korean Invasion: Why Defending South Korea Is Easier Than the Pentagon Thinks,” *International Security* 22, no. 4 (Spring 1998): 135–70.

²⁹ Michael O'Hanlon, *Defense Planning for the Late 1990s: Beyond the Desert Storm Framework* (Washington, D.C.: Brookings Institution, 1995), 43.

³⁰ International Institute for Strategic Studies, *The Military Balance 2007* (London: International Institute for Strategic Studies, 2007), 339–40.

³¹ “Seoul, Washington to Hammer Out Fresh War Plan by 2009,” *Yonhap News*, June 28, 2007.

incursions by special forces and terrorist bombings, among other possibilities. The priorities of the North Korean leadership may be assessed by answering the following questions: Does Pyongyang favor regime survival first? Does Pyongyang above all favor unification or destabilization of South Korea? The decision to pursue an “aggressive” or “expansionist” goal is actually composed of three separate calculations: the value of the prize, the costs that will be paid for that prize, and the probability of success. Although North Korea might quite highly value the goal of pursuing asymmetric attacks against South Korea, in order to argue that North Korea actually poses a threat to South Korea requires convincing proof that North Korea positively evaluates all three conditions. As the South Korean government has become more legitimate and stable over the past two decades, North Korea has not attempted political destabilization through terrorism. The most likely reason for this lack of asymmetric warfare, and for the improbability that such warfare would develop even without a U.S.-ROK alliance, is the North Korean leadership’s realization that such actions could backfire and unify the South Korean public in opposition to North Korea.

As long as North Korea remains weaker both militarily and economically than South Korea and continues to fall farther behind, most standard international relations theories would predict that North Korea can be deterred.³² The South Korean military is modernizing and outspending North Korea’s military by every measure, and the gap between the two militaries in terms of capability, quality, and training continues to widen. Based on material capabilities, South Korea, even without the United States, should be able to deter North Korean aggression. Even though Pyongyang’s threat perception would likely decrease, North Korea would not be in a position to contemplate offensive actions against South Korea.

Yet would Pyongyang feel that the grudging opening of North Korea to both South Korea and the world beyond is now not as important as previously? Under what circumstances would North Korea feel emboldened to pull back on international cooperation and limited domestic reforms?

Scholars have hotly debated the intentions, scale, and effectiveness of the incremental North Korean economic reforms undertaken in the past five years, but with little disagreement that North Korea in 2007 has been more

³² David C. Kang, “International Relations Theory and the Second Korean War,” *International Studies Quarterly* 47, no. 3 (September 2003): 301–24.

open to outside influences compared to a decade earlier.³³ Undoubtedly Kim Jong-il and the ruling regime have designed this reform policy in order to retain control while dealing with the undeniable economic problems in the country. Yet, despite much skepticism about Kim Jong-il's intentions, North Korea's market-socialism reform policy is continuing.³⁴

Much information about the pace and extent of the reforms is incomplete because Pyongyang has not opened North Korea's economy to full international participation.³⁵ Although centrally planned and administered, the reforms were not comprehensive.³⁶ As a result a multilayered and partly decentralized economy has emerged; while allowing prices to float and permitting private ownership and markets, the state nonetheless still owns most of the major enterprises and controls workers in many other ways.³⁷

The evidence points to the conclusion that North Korea's economic reforms are cautious and tentative, not wholesale. The reforms are also clumsy—inflation is rampant but production has not been freed to respond accordingly. Whether any reform measures can actually make a difference in North Korea's economy remains unclear. The purpose of this essay is not to predict the success of the reform efforts but rather to assess a key question about the likelihood that the reform efforts could be reversed, and the likelihood appears slim. If survival of the state is not at stake, then perhaps Kim Jong-il may attempt to reverse the economic opening that has taken place in the last few years. Regime survival will most likely only come about, however, through reduction of tensions, an outcome that can only be achieved by greater cooperation between North Korea and its neighbors.

³³ See, for example, Stephan Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* (New York: Columbia University Press, 2007), a book review roundtable of which appears in this issue of *Asia Policy* (no. 5, January 2008); and Bradley Babson, "Implications of a 'Bold Switchover' in Security Policy for Involving the International Financial Institutions in Financing North Korean Development" (paper presented at a conference sponsored by The National Bureau of Asian Research, Beijing, China, January 18–19, 2006) ~ <http://www.nbr.org/programs/northeast/BSC%5C14Babson.pdf>.

³⁴ For a discussion of North Korea's market-socialism reform policy, see Aidan Foster-Carter, "North Korea Caves in to the Market," *Asia Times*, August 6, 2002 ~ <http://www.atimes.com/atimes/Korea/DH06Dg01.html>.

³⁵ Andrew Salmon, "For the Lucky, North Korea's Food Options Grow," *International Herald Tribune*, October 30, 2004 ~ http://www.iht.com/articles/2004/10/30/a4_33.php.

³⁶ Yukie Yoshikawa, "The Prospect of Economic Reform in North Korea," Nautilus Institute, DPRK Briefing Book, March 15, 2004 ~ <http://www.nautilus.org/DPRKBriefingBook/transition/200312NKecon.html>.

³⁷ Ruediger Frank, "North Korea: 'Gigantic Change' and a Gigantic Chance," Nautilus Institute, Policy Forum Online, May 9, 2003 ~ http://nautilus.org/fora/security/0331_Frank.html; and David McNeill, "North Korea Ready to Learn from the Outside World," *New Zealand Herald*, July 13, 2007.

In sum, North Korea has moved toward international opening and domestic economic reforms, although the economic reforms have been on a much more limited basis. The key question, of course, is whether the absence of a U.S. military alliance would be consequential enough to change this fundamental South and North Korean approach—an issue that requires discussion of China.

CHINA'S ROLE

Beijing appears to desire, first and foremost, stability on China's borders and, secondly, North Korean economic reform that follows a Chinese model.³⁸ Millions of refugees flooding northern China would present major social and political problems for China as well as potentially derail China's economic development. Furthermore, war—or even turmoil on China's northern border—would also distract Beijing from China's other international issues. Also unclear is what benefit China would gain from allowing or supporting North Korean isolation and destabilization of South Korea. With an overall foreign policy of emphasizing stability on China's borders while focusing on the problems of rapid economic growth, Beijing would not likely look favorably upon a return to the Cold War on the Korean Peninsula.

China and South Korea share similar foreign policy orientations toward North Korea. Chinese officials have made public pronouncements both urging a conciliatory line to North Korea and arguing that North Korea is on the path to reform. In January 2005 Chinese Ambassador to South Korea Li Bin argued that “To think that North Korea will collapse is far-fetched speculation. The fundamental problem is the North's ailing economy. If the economic situation improves, I think we can resolve the defector problem. The support of the South Korean government will greatly help North Korea in this respect.”³⁹ The extent of China's trade with and investment into North Korea far exceeds that of even South Korea: in 2005 over half of total North Korean trade was with China, almost double the total amount of inter-Korean trade.⁴⁰ Piao Jianyi of the Institute of Asia-Pacific Studies in Beijing made the following statement:

Although many of our friends see it as a failing state, potentially one with nuclear weapons, China has a different view. North

³⁸ Taylor Fravel, “Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes,” *International Security* 30, no. 2 (Fall 2005): 46–83.

³⁹ “Chinese Envoy Discounts Pyongyang Collapse,” *JoongAng Ilbo*, January 13, 2005.

⁴⁰ Robert Marquand, “North Korea's Border Trade Getting Busier,” *Christian Science Monitor*, April 14, 2005 ~ <http://www.csmonitor.com/2005/0414/p01s04-woap.html>.

Korea has a reforming economy that is very weak, but every year is getting better, and the regime is taking measures to reform its economy, so perhaps the U.S. should reconsider its approach.⁴¹

Kim Jong-il's nine-day visit to Chinese industrial zones in January 2006 is evidence that China continues to have stable relations with North Korea and, furthermore, that China intends to continue the current engagement policy, showing few signs of taking a more coercive stance toward North Korea. In fact, Chinese trade and investment into North Korea outstrip that into even South Korea; for example, 70% of North Korean imports in 2005 were from China.⁴² Former U.S. assistant secretary of state James Kelly recently compared China-DPRK relations to gravitational pull:

The Northern banks of the Tumen and Yalu Rivers are enormously more prosperous than they have been in the past. They are visibly and figuratively prosperous. There are bright lights and active cities... The Chinese economy is exercising a Jupiter-like influence on areas that are relatively close to the country, even to...the Korean peninsula and the relatively impoverished areas of North Korea on the south side of those bordering rivers... If we're not able to resolve the denuclearization soon, these realities may lead to some developments that could surprise us.⁴³

China is the most likely country to have increased influence on the peninsula in the absence of a U.S.-ROK alliance. For the time being, South Korean and Chinese interests appear to be fairly consistent: increasing the economic and cultural opening of North Korea, focusing on stability rather than regime change in North Korea, and avoiding a costly collapse of the regime.

CONCLUSION

Though the evidence leading to such a prediction is fairly slim, the "Cold War II" scenario, in the event of the end of the U.S.-ROK alliance, is probably foremost in the minds of U.S. policymakers. The occurrence of this scenario would require (1) a naive South Korean public and an almost willfully ignorant South Korean policymaking elite; (2) a North Korean elite that is willing to gamble the country's survival from an international, economic, and military

⁴¹ Howard French, "Doubting U.S., China Is Wary of Korea Role," *New York Times*, February 19, 2005, A1.

⁴² Robert Marquand, "Trade Getting Busier," *Christian Science Monitor*, April 14, 2005 ~ <http://www.csmonitor.com/2005/0414/p01s04-woap.html>.

⁴³ James Kelly, "Northeast Asia and the Six Party Process" (speech delivered at the Westin Chosun Hotel, Seoul, South Korea, May 17, 2007).

position that is worse than two decades ago; and (3) a Chinese government that, contrary to actions along its other borders, either permits or supports turmoil on the peninsula with the potential to unleash millions of refugees into northern China, disrupting the already fragile domestic political and economic situation in China.

Prediction is at best a wild guess. Chances are that in the current situation, however, South-North relations would continue to emphasize economic relations, even in the absence of a U.S.-ROK military alliance. U.S. influence in the region will always be large, and the absence of a military alliance would not change the ability of the United States to intervene on the Korean Peninsula if necessary. With respect to inter-Korean relations, however, the absence of a U.S.-ROK alliance under many circumstances would appear not to alter the situation greatly. Although China would have more influence on the peninsula in the absence of the U.S. military, for the time being China appears to share a similar orientation with South Korea regarding North Korea, particularly concerning Pyongyang's nuclear and economic policies. ◆

U.S.-ROK Civil Society Ties: Dynamics and Prospects in a Post-Alliance World

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