

# PAPERS

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# THREE ANGLES TO ONE END: THE POLITICAL ECONOMY OF US-CHINA RELATIONS IN THE DIPLOMACY OF ROBERT B. ZOELLICK, 2000-2012

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*John C. Corrigan IV*

*Robert B. Zoellick has since the early 1980s served in a range of US government, private sector and international civil-servant positions. In these roles he has not only participated in, but more importantly managed, fundamental events shaping the global political economy. While Zoellick has served around the world during this century on an array of issues, his overarching focus and task has been the long-term management of the US engagement and incorporation of China into the global political-economic order constructed since the end of the Second World War. Throughout Zoellick's various positions his approach can be best described as coercive economic diplomacy, a stance understandable given the political, economic, historical and cultural gulfs separating the US and China. In June 2012, Zoellick stepped down as World Bank president after spending all but one of the past twelve years at the highest levels of the world political stage, and always in the middle of what is arguably the most important bilateral relationship the world has ever known. Regardless of the aggressiveness in his coercive approach, as perceived by China or other state actors, the manner and goals of the US economic diplomacy embodied by Zoellick's consistent approach are preferable to military diplomacy. Zoellick's work as a single course of multidimensional US diplomacy with China in the twenty-first century may well stand out, if only quietly, in history. Whether relations between the two great powers improve or grow strained in coming years, his frank, pragmatic and respectful approach to the relationship can be appreciated by reasoned people in both the US and China, and in contrast to better-known traders in aggression.*

## **Introduction: The Omnipresent American**

Robert B. Zoellick has since the early 1980s served in a range of US government, private sector and international civil-servant positions. In these roles he has not only participated in, but also more importantly managed, fundamental events shaping the global political economy. While working in the Executive

Office and the Departments of Treasury and State, Zoellick served as the principal US representative in negotiations including those on German reunification, the completion of the Uruguay Round to form the World Trade Organization (WTO), the accession of China and Taiwan to the WTO, US membership in the Asia Pacific Economic Cooperation (APEC), and the formation of the North American Free Trade Agreement (tNAFTA).<sup>1</sup> After brief interludes in the private sector throughout these decades at positions ranging from Harvard University to Goldman Sachs, Zoellick has since 2007 served as president of The World Bank Group. Throughout this period he has maintained a consistent approach to developing the global political economy based upon the liberalization of trade and collective enhancement and maintenance of the international economic architecture.

Our focus here is on a particular course of Zoellick's economic diplomacy from 2000 to the present, and is divided into three sections. The first analyzes his work as US Trade Representative (USTR) for the George W. Bush administration from January 2001 to February 2005. The second covers his brief service as US Deputy Secretary of State from February 2005 to July 2006.<sup>2</sup> The final section discusses Zoellick's work as a Bush-appointed international civil servant as president of the World Bank Group from July 2007 to June 2012. In these positions Zoellick has worked for the political and economic integration of a rising China into the aging Bretton Woods System overseen by an increasingly strained US leadership seeking balanced international coordination. His diplomacy has been of the economic sort, and is centered on promoting fluid international trade and best practices within a cooperative framework as a guarantor of global prosperity and stability. With Zoellick's engagement of China in mind, this paper's sections correspond to the above time periods as follows: the 2001-2005 period of the "competitive liberalization" of trade, courting China as a "responsible stakeholder" from 2005 onward, and finally, the post-financial crisis G2 era currently unfolding.

This paper argues that while Zoellick has served around the world during this century on an array of issues, his primary focus and task has been the long-

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1 The GATT-APEC-NAFTA conclusions in 2004 have been dubbed "The Triple Play" by US trade watchers in reference to a rare and spectacular baseball play. Zoellick's direct involvement in all three is a notable diplomatic accomplishment. Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" *The World Economy* 31, no. 1 (2008): 50. See also: Richard E. Feinberg, "Regionalism and Domestic Politics: US-Latin American Trade Policy in the Bush Era," *Latin American Politics and Society* 44, no. 4 (2002): 136.

2 Zoellick served briefly as Vice Chairman-International of the Goldman Sachs Group from 2006-07 between leaving the US government and assuming his position at The World Bank.

term management of the US engagement and incorporation of China into the global political-economic order constructed since the end of the Second World War. The three periods listed above have seen changing international circumstances and varying challenges requiring immediate attention, but history has shown Zoellick's diplomatic focus has returned always to US-China relations. This attention on his part is no doubt due to the sheer size of China's population and its increasing political-economic weight. More importantly, however, his efforts corroborate US and international foresight in recognizing that the integration of China as seamlessly as possible into the existing international political-economic order is crucial to global prosperity and stability. Throughout these three periods Zoellick's approach can be best described as coercive economic diplomacy, a stance understandable given the political, economic, historical and cultural gulfs separating the US and China. Regardless of the aggressiveness in that coercion as perceived by China or other state actors, however, the manner and goals of the US economic diplomacy embodied by Zoellick are preferable to military diplomacy.

### **United States Trade Representative 2001-2005: The Era of Competitive Liberalization**

Zoellick was tapped by the George W. Bush campaign in January 2000 to articulate the foreign policy of the aspiring administration for public consumption. In a *Foreign Affairs* article titled, "A Republican Foreign Policy," his focus was clear: the greatest geopolitical gains for the unipolar-power were to be made through trade.<sup>3</sup> In stating that, "Washington has the power to shape global economic relations for the next 50 years," Zoellick loaded "trade" with meaning far beyond the mere exchange of goods.<sup>4</sup> His outlook on the topic was afforded by the preponderant economic power the US enjoyed in the decades immediately following the Cold War and a sense that the political and economic leverage that power granted must be put to immediate use for best effect. He continued, "The United States needs a strategic economic-negotiating agenda that combines regional agreements with the development of global rules for an open economy. To link up with Latin America and the Asia-Pacific region, the United States should propose free-trade agreements with either individual countries or regional groups."<sup>5</sup> Implicit in this approach was that countries that did not pursue such agreements as urgently as the US would enjoy fewer trade-liberalization

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3 Robert B. Zoellick, "A Republican Foreign Policy," *Foreign Affairs* 79, no. 1 (2000): 63, 64.

4 *Ibid.*, 65.

5 *Ibid.*, 71.

benefits, be they economic or political. The operative phrase in the above quote in political terms, however, is, “the development of global rules.” Here lies the strategic goal of US efforts to influence and advance overarching international economic rules through mutually enforcing trading regimes at the opening of the twenty-first century.

However, in this full-speed-ahead approach there was a paradox at work. As a principal architect of the multilateral world trading system, the US had long been a proponent of consensual liberalization through the GATT and WTO forums. US policy shifted somewhat in the late 1980s as it negotiated bilateral trade agreements with Israel and Canada for political and proximal reasons, respectively and NAFTA came into effect in 1994 after heated domestic debate.<sup>6</sup> In fact, there existed subdued yet long-standing wishes in Washington to quicken the pace of trade liberalization in bilateral or regional fashions as the US already maintained below-average tariff rates, wanted further reductions of global tariffs and could influence the design of such agreements. An early supporter of that strategy was none other than Zoellick’s former boss at the Department of the Treasury, James A. Baker, who stated in 1988, “If possible we hope that this . . . liberalization will occur in the Uruguay Round. If not, we might be willing to explore a market liberalizing club approach through unilateral arrangements or a series of bilateral agreements. While we associate a liberal trading system with multilateralism, bilateral or unilateral regimes may also help move the world toward a more open system.”<sup>7</sup>

Nonetheless, there were few adamant calls for US free-trade agreements (FTAs) between the 1994 completion of NAFTA and the start of the George W. Bush administration in 2001. This silence was due primarily to “trade fatigue” affecting the US Congress, especially Democratic members and their constituencies, in the wake of the NAFTA negotiations and ensuing inability of the Clinton administration to secure trade promotion authority (TPA) to “fast-track” trade negotiations.<sup>8</sup> Baker’s logic remained a strategic option for trade-friendly Republicans aspiring to replace Clinton, however, and was dubbed “competitive liberalization” in 1996 by C. Fred Bergsten, from whom Zoellick later ap-

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6 Vinod K. Aggarwal, ““Look West: The Evolution of US Trade Policy Toward Asia,” *Globalizations* 7, no. 4 (2010): 456.

7 *Ibid.*, 464.

8 *Ibid.*, 456. For more on US trade fatigue at the end of the Clinton administration and its motivations on the incoming Bush administration, see Barry Eichengreen and Douglas Irwin, “International Economic Policy: Was There a Bush Doctrine?” *National Bureau of Economic Research, NBER Working Paper Series* no. 13831 (2008): 7.

propriated the phrase.<sup>9</sup>

As noted above, Zoellick represented the US in both the Uruguay Round negotiations and the fifteen-year negotiations on Chinese accession to the WTO. Why then would he so fervently push for bilateral and regional agreements at risk of undermining WTO development?<sup>10</sup> Preliminary answers lie in the economic leverage the Bush administration felt it possessed upon entering office in 2000, the sentiment that there had been enough rest following the aforementioned trade fatigue and Democratic administration, and the fear that the US was being left behind while its partners signed preferential trading deals elsewhere.<sup>11</sup> Rather than play catch-up to the standards of partners' agreements, the Bush administration saw value in compelling others to do so on its own terms by negotiating from a generally advantageous economic position.

Most importantly, there was a strategic aim to develop advanced, WTO-plus global economic rules through the creation of preferential trade agreements, especially with Chinese accession to, and most-favored nation status at, the WTO imminent.<sup>12</sup> Design of and control over such WTO-plus rules would fulfill the US desire to consolidate institutional influence within its hub-and-spoke framework in Northeast Asia and beyond. In so doing, US interests in trade liberalization would continue to strongly influence international commercial norms.<sup>13</sup> Security interests worldwide are of course intertwined with economic interests in the practice of linkage politics; a process managed more easily outside the confines of the theoretically non-politicized WTO.<sup>14</sup> In short, the initial posture

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9 Barry Eichengreen and Douglas Irwin, "International Economic Policy: Was There a Bush Doctrine?" 16.

10 The debate on if and how bilateral and multilateral preferential agreements undermine the WTO is beyond the scope of this paper. Our argument recognizes however, that there is much evidence presented by economists for such agreements threatening WTO progress. See Jagdish N. Bhagwati, "The Wrong Way to Free Trade," *The New York Times*, July 24, 2001; Arvind Panagariya and Jagdish Bhagwati, "Bilateral Trade Treaties Are a Sham," *Financial Times*, July 13, 2003 and Phillippe Legrain, "Last Resort," *The New Republic*, November 3, 2003.

11 Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" 34-36. Zoellick himself put it succinctly in *The New York Times*: "The United States has been falling behind the rest of the world in pursuing trade agreements. Worldwide, there are 150 regional free-trade and customs agreements; the United States is a party to only three. Each one sets new rules and opens markets for those that have signed on and creates hurdles for those outside the agreement. Trade legislation that could help remedy this imbalance is awaiting Senate consideration. Prompt action is needed to clear the way for America's international trade leadership and economic interests." Robert B. Zoellick, "Falling Behind on Free Trade," *The New York Times*, April 14, 2002.

12 Maryanne Kelton, "US Economic Statecraft in East Asia," *International Relations of the Asia Pacific* 8 (2008): 166.

13 *Ibid.*

14 *Ibid.*, 154, 156.

of the Bush administration indicated that it was willing to bear the economic irrationality of discriminatory trade liberalization outside the economically efficient but politically inefficient WTO to accomplish its objective of using US market-size advantage as economic leverage to advance geopolitical interests in an increasingly important region.

Upon entering office in 2001, the Bush administration, through USTR Zoellick, began an all-out public relations campaign in support of an economic foreign policy that diverged significantly from that of the Clinton administration. Zoellick wrote often, uncharacteristically for a cabinet member, across the pages of major US and UK newspapers arguing both for Bush being granted TPA by the US Congress and in support of the logic of competitive liberalization.<sup>15</sup> After TPA was granted to Bush in August 2002, Zoellick again communicated his consistent message of the era by invitation in the December 5, 2002, edition of *The Economist*:

Whether the cause is democracy, security, economic integration or free trade, advocates of reform often need to move towards a broad goal step by step—working with willing partners, building coalitions, and gradually expanding the circle of co-operation. Just as modern business markets rely on the integration of networks, we need a web of mutually reinforcing trade agreements to meet diverse commercial, economic, developmental, and political challenges. The United States is combining this building-block approach to free trade with a clear commitment to reducing global barriers to trade through the WTO. By using the leverage of the American economy's size and attractiveness to stimulate competition for openness, we will move the world closer towards the goal of comprehensive free trade.<sup>16</sup>

Implied in Zoellick's statement is that reform of some kind above and beyond the scope and capability WTO conditions is indeed necessary, unwilling states outside the circle of cooperation can be coerced into willingness through fear of economically damaging exclusion and that the goal of "comprehensive free trade" will be reached on US terms by virtue of the leverage it brings to negotiations. Herein lie the foundations of Bush's economic foreign policy, which would not change for the duration of the administration.<sup>17</sup>

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15 Bear in mind that the US electorate must be convinced of such policy lest it vote out those who enact it in the next round of elections. In this sense Zoellick was selling the policy to the US public.

16 Robert B. Zoellick, "Unleashing the Trade Winds," *The Economist*, December 5, 2002.

17 The Bush administration's trade promotion authority expired in July 2007 amidst uncertainty on the



The events of September 11, 2001 did not dampen Zoellick's approach amidst the shifting geopolitical landscape. In a September 20, 2002 *Washington Post* piece, he seamlessly merged the policy with efforts to eradicate terrorism, writing, "We need to infuse our global leadership with a new sense of purpose and lasting resolve. Congress, working with the Bush administration, has an opportunity to shape history by raising the flag of American economic leadership. The terrorists deliberately chose the World Trade towers as their target. While their blow toppled the towers, it cannot and will not shake the foundation of world trade and freedom."<sup>18</sup>

It is important to note that within an administration for which so much changed after 9/11, especially in terms of foreign policy, the strategy of competitive liberalization was supported and retained for the duration. This indicates both its importance to the Bush administration as a long-term tool of economic statecraft and its utility beyond the realm of immediate security concerns. The US had learned as far back as the NAFTA negotiations that its market size granted it an upper hand not just during negotiations, but in determining the very subjects and starting points of negotiations when it came to considering partners' requests for FTA discussions.<sup>19</sup> It was during the NAFTA negotiations with Mexico in particular that US trade negotiators gained experience in inserting WTO-plus stipulations into trade agreements from then onward; investments, services, labor and environmental conditions, technology and intellectual property issues were to become standards in US FTAs which placed greater stress for domestic economic and structural reforms on the smaller state.<sup>20</sup> Legally prohibited from approaching trading partners by their own initiative, US diplomats, Zoellick himself included, simply waited for requests to come, at which point they were nearly assured asymmetric reciprocity in negotiations.<sup>21</sup>

Beginning with the granting of TPA to the Bush administration in 2002, requests for FTAs from Malaysia, Indonesia, Taiwan, Thailand, New Zealand and

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futures of the Doha Development Round and other FTAs under negotiation at the time.

- 18 Robert B. Zoellick, "Countering Terror with Trade," *The Washington Post*, September 20, 2001. Eichengreen and Irwin argue in fact, that the bipartisan political climate created in Washington after the attacks was instrumental in Bush being granted TPA and being able to launch the Doha Round in the first place. See Barry Eichengreen and Douglas Irwin, "International Economic Policy: Was There a Bush Doctrine?" 9.
- 19 Richard E. Feinberg, "The Political Economy of United States' Free Trade Agreements," *World Economy* 26 (2003): 1022, 1025.
- 20 Mignonne Chan, "US Trade Strategy of 'Competitive Liberalization,'" *Tamkang Journal of International Affairs* 8, no. 3 (2005): 12, 14.
- 21 Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" 40.

Uruguay were declined for various political and economic reasons.<sup>22</sup> Conversely, the US itself was denied completion of the Free Trade Area of the Americas for political reasons as well, stymying Zoellick's wishes to integrate all of the Americas in one economic bloc. Nonetheless, during the Bush administration, FTAs were either completed or begun for later completion with Australia, Bahrain, Chile, Colombia, Central American states and the Dominican Republic for the CAFTA-DR, Jordan, South Korea, Morocco, Oman, Panama, Peru and Singapore. Crucially, the total trade share of US FTA partners in the US economy outside of NAFTA and South Korea is roughly 10 percent.<sup>23</sup> This suggests a much greater geopolitical than economic value logic for the creation of FTAs, considering precious political capital is spent by all contracting parties in their negotiation and passing of them into law.

What then is the greater goal of US geopolitical logic in FTA creation? In a 2003 speech USTR Zoellick shed some light on the question in outlining his thirteen characteristics for suitable US FTA partners:

1. Congressional guidance.
2. Interest from US business and agriculture.
3. Implications for sensitive products (such as textiles and sugar).
4. Evidence of political will on the part of the foreign party to implement the necessary trade reforms.
5. The party's willingness to implement other market-oriented reforms.
6. The party's commitment to any ongoing WTO and relevant regional negotiations.
7. The contribution of an agreement with the foreign party to regional integration.
8. The degree of support from US civil society groups.
9. The extent to which the foreign party cooperates with the United States on foreign and security policy.
10. Consideration of whether an agreement with the foreign party would counter other FTAs that put US commercial interests at a disadvantage.
11. The desire on the part of the United States to sign FTAs in every region of the world economy.
12. The desire on the part of the United States to have FTAs with

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22 Mignonne Chan, "US Trade Strategy of "Competitive Liberalization," 10, 19. Chan notes on page 19 the irony in the US using FTA linkage politics to advance democracy, but rejecting FTAs with democratic countries due to political issues. The best example is of course New Zealand, which among other reasons, found itself unable to complete an agreement with the US because it would not permit US nuclear-capable vessels from docking in its ports.

23 Vinod K. Aggarwal, "Look West: The Evolution of US Trade Policy Toward Asia," 466.

industrialized and developing countries.

13. The implications of any negotiation on the resources available to the Office of the United States Trade Representative.<sup>24</sup>

The overarching theme in these points is that economically developed nations enjoying warm diplomatic relations and similar political systems with the US are in ideal positions, should they so choose, to integrate above and beyond WTO terms under conditions of asymmetrical reciprocity. Trust in continued US global leadership and long-term subscription to it is therefore implied, and freer access to the US market is gained. As noted above, many countries have done so, and in the process fulfilled Washington's desires for a geographically dispersed "sequential regionalism."<sup>25</sup> Countries economically incapable or politically unwilling to meet these requirements are not few in number. One stands out, however, especially given the timing of the US implementation of competitive liberalization. China, having ascended to the WTO less than two years before Zoellick made these remarks, was then and is now the country furthest from meeting the above criteria. In fact, points four and five would be difficult to negotiate with current US and Chinese leaderships, and point nine all but impossible. This distance in politics as illustrated in FTA design no doubt resonates with global leaders.

Inherent to the logic of competitive liberalization is that state actors in signing FTAs will assume the burdens of domestic economic restructuring so as not to be left behind in the process of mutually reinforcing trade liberalization occurring beyond their borders and outside the WTO. In fact, nations such as Canada and South Korea sought FTAs with the US to force restructuring on their own economies, particularly their service sectors. Central to our argument in terms of the US political-economy approach to China is that the reverse is also true: the proliferation of FTAs amongst willing actors *can be used by one, some or all of them* to indirectly coerce recalcitrant states to submit to political and economic standards engineered outside the WTO by ever-increasing FTA participants.<sup>26</sup> Moreover, the pressure placed by the US on Beijing throughout this process, being indirect in nature, has few negative consequences for Washington in terms of its image and soft power. In this sense, we can see Zoellick's

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24 Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" 42.

25 *Ibid.*, 51.

26 Maryanne Kelton, "US Economic Statecraft in East Asia," *International Relations of the Asia Pacific* 8 (2008): 150, 151. Of note here is Kelton's quote of Zoellick saying the Bush administration had a "long memory" of trading partners that did not fall in line with its foreign policy goals.

drumbeat for liberalization at any cost as a means to simultaneously promulgate US best practices worldwide *and* refuse Beijing a chance to catch its political-economic breath after fifteen difficult years of WTO negotiations. Zoellick said as much in “A Republican Foreign Policy,” with, “If China, Russia, India, and others want to keep up, they will have to open up.”<sup>27</sup> Arguably, his central focus in that 2000 remark was China, and events since then have no doubt sharpened that focus.

The literature is replete with criticism of the purely economic logic of competitive liberalization, but that is beside our point.<sup>28</sup> Central to this paper’s argument is that the US strategy of competitive liberalization articulated by Zoellick from the outset envisioned Chinese subscription, coerced or otherwise, to evolving US-designed WTO-plus conditions as its end goal. The ideal result from Washington’s perspective would be a structure-syncing of the world’s top economies under something at least resembling the Washington Consensus, a rejuvenation of the Bretton Woods System, and most importantly, diminished chances of armed conflict between the world’s two superpowers and in Northeast Asia in general. Trade-liberalization benefits with smaller nations were but dividends accrued along the way for the US. From Washington’s perspective, China’s 2001 WTO accession symbolized economic membership, but not guaranteed compliance with, rules Beijing had much less part in designing than did Washington. Zoellick knew this and also that the linkage politics possible in FTA designs could over time create conditions more favorable to Washington into which China could later be pressed. That pressing would require consistent and substantial diplomatic effort, all while China worked to fulfill its onerous WTO obligations.

Consistency in efforts at competitive liberalization notwithstanding, US diplomacy in Northeast Asia (and other regions) suffered throughout the Bush administration due to Washington’s wars in Afghanistan and Iraq. Of the FTAs

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27 Robert B. Zoellick, “A Republican Foreign Policy,” 73.

28 Perhaps the most succinct criticism of the trade-law complexities arising from competitive liberalization is not “the noodle bowl” metaphor, but the phrase “competitive confusion” coined by Hadi Soesastro. See the “Introduction” in Hadi Soesastro, “Dynamic of Competitive Liberalisation in RTA Negotiations: East Asian Perspectives,” PECC Trade Forum, April 22-23, 2003, Washington, DC. See also Mignonne Chan, “US Trade Strategy of ‘Competitive Liberalization,’” 19. It is essential to point out that the central premise of competitive liberalization is that it will spur stalled multilateral liberalization as a sort of jump-starting mechanism. As the fate of the Doha Round shows, this has not been the case; see Vinod K. Aggarwal, “‘Look West: The Evolution of US Trade Policy Toward Asia,’” 467; and Simon J. Evenett and Michael Meier, “An Interim Assessment of the US Trade Policy of ‘Competitive Liberalization,’” 59-64. The question then becomes whether competitive liberalization was simply an intellectual economic cover for political ends from the beginning of the Bush administration.

listed above, only the agreement with longtime ally South Korea came to fruition in Northeast Asia, taking effect in 2012 under President Obama.<sup>29</sup> In short, US immediate regional pressures on China through FTAs, as well as a broader “sequential regionalism” approach, fell short of expectations for political and economic engagement and compliance. As China’s political and economic presence grew into the middle of the century’s first decade, especially within the context of the WTO, the Bush administration in its second term took a different tack in engaging Beijing, one based on a more direct, communicative approach than competitive liberalization to inducing Chinese compliance with existing international norms. Once again, Zoellick would serve as Washington’s mouthpiece, but from then on as Deputy Secretary of State.

### **United States Deputy Secretary of State 2005-2006: Courting China as a Responsible Stakeholder**

The initial public line of diplomacy toward China taken by the Bush administration in 2001 was more direct than Zoellick’s roundabout strategy of competitive liberalization. Dating back to his campaign in 1999, Bush referred to China as a “strategic competitor,” while then president William Clinton used the phrase “strategic partner.”<sup>30</sup> Amidst the years immediately following the 9/11 attacks and their effect on US foreign policy, the Bush administration was prone to contradictory statements on China, which in general did not remedy the adversarial tone of his remarks on the campaign trail.<sup>31</sup> Nonetheless, throughout the distractions and strategic ambiguity of the time, the dynamic of the US-China relationship was changing. Chinese GDP growth remained strong during the economic slowdown after the 9/11 attacks, and its accession to the WTO just weeks after 9/11 more deeply integrated Chinese exporters into the global economy. With the wars in Iraq and Afghanistan everyday realities by 2005, the Bush administration decided on a reset of sorts in its relations with China.

Just after George W. Bush began his second term and Zoellick assumed his post as Deputy Secretary of State, the latter delivered a speech titled “Whither China: From Membership to Responsibility?” to the National Committee on

29 Min Gyo Koo, “US Approaches to the Trade-Security Nexus in East Asia: From Securitization to Re-securitization,” *Asian Perspective* 35 (2010): 50. Koo discusses the unique circumstances between the allies that make the KORUS FTA the only one of its kind for the US in Northeast Asia.

30 Jonathan Czin, “‘Dragon-Slayer or Panda-Hugger? Chinese Perspectives on “Responsible Stakeholder” Diplomacy,” *Yale Journal of International Affairs* (Spring/Summer 2007): 101.

31 Robert B. Zoellick, “Whither China: From Membership to Responsibility?,” *NBR Analysis* 16, no. 4 (2005): 3.

US-China Relations in New York City on September 21, 2005.<sup>32</sup> Through this speech a reset was indeed achieved, along with a vigorous debate in both countries on the implications of Zoellick's words. Interestingly, Zoellick's leaving the USTR cabinet position to take a deputy position in the State Department was a demotion in technical terms, but "Whither China?" was to prove his importance beyond his position. He was at the time the lead US diplomat in the Senior Dialog, the highest-level diplomatic discussions with Beijing, and therefore a linchpin of communication between the two countries. Communicate Zoellick did that night, and in his own rhetorical fashion. He urged China in the speech to become a "responsible stakeholder" in the international system that had enabled its growth.<sup>33</sup> Rarely in diplomatic history has a newly minted two-word phrase, let alone one from a sub-cabinet level diplomat, stirred so much debate on an unfolding relationship so central to international affairs. Furthermore, there was at the time no direct Chinese translation for the word "stakeholder."<sup>34</sup>

Aside from September 2005 being the first autumn of Bush's second term, the regularity of two US wars sinking in and a recognized need to turn diplomatic attention toward Asia after a period of distraction, what other factors spurred Zoellick's speech? Moreover, can those factors be connected to his prior work on competitive liberalization as USTR? There is at least one essential thread that runs through these events, and indeed onward into Zoellick's later diplomacy at the World Bank. That thread is the challenge of China's post-accession compliance in the WTO and the utility of applying inferences made in monitoring that relationship to analysis of other elements of China's foreign relations. After joining the World Bank and International Monetary Fund (IMF) in 1980, China's 2001 accession to the WTO made the nation a full member of the Bretton Woods System.<sup>35</sup> With membership came the responsibility of compliance to complex WTO regulations.<sup>36</sup> Those regulations, and the political

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32 Jonathan Czin, "Dragon-Slayer or Panda-Hugger? Chinese Perspectives on 'Responsible Stakeholder' Diplomacy," 100.

33 Robert B. Zoellick, "Whither China: From Membership to Responsibility?," 7. A more elaborate definition of the phrase occurs later in the speech on page 9: "All nations conduct diplomacy to promote their national interests. Responsible stakeholders go further: They recognize that the international system sustains their peaceful prosperity, so they work to sustain that system. In its foreign policy, China has many opportunities to be a responsible stakeholder."

34 Jonathan Czin, "Dragon-Slayer or Panda-Hugger? Chinese Perspectives on 'Responsible Stakeholder' Diplomacy," 103. Zoellick claims he was unaware no equivalent for "stakeholder" existed in Chinese, but wishes he could claim to have known and therefore used the debate over the translation of the word to fuel debate on the speech in general.

35 Gerald Chan, "China and the WTO: The Theory and Practice of Compliance," *Royal Institute of International Affairs*, Asia Programme Working Paper no. 5 (2003): 6.

36 *Ibid.*, 7.

and economic structure necessary for compliance with them, posed much more of a challenge to developing China than to the countries that had designed the system decades before and were legally conversant in its operations.<sup>37</sup>

As USTR, Zoellick's office was responsible for chairing the Trade Policy Staff Committee (TPSC), a US inter-agency group which monitored Chinese WTO compliance.<sup>38</sup> The committee's formation in the winter of 2001 coincided with Zoellick's public articulation of the logic of competitive liberalization, and he remained involved in TPSC leadership until moving to the State Department.<sup>39</sup> Crucial to our point here is that Zoellick's time as USTR put him in an ideal position to witness both the shared benefits of Chinese membership in international organizations such as the WTO, and also the drag that membership could and did create on their operations and development.<sup>40</sup> Put another way, his experience monitoring Chinese WTO compliance provided a microcosm from which to analyze other dimensions of China's integration into the global political economy. In short, whereas when lobbying for competitive liberalization Zoellick was indirectly coercing Chinese subscription to the existing international system, in his TPSC role he witnessed the complications inherent in the process of China's fusion with it. Zoellick's perspective gained from trade relations therefore left him in an ideal position from which to make such a speech. Trade received substantial attention in "Whither China?," and Zoellick, known for his blunt speaking style, cut right to the bone of both trade issues and China's need to share the burdens of maintaining the international system by saying, "China has been more open than many developing countries, but there are increasing signs of mercantilism, with policies that seek to direct markets rather than opening them. The United States will not be able to sustain an open international economic system—or domestic US support for such a system—without greater cooperation from China, as a stakeholder that shares responsibility on international economic issues."<sup>41</sup>

At the core of "Whither China?" are both reassurances and requests. There is also no shortage of veiled threats, especially concerning protectionist backlash in the US against China's post-accession trade practices.<sup>42</sup> Citing US support of Deng Xiaoping's market reforms from 1978 onward and the symbiotic

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37 *Ibid.*, 20.

38 *Ibid.*, 12, 13.

39 Zoellick moved directly from the Executive Office of the President to the State Department, with no time in between as Bush's second term began.

40 *Ibid.*, 15.

41 Robert B. Zoellick, "Whither China: From Membership to Responsibility?," 9.

42 *Ibid.*

relationship thus created between the two countries, Zoellick offers reassurances that the US posture toward China is fundamentally different than that which it took toward the Soviet Union. His reasons are based on China's recognition that exporting revolution was no longer in its interests and "being networked with the modern world" now is.<sup>43</sup> Zoellick saw that interconnectivity and the enhancement of it as a win-win proposition, at least from the US perspective.<sup>44</sup> In terms of requests, Zoellick makes his political concerns clear, stating, "China needs to recognize how its actions are perceived by others. China's involvement with troublesome states indicates at best a blindness to consequences and at worst something more ominous. China's actions—combined with a lack of transparency—can create risks. Uncertainties about how China will use its power will lead the United States—and others as well—to hedge relations with China. Many countries hope China will pursue a "Peaceful Rise," but none will bet their future on it."<sup>45</sup>

Example actions from Beijing that would soften that US hedge according to Zoellick are as follows: increased transparency in defense spending, reduction of mercantilist trade practices, protecting the intellectual property of trading partners, abandoning its zero-sum strategy in energy acquisition and taking a proactive approach to ending the discord on the Korean peninsula.<sup>46</sup> He presents these requests in the context of shared interests and a "thirty-year policy of integration," which when accomplished would add to the vitality of the international system.<sup>47</sup> This brand of coercion has the same Washington Consensus-style objectives aimed for with competitive liberalization, but in this era Zoellick delivered it directly in person, and with China as the sole subject of the speech.<sup>48</sup> Zoellick's aggressive tone builds toward the speech's conclusion. At its end he claims somewhat paradoxically that US support for freedom within China is not based on a desire to weaken it, and adds, "We can cooperate with the emerging

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43 Ibid., 7.

44 This tone in US diplomacy dates back at least as far as a Richard Nixon 1967 *Foreign Affairs* essay in which the future president pointed out that a globally engaged China would act with more 'civility' and in a less dogmatic manner. Critics of Nixon then and critics of Zoellick now point out that the approach is nothing more than a long-winded attempt at asking China to mimic the US. See Amitai Etzioni, "Is China a Responsible Stakeholder?," *International Affairs* 87 no. 3, (2011): 540.

45 Robert B. Zoellick, "Whither China: From Membership to Responsibility?," 8.

46 Ibid., 9, 10.

47 Ibid., 13.

48 Of note is that China was rarely if ever mentioned in Zoellick's public writing on competitive liberalization. This paper's argument that China's reform to Washington's preferences was in fact the long-term objective of competitive liberalization is supported by Zoellick's sudden focus on China upon reentering the State Department. In short, the strategies were noticeably different, but the goal clearly the same.



China of today, even as we work for the democratic China of tomorrow.”<sup>49</sup> Of all the debate-stirring phrases and segments of “Whither China?,” its final sentence leaves little room for interpretation.<sup>50</sup>

The word “socialization” did not appear in “Whither China?,” but its meaning permeated Zoellick’s speech. In this sense, the overarching theme of the speech was a request for the rising power to more closely join the international system that had enabled its development and share in the burdens of its maintenance. Zoellick’s incisive message left his audiences, be they in the US or China, to chew on the implications of his words. That process was arguably more sensitive in the latter country than the former. After the initial step of adequately translating the term “stakeholder,” the speech divided its audience in China into two camps. Jonathan Czin describes them as, “those who embrace Zoellick’s stakeholder terminology with varying degrees of wariness; and skeptics who see the term as a discursive weapon for criticizing China.”<sup>51</sup> We can roughly label the former group Chinese internationalists and the latter nationalists.<sup>52</sup> Given the interpretive scope of Zoellick’s words, both groups have strong arguments.

Chinese internationalists could point, as Zoellick did, to the immense economic gains their country made by incorporating itself into the international system since 1978. More wary nationalist takes on the speech, however, saw ominous implications with familiar historical overtones. Did the word “responsible” imply that China until that point had been irresponsible? Who defines responsibility? Did fully joining the international system actually mean submission to rules China had not designed and had difficulty in following due to its level of economic development?<sup>53</sup> Would the effort of attempting to follow those rules tie China’s hands in the present-day development of international political and economic norms? Such concerns were inevitable and understandable from Beijing’s perspective. More broadly, was Zoellick’s approach not simply an attempt by a weakening superpower to “pass on the costs of hegemony and globalization” in order “to slow down the pace of China’s rise,” as noted by Pro-

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49 Ibid., 12, 14.

50 A clear link between economic reform and democratization is made on page 12: “Closed politics cannot be a permanent feature of Chinese society. It is simply not sustainable—as economic growth continues, better-off Chinese will want a greater say in their future, and pressure builds for political reform.”

51 Jonathan Czin, ““Dragon-Slayer or Panda-Hugger? Chinese Perspectives on “Responsible Stakeholder” Diplomacy,” 101.

52 Richard Baum applies these very labels in his analysis of the speech. See: Robert B. Zoellick, “Whither China: From Membership to responsibility?,” 19.

53 Jonathan Czin, ““Dragon-Slayer or Panda-Hugger? Chinese Perspectives on “Responsible Stakeholder” Diplomacy,” 104, 105.

fessor Wang Yiwei of the Center for American Studies at Fudan University?<sup>54</sup> To Chinese nationalists, “Whither China?” was laden with the very paternalistic condescension they saw their country’s rise as in the process of eradicating.

In contrast to the sometimes-defensive reaction to the speech in Chinese circles, US analyst Richard Baum saw it as at least a step in the right direction away from Bush’s “strategic competitors” approach.<sup>55</sup> Kurt M. Campbell, after describing Zoellick as “the acknowledged intellectual powerhouse of the Bush administration,” pointed out Zoellick’s aim in the speech to reach a US audience and moderate divergent policy approaches to China.<sup>56</sup> On one end of the spectrum of those policy approaches are the hawkish “panda punchers” in the Pentagon, and Jonathan Czin posits the speech was indeed aimed at them, with the aim of showing that China’s “evolutionary rather than revolutionary” move away from free-riding in the international system to “trusteeship” could be achieved and reduce military tensions in the process.<sup>57</sup> Lastly, James A. Kelly in his analysis echoed Zoellick in saying the speech signified an attempt not to contain China, but rather to “draw China into the global community of nations,” in Zoellick’s words.<sup>58</sup> In general, US analysts acknowledged the potentially problematic bluntness of the speech while valuing its frankness.

Leaderships’ judgment on the value of Zoellick’s phrase came less quickly. After four months of debate, overall perceptions of the speech became positive in China, and Zoellick’s pragmatic line was seen as a welcome shift in a hawkish administration.<sup>59</sup> There were, however, doubts about the favor Zoellick carried with the Bush administration, as Beijing was aware he was not a member of Bush’s inner circle and had descended from a cabinet position months before the speech. Reassurance arrived when Presidents Bush and Hu Jintao both used the term “stakeholder,” having diplomatically dropped the complicating adjective “responsible,” in their White House meeting in April 2006. Bush stated, “As stakeholders in the international system, our two nations share many strategic interests.” Hu later cemented the term’s status in the global diplomatic lexicon by adding, “China and the United States are not only stakeholders, but they should also be constructive partners.” Universal legitimation of the phrase

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54 Ibid.

55 Robert B. Zoellick, “Whither China: From Membership to responsibility?,” 20.

56 Ibid., 23-25.

57 Jonathan Czin, “Dragon-Slayer or Panda-Hugger? Chinese Perspectives on ‘Responsible Stakeholder’ Diplomacy,” 102.

58 Robert B. Zoellick, “Whither China: From Membership to responsibility?,” 26, 30.

59 Jonathan Czin, “Dragon-Slayer or Panda-Hugger? Chinese Perspectives on ‘Responsible Stakeholder’ Diplomacy,” 105-107.

came when Chinese foreign policy experts began employing it in analyses of their own government, as well as critiquing other states' behavior.<sup>60</sup> Zoellick's brand of moderation had indeed taken hold, at least for the time being.

Zoellick's brief time at the State Department ended in 2006. Since then, however, the phrase "responsible stakeholder" has continued to develop in parallel with changing global circumstances. While working at Goldman Sachs in May, 2007, Zoellick commemorated the thirty-fifth anniversary of the Shanghai Communiqué in a speech titled, "From the Shanghai Communiqué to "Responsible Stakeholder."<sup>61</sup> In it, he both repeated key points from the original 2005 speech and foreshadowed the cooperative approach he would later take toward Chinese economic reform as president of the World Bank.<sup>62</sup> At the core of those points was the unsustainable nature of China's political model to necessary economic restructuring. Zoellick stated, "China's extraordinary economic progress offers many mutual benefits and future opportunities for the United States and the world. Yet the political foundation for this economic edifice is increasingly lopsided, and the risks of slippage are increasing."<sup>63</sup> Harkening back to the objectives of the 1972 Shanghai Communiqué, Zoellick pointed out that the agreement laid a foundation for the US-Chinese relationship suitable to the tenuous circumstances of that time. By 2007, however, and with mutual acknowledgment of the implications of responsible stake-holding understood in Beijing and Washington, Zoellick hoped that, "China and the United States will not only deepen our cooperation with one another, but also sustain and strengthen the international order of political, economic, and security systems by working as mutual stakeholders, sharing responsibility."<sup>64</sup> His objective in the speech was to call for a new framework for relations between the two countries as suitable to 2007 as the agreement they had created in 1972. The speech concluded, as had its predecessor, with the paradoxical assurance that the US was acting in China's interests.<sup>65</sup> Zoellick stated, "Yet the United States does not urge the causes of rule of law, freedom, and democracy to weaken China. To the contrary, America has seen that in the absence of freedom, societies breed cancers

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60 Ibid., 109.

61 Robert B. Zoellick, "From the Shanghai Communiqué to "Responsible Stakeholder," <http://www.iie.com/publications/papers/paper.cfm?ResearchID=733> (accessed May 6, 2012).

62 The five "commonalities of interest" offering opportunities to act together as responsible stakeholders are outlined in the speech as follows: economic policy, Korea, Iran, Sudan and energy security.

63 Ibid.

64 Ibid.

65 Zoellick's words would appear logical to him, but paradoxical to Chinese leadership. Therein lies his argument.

that will eat away at even the most impressive progress. Then those countries breed ills that threaten others.”<sup>66</sup> As in 2005, Zoellick’s concluding remarks and the implied distinction made in them between China as a nation and its present government left little room for interpretation in Beijing.

Zoellick was to pull this punch, however, in the following years as he applied the phrase responsible stakeholder to the US itself, as well as all actors in the international system.<sup>67</sup> Nonetheless, his persistently forceful brand of discursive coercion had achieved its objectives in more clearly defining the nature of US-China relations in the century’s first decade. The initial debates on his meaning complete, Zoellick had enabled with his frankness concrete discussions between Washington and Beijing on their relationship amidst new global challenges. This clarity was valuable in light of US distraction from China and East Asia in general during two US wars. The greatest of those challenges, the global economic crisis and its aftermath, which continues to this day, lies ahead. In his role as World Bank president throughout the crisis, Zoellick has served not primarily as a communicator as he did with the State Department, but rather as a hands-on policymaker working toward economic reforms in China capable of creating growth and reviving the global economy. Through yet another change in roles, Zoellick’s focus and efforts remained fixed on the crucial relationship between Washington and Beijing.

### **World Bank President 2007-2012: The G2 in a Post-Crisis World**

China’s relationship with the World Bank dates back to 1980. Deng Xiaoping invited then president of the bank Robert McNamara to Beijing in April 1980 to request assistance in the economic reforms Deng had begun in 1978. Greeting McNamara’s delegation, Deng stated, “We are very poor. We have lost touch with the world. We need the World Bank to catch up. We can do it without you, but we can do it quicker and better with you.”<sup>68</sup> Diplomatic relations between the US and China had been normalized just sixteen months earlier, and if concerned parties in Beijing and Washington feared politicization of the bank’s involvement with China, Deng and McNamara did not let it impede their work. In fact, the World Bank’s dispatch of a mission to Beijing immediately follow-

66 Ibid.

67 The World Bank. “Zoellick Says ‘Time for Muddling Through is Over,’ All Need to be ‘Responsible Stakeholders’ Now,” <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:23000071~pagePK:64257043~piPK:437376~theSitePK:4607,00.html> (Accessed May 6, 2012).

68 Pieter Bottelier, “China and the World Bank: How a Partnership Was Built,” *Stanford Center for International Development*, Working Paper no. 277 (2006): 4.

ing the events in China of June 1989 later evinced the non-political nature of the relationship between China and the bank, the latter perceived by many as an extension of US interests. In this sense the World Bank served at the time its intended developmental role as a neutral “air-lock” between developing China and an outside world with which in many ways it was politically and economically incompatible.<sup>69</sup>

The mission worked for the next year in China, and in June 1981 released its multivolume report, “China: Socialist Economic Development.” In it the bank offered Deng and his government extensive recommendations on paths of economic restructuring to enable long-term growth for the Chinese economy. In a passage presaging the bank’s present-day work with China, the report stated:

Thus the appropriate response to the present problems may be increased attention to designing a balanced and integrated program of reforms for the next few years. This need not aim at more than a modest interim stage of reform. Nor need it imply that reform should be implemented quickly, which in fact seems inadvisable, given the present structural imbalances, gross price distortions and weaknesses of financial institutions and instruments. But better account should be taken of the linkages between different aspects of reform, and of the need to progress on different fronts at a mutually consistent pace and in an appropriate sequence. It is also important to recognize that the current effort to regain central control of investment and prices could go too far: experience in both China and other countries suggests that the central planner is always ‘partially ignorant’ and that attempts to plan everything directly and rigidly from above can result in gross inefficiency and sometimes even a breakdown of the system.<sup>70</sup>

The World Bank also made its first loan to China in June 1981, and has since continued to prepare regular reports, in cooperation with Chinese consultants, on strategies for Chinese economic reform.<sup>71</sup> Thus, a 2012 World Bank report titled “China 2030,” proposed to the Chinese government on the thirtieth anniversary of the partnership in 2010 by World Bank President Robert Zoellick, is the latest piece of a long and symbiotic relationship.<sup>72</sup> In “China 2030” the bank focuses on six particular strategies for development. They are as follows:

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69 Ibid., 5.

70 Ibid., 8.

71 Ibid., 9.

72 The World Bank et al. *China 2030*, Washington DC: The World Bank, 2012: vii.

reworking the state-private sector relationship to foster competition, creating domestic innovation and connections to international sources of innovation, working in green development as a growth industry, creating socioeconomic opportunity and equality, fiscal strengthening and continuing China's path to becoming an "international stakeholder" in global markets.<sup>73</sup> In these policy prescriptions we can hear clear echoes of the reforms Zoellick as USTR attempted to induce in China with competitive liberalization one decade before and a revised phrasing of the responsible stakeholder concept from his State Department days. Thus, Zoellick, with the World Bank, is currently on his third strategic approach to Chinese economic reform in an effort at stable integration on US terms. It is essential to understand that as president of the bank Zoellick is formally an international civil servant, not an employee of the US government. Aware of longstanding criticism of continuous American leadership of the bank in parallel with European leadership of the IMF, he is careful to maintain professional impartiality in his work.<sup>74</sup> Nonetheless, the continuity of objectives in his efforts, as noted above, display a telling consistency in his policy philosophy regardless of employer.

There has been a particular urgency to Zoellick's work with China at the World Bank given world events. Since the global financial crisis of 2008, economic growth in the majority of the developed world has stagnated. China's growth, foremost amongst developing countries, has since then been a crucial source of economic momentum for the global economy. The possibility of China joining the developed world in stagnation is widely perceived as likely to deepen, and lengthen, the crisis. In a 2012 *Foreign Affairs* article titled "Why We Still Need the World Bank," Zoellick states, "Developing countries have provided two-thirds of all economic growth over the last five years, helping compensate for the stumbling industrialized world," and notes that continued growth in China depends upon developing a new economic model less reliant on exports.<sup>75</sup> Aware of the irony of using a "crisis that originated in America," as Zoellick admitted in the *New York Times* in 2009, to more strenuously push for

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73 Ibid. viii. The phrase is further tweaked to on page xvii to: "pro-active stakeholder... actively using multilateral institutions and frameworks, and shaping the global governance agenda."

74 For analysis of motivations for a Bush White House that had previously shown disdain for the IMF and World Bank to nominate Zoellick for the presidency of the latter, see Barry Eichengreen and Douglas Irwin, "International Economic Policy: Was There a Bush Doctrine?," 30, 31. The authors point out that Washington desired a "coordinated set of Chinese policy adjustments," and having failed to achieve them bilaterally, looked toward the World Bank. Currency valuation was and still is the most pressing of these issues in Washington. The theory presented in their 2008 paper is entirely consistent with Zoellick's approach to China in 2010 at the World Bank and contained in "China 2030."

75 Robert B. Zoellick, "Why We Still Need the World Bank," *Foreign Affairs* 91, no. 2 (2012): 68.

Chinese reform has not led him to temper his policy prescriptions.<sup>76</sup> Alongside the World Bank's Chinese Senior Vice President and chief economist Justin Yifu Lin, Zoellick wrote in 2009, "Further liberalization in trade and investment in services would make China's markets more competitive and productive, and it would reduce trade tensions. Without greater imports, China faces the risk of adjustment solely through a sharp and painful fall in exports."<sup>77</sup> Zoellick saw the choice in Beijing between merely passively protecting itself from the crisis and proactively building out of it. He wrote in greater detail in a September 1, 2011 article for the *Financial Times*:

Without fundamental structural changes, China is in danger of becoming caught in a 'middle income trap'—exacerbating the world's growth problems. In the short term, there is the risk of inflation driven by food prices. In the longer term, the drivers of China's meteoric rise are waning: resources have largely shifted from agriculture to industry; as the labor force shrinks and the population ages, there are fewer workers to support retirees; productivity increases are declining, partly because the economy is exhausting gains from the transfer of basic production methods. Then there are other challenges, including serious environmental degradation; rising inequality; heavy use of energy and production of carbon; an underdeveloped service sector and an over-reliance on foreign markets.<sup>78</sup>

Again, Zoellick must have been keenly aware of the irony in the World Bank offering China advice that, when taken to extremes as it had been in the US, led to financial crisis. In short, Western economies in need of help were now pressing China, to some extent through the World Bank, to adopt a similar economic structure in order to ensure long-term growth and propel the global economy out of crisis. That this urgency for reforms nearly identical to what Zoellick had been advocating for a decade was now taking place within the context of global crisis lent Beijing leverage in the selection and pace of instituting them. However, Zoellick the pragmatist not only persisted, he doubled down on the centrality of the US-China relationship in order to push ahead, again borrowing

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76 Robert B. Zoellick, "A Stimulus Package for the World," *The New York Times*, February 22, 2009.

77 Robert B. Zoellick and Justin Yifu Lin, "Recovery: A Job for China and the US," *The Washington Post*, March 6, 2009.

78 Robert B. Zoellick, "The Big Questions China Still Has to Answer," *Financial Times*, September 1, 2011.

a phrase from C. Fred Bergsten.<sup>79</sup> At a time of seeing opportunity in crisis, Zoellick began to articulate that not only should Beijing adopt World Bank policy prescriptions that were coincidentally similar to its own Twelfth Five-Year Plan, it should also more closely work with the US to manage global economic challenges as a two-nation superstructure atop the G20, itself essentially a product of the crisis.<sup>80</sup> This particular form of cooperation was called the Group of Two (G2).

Just as Zoellick had written at length publicly while USTR, he has maintained a visible presence as World Bank president throughout the global financial crisis. His clearest public articulation of the G2 strategy came in the piece co-authored with Justin Yifu Lin noted above. In it, Zoellick and Lin state, “For the world’s economy to recover, these two economic powerhouses must cooperate and become the engine for the Group of 20. Without a strong G2, the G20 will disappoint.”<sup>81</sup> Presented as a statement of fact, this is rather a request to Beijing for assistance in management of the crisis, which if achieved would carry the added benefit of general political integration. As the centerpiece of this cooperation, Zoellick and Lin envisioned the mutually managed balancing of US consumption and Chinese saving, with a reverse pattern taking hold in order to “prevent a protracted global recession.”<sup>82</sup> All that was needed was Beijing’s approval of the plan and diplomatic efforts at closer cooperation.

As much as some analysts see the G2 as necessary, events since 2008 cast doubt on it coming to fruition.<sup>83</sup> US-China relations have not improved through the crisis as Zoellick had wished. Arguably the two countries have grown further apart due to issues surrounding trade tensions, conflict in the South China Sea and the US pivot to the Asia-Pacific. Zoellick’s own disappointment had by 2011 led him to yet again tweak his phrasal approach to China, calling it a “reluctant stakeholder” in August of that year amidst US fears of a double-dip

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79 C. Fred Bergsten, “Two’s Company,” <http://www.foreignaffairs.com/articles/65232/c-fred-bergsten/twos-company> (accessed June 6, 2012).

80 Robert B. Zoellick, “The G20 Must Look Beyond Bretton Woods II,” *Financial Times*, November 7, 2010. Zoellick writes in full: “First, to focus on fundamentals, a key group of G20 countries should agree on parallel agendas of structural reforms, not just to rebalance demand but to spur growth. For example, China’s next five-year plan is supposed to transfer attention from export industries to new domestic businesses, and the service sector, provide more social services and shift financing from oligopolistic state-owned enterprises to ventures that will boost productivity and domestic demand.”

81 Robert B. Zoellick and Justin Yifu Lin, “Recovery: A Job for China and the US.”

82 Ibid.

83 Geoffrey Garrett, “G2 in G20: China, the United States and the World after the Global Financial Crisis,” *Global Policy* 1, no. 1 (2010): 29-31, 38.



recession.<sup>84</sup> Even further mileage was derived from the phrase in September 2011 as financial crises deepened in Europe and Chinese growth, as predicted by Zoellick years before, was beginning to slow and threaten any recovery. He noted that all nations are now responsible stakeholders, adding, “If we do not get ahead of events; if we do not adapt to change; if we do not rise above short-term political tactics or recognize that with power comes responsibility, then we will drift in dangerous currents. That is the lesson of history for all of us, developed and emerging economies alike.”<sup>85</sup>

## Conclusion

Robert Zoellick stepped down as World Bank president in June 2012 after spending all but one of the past twelve years at the highest levels of the world political stage, and at all times in the middle of what is arguably the most important bilateral relationship the world has ever known.<sup>86</sup> In that time his work is remarkable for two things: holding an unwavering policy philosophy and gaining no clear victories. The political economy of USTR Zoellick is virtually indistinguishable from that of World Bank President Zoellick, least of all to policymakers in Beijing who debated the translation of “stakeholder” in the fall of 2005.

US efforts at competitive liberalization stalled after 2007 when the Bush administration lost TPA, an indication of at least the US electorate’s waning support for aggressive trade liberalization in difficult economic times. However, current USTR Ron Kirk has stated the Obama White House will seek TPA by the end of 2012 in order to pursue the Trans-Pacific Partnership (TPP).<sup>87</sup> The TPP itself represents a more straightforward attempt at the goal of competitive liberalization, the locking-in of US trade relations with geographic, political and economic associates of a rising China. Zoellick’s coining of the phrase responsible stakeholder undoubtedly stimulated debate not only in the US and China, but around the world in light of global economic uncertainty and doubts about the international system as it now exists. Nonetheless, it is hard to argue

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84 Asia Society, “Robert Zoellick: China ‘Reluctant Stakeholder’ in World Economic Woes,” <http://asiasociety.org/business/economic-trends/robert-zoellick-china-reluctant-stakeholder-world-economic-woes> (Accessed June 6, 2012).

85 The World Bank. “Zoellick Says ‘Time for Muddling Through is Over.’”

86 Zoellick served on the unsuccessful Romney 2012 presidential campaign as a national security transition planner after leaving the World Bank. His approach to US-China relations were not conveyed in Romney’s bellicose campaign-trail remarks on the trade relationship between the two nations.

87 Reuters, “White House Wants Trade Promotion Authority: Kirk,” <http://www.reuters.com/article/2012/02/29/us-usa-trade-kirk-idUSTRE81S1FF20120229> (accessed June 6, 2012).

the phrase has dramatically changed US-China relations, let alone improved them. As Kenneth Lieberthal and Wang Jisi wrote in 2012, the bilateral relationship is now characterized by increasing levels of long-term strategic distrust.<sup>88</sup>

Nonetheless, Zoellick's work as a single course of multidimensional US diplomacy with China in the twenty-first century may well stand out, if only quietly, in history. Whether relations between the two great powers improve or grow strained in coming years, his frank, pragmatic and respectful approach to the relationship can be appreciated by reasoned people in both the US and China, and in contrast to better-known traders in aggression. **YJIS**

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88 Kenneth Lieberthal and Wang Jisi, "Addressing US-China Strategic Distrust," *The Brookings Institution John L. Thornton China Center Monograph Series*, 2012: vii.

# MEDIA (RE)CONSTRUCTIONS OF KIM JONG-UN'S IDEAL WOMEN: KO YOUNG-HEE AND RI SOL-JU<sup>1</sup>

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Darcie Draudt

*During the spring and summer of 2012, Kim Jong-un's mother, Ko Young-hee, and wife, Ri Sol-ju, have been used this year to codify his position as leader for the DPRK. More than their true stories, official, partially imagined descriptions of each of these women's relationships give a glimpse into how the regime imagines the role of women in the supposed "women's paradise" that is the DPRK: they are still mothers and wives, ready for (re)construction for the sake of the regime that play into normative family relationships, but that the ideal qualities for figurehead women reflect a challenge to traditional women's roles. Furthermore, by examining official statements and media, international coverage, and eyewitness accounts, this paper argues that the socialist re-imaginings of women in North Korea before the ascension of Kim Jong-un are being challenged by these new Mothers to the Nation.*

## Introduction

Membership to a society, it can be argued, is gendered.<sup>2</sup> The socially constructed gender roles are created and upheld in a way that is historically specific, and the constructed Ideal Woman figure can represent so many things for any given society: a grounded family unit, a man stabilized through marriage, even the nation itself.<sup>3</sup> Over the spring and summer of 2012, not one but two women have

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1 I would like to thank Dr. Adam Cathcart for his comments and Benjamin Young for his accounts from North Korea.

2 Sylvia Walby, "Is Citizenship Gendered?," *Sociology* 28:2 (1994): 379-395.

3 For example, Andre Schmid argues that in early modern Korea, the (mostly male) writers in the enlightenment movement used women as a measure of progress, casting the traditional female's characteristics and relationships as "metaphors of backwardness" of the nation. The new Ideal Woman educated in the Western style represented the status of a nation emerging in the international realm. See *Korea Between Empires 1895-1919* (New York: Columbia University Press, 2002):40.

been employed, in official and international media, in efforts to suss out who exactly is Kim Jong-un as a leader, and a social figure, now acting as figurehead for the regime. Based on official statements and media, international coverage and eyewitness accounts, this paper aims to describe the extent to which Kim Jong-un's mother and wife have been used this year to ground him as a leader.

Comparing Ko Young-hee and Ri Sol-ju as contextualized within the DPRK society raises interesting questions about the changing Ideal Woman figure in the nation: to what purpose are these high-level women constructed, and in what ways do their qualities uphold or signal changes in North Korean gendered citizens? This paper argues that to codify his image as the new North Korean leader, Kim Jong-un's mother, Ko Young-hee, and wife, Ri Sol-ju, are used by the regime due to the neo-Confucian cultural legacy that underlies contemporary Korean society which stresses the importance of normative family relationships. Furthermore, by examining domestic and international media coverage of these two women, I argue that the socialist re-imaginings of women in North Korea before the ascension of Kim Jong-un are being challenged by these new Mothers to the Nation.

### **The Women's Paradise: Contextualizing the Idealized Woman in DPRK**

North Korea claims itself to be a "women's paradise" where women have already realized their liberation.<sup>4</sup> Indeed, as in most socialisms, in North Korea official steps were taken early to ensure women's political and economic equality. Marxist thought holds that the subordination or marginalization of women is a structural problem that cannot be solved within the bounds of capitalism, since under capitalism women are the proletariat class subjugated to their bourgeois husbands seeking to extend estate inheritance through a patrilineal line.<sup>5</sup> Women can only be liberated after a socialist revolution that brings them out from unpaid domestic labor activity into the social economic arena. Moreover, the family was to be "abolished" under socialist revolution. Written in 1949, American journalist Anna Louise Strong's eye-witness account of the situation corroborated the general equality regarding pay and the social welfare system<sup>6</sup> at this time, including the Women's Union and its achievements in "getting equality."<sup>7</sup>

4 Kyung Ae Park, "Women and Revolution in North Korea." *Pacific Affairs* 65:4 (1992-1993): 527-545.

5 Hal Draper, "Marx and Engels on Women's Liberation," *International Socialism* (First Series) 44 (July/August 1970): 20-29.

6 Anna Louise Strong, "In North Korea: First Eye-Witness Report," *Soviety Russia Today* (1949).

7 Ibid.

The Great Leader spoke of women's productive and supportive roles for the prosperity of the nation. The Democratic Women's Union was formed in 1946 to accommodate housewives, who by their "joblessness" were unable to be members of the other four organizations including the Korean Worker's Party and Farmer's Union.

Speaking to enlarge the Democratic Women's Union, in May 1946 Kim emphasized the need to:

...wipe out the feudal conventions of binding women to the home and other remnants of the old habits so that all of them will not only help their husbands who are participating in nation-building endeavors, bring up their children well and run their homes thriftily, but also directly contribute to the nation-building work by their own labor efforts.<sup>8</sup>

The organization strived to project an image of a "culturally enlightening group" tasked with "educating and indoctrinating women on Communist ideology."<sup>9</sup> Kim Il-sung saw compulsory social training as important for not just the regime but ostensibly for the sake of gender equality. As he claimed in a September 1946 speech on the founding of the *Korean Woman (Chosŏn Yŏsŏng)*, "the women...can achieve emancipation only if they strive with no less devotion and awareness than men to solve the problems arising on the productive fronts of the factories and countryside."<sup>10</sup>

After the establishment of public child care centers and "take out" food distribution centers in the early part of the 1960s, the supposed household duties tasked to women was to be realized through a greater project for three revolutions: ideological, technological, cultural. In a speech to the Fifth Congress of the Korean Workers' Party in 1972, Kim claimed that women would be "liberated" from heavy household chores, not through cultural or social norms but through technological revolution.<sup>11</sup> Thus, the social standard that situated the woman within the home was not threatened because of any ideological change, but rather structurally lessened due to technological advancement.

The rhetoric and reality of the eldest Kim's intention may not have been the

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8 Kim Il Sung, *Works*, vol. 2, 1979.

9 Park Kyung Ae, "Women and Revolution in North Korea." In *Pacific Affairs*. 65, no. 4 (1992-1993): 527-545.

10 Kim Il Sung, *Works*, vol. 2, 1979.

11 Kyungja Jung and Bronwen Dalton, "Rhetoric versus Reality for the Women of North Korea," *Asian Survey* 46:5 (2006): 741-760.

same. Jung and Dalton cite inconsistency between his supposedly progressive interpretations of gender equality with his view of women's primary role as mothers to instruct their children.<sup>12</sup>

Cultural differences, though, have significantly undermined official policies of gender equality outside the home. Comparing the cultural changes in North Korea with those going on in the radical Chinese Cultural Revolution, the limits of policy against culture are apparent. The Chinese revolution attempted to "revolutionize" the role of the women in this economy, but in North Korea, despite the legal actions, the reality of the situation was that the social undercurrent that centered on patriarchy and the family unit undermined any progress related to domestic life of women. Indeed, Sonia Ryang notes that the "abolition of the patrilineal registration system has not automatically led to women's emancipation, while the collectivization of the economy effectively forced women to bear the double burden of producer and reproducer." In this way, a gender-segregating culture and its reproduction remain.<sup>13</sup>

Furthermore, writes K.A. Park, "In the authoritarian culture so prevalent in North Korea, the concept of equality was alien to both men and women."<sup>14</sup> In North Korea the family unit as basis for economic activity was not broken up, and therefore the Neo-Confucian focus on family as central left elements of gender role prescriptions despite official proclamations to the contrary. Similar to traditional (and modern, and post-modern) Korean imaginings of woman relationally, as daughter, wife and mother,<sup>15</sup> the North Korean woman was idealized as the "revolutionized mother," certainly epitomized by Kang Ban Sok, mother of Kim Il-Sung and leader of the Democratic Women's Union who devoted herself to caring for her son, as mother to "Il-Sung" the individual Korean offspring and as mother to the leader of the nation, elevated in state-produced media as mother of the nation. It would seem that North Korea continues to turn the women linked to the Kim dynasty into ideal figures to represent feminine citizenship ideals<sup>16</sup> by glorifying Kim Jong-un's mother, Ko Young-hee, and wife, Ri Sol-ju, as part of the "great mother" narrative.

Logistically speaking, it was a military-led effort back in 2002 that posi-

12 Ibid.

13 Sonia Ryang, "Gender in Oblivion: Women in the Democratic People's Republic of Korea (North Korea)," *Journal of Asian and African Studies* 35 (July 2000): 323-349.

14 Kyung Ae Park, "Economic crisis, women's changing economic roles, and their implications for women's status in North Korea," *The Pacific Review* 24:2 (2011): 159-177.

15 Andre Schmid, *Korean Between Empires, 1895-1919* (New York: Columbia University Press, 2002).

16 Dong-A Ilbo, "N. Korea glorifying late mother of leader Kim Jong Un," <http://english.donga.com/srv/service.php3?bicode=060000&biid=2012061159958> (accessed July 4, 2012).

tioned Ko Young-hee as “respected mother” that led to her sons’ being positioned for succession over other Kim Jong-il heirs.<sup>17</sup> So, while lineage drawn through his father and grandfather is undoubtedly his most important family relation, Kim Jong-un’s current persona is also being grounded by two *female* figures: now we see Jong-un is not only a son of the noble Comrade Ko Young-hee, but also the husband of Comrade Ri Sol-ju. The next question is: is the revelation of these two women merely a political move, showing the new leader as a “family man” for the North Koreans, or does it say something more about the woman figure, the social Feminine Ideal, in the DPRK?

### **Joseon’s Nameless, Newly Canonized Mother: Ko Young-hee, Mother of Kim Jong-un**

As the *Rodong Sinmun* recently asserted, one’s family is the ultimate defense.<sup>18</sup> Presumably part of the effort to defend the supreme leader against questions about his leadership,<sup>19</sup> Kim Jong-un’s own hereditary pedigree is being bolstered through a recently released cinematic narrative<sup>20</sup> of his mother, Ko Young-hee, third wife of Kim Jong-il. A copy of a 2011 documentary about Yong-hee was screened for party cadres back in May, subsequently procured by RENK, a Japanese NGO, and had ultimately been released to the general public via the online newspaper DailyNK. The word of the film and its eventual release has led to new international attention<sup>21</sup> on the personality propaganda related to Kim clan lineage. The film’s photographic footage comes from the 1990s, focusing on her relationships with the Kims Jong-il and Jong-un, including her support and dedication during the March of Tribulation.

Titled “The Beloved Mother of the Great Songun Korea” (widaehan seon-gun joseon-ui eomeonim) the film omits any mention of her life as a dancer and her birth in Osaka. This film was the first official recognition of her as mother of Kim Jong-un, though there were attempts to elevate her status through a different film in the late 1990s in order to canonize Jong-un’s position in the Kim

17 Jae-chon Lim, “North Korea’s Hereditary Succession: Comparing Two Key Transitions in the DPRK,” *Asian Survey* 52: 3 (May/June 2012): 550-570.

18 *Rodong Sinmun*, “Patriotism Stems from One’s Courtyard,” July 13, 2012, [http://www.rodong.rep.kp/InterEn/index.php?strPageID=SF01\\_02\\_01&newsID=2012-07-13-0006](http://www.rodong.rep.kp/InterEn/index.php?strPageID=SF01_02_01&newsID=2012-07-13-0006) (accessed July 25, 2012).

19 Yonhap News Agency, “Questions linger on N. Korean leader Kim Jong-un’s power,” <http://english.yonhapnews.co.kr/northkorea/2012/06/29/76/0401000000AEN20120629005200315F.HTML> (accessed July 4, 2012).

20 The film is available to view on YouTube: <http://www.youtube.com/watch?v=NN1pLhbFTh4>.

21 DailyNK, “‘Great Mother’ Revealed to the World,” <http://dailynk.com/english/read.php?num=9441&catId=nk00100> (accessed July 1, 2012).

family tree. Those efforts dissolved upon her death in 2004. The film describes her as “dear comrade” to Kim Jong-il and “mother” to Kim Jong-un. In the film she’s given the name Lee Un-sil but is mostly referred to as “Our Respected Mother.” It is significant both politically for the Kim regime and theoretically for women’s roles in North Korea that the film makes no mention of the name “Ko Young-hee” or her historical life, since her birth in Osaka and family background in the lowest levels of the *songbun* system make her a threat to the “pure” bloodline of Jong-un.

Ko’s father Kim Tae-mun, born in Jeju Island in 1920 while Korea was under Japanese colonial rule, moved to join his father in Japan in the 1930s to the Tsuruhashi district in Osaka, notable for its concentration of ethnic Koreans. There he learned judo and became one of the most famous and skilled Korean judo athletes. In 1952, Ko Young-hee (née Ko Hui-hoon, Japanese name Takada Hime) was born in Osaka. Because of his prowess in judo, Kim Tae-mun and his family were moved in 1961 to Pyongyang as part of Kim Il-sung’s program initiated in December 1959 to repatriate ethnic Koreans living in Japan to the DPRK. He became so famous in Pyongyang that even today he is known as the “father of North Korean judo.”<sup>22</sup>

Because of her father’s increased influence and promotion in *songbun* levels, the pretty and graceful Young-hee was able to join the Mansudae Art Troupe around the year 1970. Kokita Kiyohito, writer at the *Asahi Shimbun*, likens her story to that of Cinderella,<sup>23</sup> rising from lowly Osaka beginnings to become consort to the Great Leader. This sort of story may make for dramatic fodder popular in Korean broadcasts, but for the purity of their newly appointed leader is threatens his legitimacy as a pure son of the DPRK. However, even this aspect could work depending on the right spin. A former high-ranking Chongryon official said a legend about Kim Jong-un could be constructed as follows:

Ko Tae Mun carried on the will of Jeju islanders who fought bravely under the guidance of Kim Il Sung. After fleeing to Japan, he returned to North Korea to be embraced by the greatness of Kim. Ko gave up his life to serve as a soldier for Kim. Kim Jong Un would be an individual who carried on the great revolutionary bloodline from Jeju.<sup>24</sup>

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22 Kokita Kiyohito. “Osaka Black Mark in Kim’s Life?,” *Japan Focus*, <http://japanfocus.org/-Kiyohito-Kokita/3465> (accessed July 1, 2012).

23 Ibid.

24 Ibid.



This isn't the first time the purity of the Kim blood has been contested. As Ko Young-ki of the *DailyNK* points out:

This [covering up of her birthplace] is all the more ironic since Koh is also a long way short of being the first "returnee" to make the highest grade in North Korea. For what is Kim Il Sung, if not a returnee himself? The North Korean founder left North Korea with his father Kim Hyung Jik when he was 14 and moved to Jilin Province, China. It was only later that he would "return" under the wing of the Soviet Union.<sup>25</sup>

Though much focus is paid in the film to the idea of "pure bloodlines" and concurrent legitimacy in the DPRK context, the film's attention to Ko contains a much stronger ideological implication: Constructed narratives of the Great Leader(s)'s mother speaks also to the figure of "mother" in North Korean sociopolitical constructs. Generally speaking, the mother writ large has long been a metaphor for the nation, and so the Great Mother plays a special role. Indeed, B.R. Myers has argued that rather than being cast as a "stern Confucian patriarch," Kim Il-Sung used her as a motherly figure to the nation. Diction used to describe the nation speaks not of the father but of the mother; indeed, the word used for the homeland in Korean, though translated as "fatherland" in English, is "motherland" in Korean (*cho-guk*). As Myers points out, the *Rodong Sinmun* explained the link between mother, mother figures and male leaders in 2003:

The Great Rule Comrade Kim Jong Il has remarked, 'Building the party into a mother party means that just as a mother deeply loves her children and cares warmly for them, so must the party take responsibility for the fate of the people, looking after them even in the smallest matters, and become a true guide and protector of the masses.'<sup>26</sup>

On the local and theoretical level, individual mothers in the DPRK are to be pure citizens who literally and figuratively produce and reproduce the nation. Instead of looking at liberating women as the marker for women's status in social revolution, S. Kim invokes Foucault's theory of discipline and govern-

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25 Young Ki Ko, "Happy Birthday, Koh Young Hee," *DailyNK*, <http://dailynk.com/english/read.php?cataId=nk00400&num=9418> (accessed July 1, 2012)

26 BR Myers, *The Cleanest Race: How North Koreans See Themselves and Why It Matters* (Brooklyn, N.Y.: Melville House, 2010), 79.

mentality<sup>27</sup> by focusing instead on how “subjectivities are created and shaped rather than assuming that there is an authentic subject to be liberated at all.”<sup>28</sup> According to “In the context of North Korean social revolution,” mothers were imagined as the “most sacrificial model citizen” and motherhood was the model for “construct[ing] not only women’s revolutionary subjectivity but all North Koreans,”<sup>29</sup> In this way, canonizing Ko Young-hee is a way to reify model citizenship for all North Koreans. Here is a woman who lovingly waits for her son’s return from school or dutifully knits a sweater for her husband as a gift. Like Kim Jong-suk and the guerilla women of North Korean myth, she is good with handguns, which she provides to her son as a “songun mother.” She is praised for her place in this leading family, and thus as a social woman provides a model for citizens as members of the national family.

As a biological woman, the mother role embodies symbolic roles of women for the nation. S. Kim further argues that it was women’s *reproductive roles* that made them eligible for national citizenship, fusing duties of the household to the nation-state.<sup>30</sup> In the case of Ko, it is neither her membership to the Party nor her skill as a dancer (which was, after all, her occupational contribution to the nation) that warrants her value. Rather, it is her ability to reproduce Kim Jong-il in the form of Kim Jong-un (a form that extends from Kim Il-sung) that makes her an esteemed citizen worthy of praise and “canonization.”

### **Modern, Feminine and Bright: Ri Sol-ju, Kim Jong-un’s First Lady**

The new woman figure in the form of Ri Sol-ju contrasts greatly to that of the previous Mother of the Nation. Sparked by a photo released by the KCNA on July 9, 2012, from a performance of a Moran Band performance in Pyongyang, the international media circuit scrambled to guess the identity the mysterious woman sitting next to the DPRK leader, along with their relationship. One week later, in a KCTV television report covering Kim Jong-un’s visit to a new amusement park, the Rungna People’s Pleasure Ground, the announcer identified the woman, whose identity and relationship were previously only the subject of speculation, as Ri Sol-ju.<sup>31</sup> If we are to follow a report released by the ROK

27 *Governmentality* is used here to mean how a state produces its citizens in service to realizing its goals as a society and nation.

28 Suzy Kim, “Revolutionary Mothers: Women in the North Korean Revolution, 1945-1950,” *Comparative Studies in Society and History* 52:4 (October 2010).

29 *Ibid.*, 745.

30 *Ibid.*, 748.

31 Korean Central Television. “Kim Jong Un Visits Rungna People’s Pleasure Ground,” <http://www.you->

National Intelligence Service, Ri was born in 1989 in a “normal home” and married Jong-un in 2009.

In the South Korean media, speculation about Ri was characteristically rampant. Many tried to connect Ri to a different singer from the Unhasu Orchestra, also named Ri Sol-ju pointing to their similar appearance (from the “round face” to “the same snaggletooth”).<sup>32</sup> One South Korean news outlet even consulted plastic surgeons as experts on facial comparison to link photographs and videos of a various North Korean girls to official photos of the DPRK First Lady.<sup>33</sup> Others denied that the singer Ri and Kim’s wife are the same person. Before North Korean official confirmation, Cheong Seong-chang, a senior fellow at the Sejong Institute in Seoul, early on claimed that the Ri Sol-ju who is the wife of Kim Jong-un is actually a graduate of Kim Il-sung University and majored in the natural sciences.<sup>34</sup> Yonhap News pointed out though the two may share the same name in Korean, they use different Chinese characters to write their name which signals they could be different people.<sup>35</sup> The suspicious nature of Ri’s identity has led to international conjecture that she, like Ko Young-hee before her, has been propagandistically finagled into a suitable figure as First Lady to the DPRK. Just as is the case with any North Korean public figure, it is likely her official story differs from the factual historical one.

### Ri Sol-ju as a New Feminine Ideal

To begin with, Comrade Ri *looks* different. This fact hasn’t gone unnoticed by American media outlets, from the Huffington Post’s comment about her “cute peep-toe pumps” in “New First Lady Remains a Style Mystery”<sup>36</sup> to one Washington Post blogger’s facetious suggestion that the “international woman of mystery” may be prime editorial content for fashion magazines “New Bride Ready for the Vogue Treatment.”<sup>37</sup>

tube.com/watch?v=g0ZbzSkoYQI (accessed July 28, 2012).

- 32 Jin-hee Kim, “Iseolju dong-yeongsang boni, gwiyeounde mogsoli ‘uioe’,” *Joongang Ilbo*, <http://joongang.joinsmsn.com/article/431/8873431.html?ctg=1000&cloc=joongang%7Chome%7Ctop> (accessed July 26, 2012).
- 33 Woo-young Kim, “Seonghyeong jeonmun-ui, bae liseolju sajin bodeoni,” *Herald Business*, <http://view.heraldm.com/view.php?ud=20120727000387> (accessed July 27, 2012).
- 34 Song-hee Seo, “Kim Jong-un bu-in liseolju, gasu liseoljuwa daleunsalam,” *Money Today*, <http://news.mt.co.kr/mtview.php?no=2012072611598277345> (accessed July 26, 2012).
- 35 “Kim Jong-un bu-in liseolju hanja pyogineun,” *Yonhap News*, July 26, 2012, <http://www.yonhapnews.co.kr/politics/2012/07/26/0505000000AKR20120726109700083.HTML> (accessed July 26, 2012).
- 36 Eric Cheung, “Ri Sol-Ju, North Korea’s New First Lady, Remains A Style Mystery,” *Huffington Post*, [http://www.huffingtonpost.com/2012/07/25/ri-sol-ju-kim-jong-un-wife-marriage\\_n\\_1703210.html](http://www.huffingtonpost.com/2012/07/25/ri-sol-ju-kim-jong-un-wife-marriage_n_1703210.html) (accessed July 26, 2012).
- 37 Emily Heil, “Kim Jong Eun’s new bride ready for the Vogue treatment,” *Washington Post*, <http://>

But her differences may be more substantive than just her following cosmopolitan footwear trends when taken in context. In media photographs and videos, Ri is seen walking with her husband arm-in-arm visiting sites around the nation. Being accompanied by relatives very rarely happened under Kim Jong-il, whose family was shrouded in mystery and indeed hidden. This is a complement to Kim Jong-un's presence as well, as he is portrayed in a much friendlier, more public manner than his father was.

Furthermore, in terms of women's appearance and fashion norms, North Korea is a conservative nation where women were banned from riding bicycles or wearing hair in anything other than the "socialist style" until very recently.<sup>38</sup> According to reports from recent visitors to the DPRK, among the general public outside Pyongyang there is little Western fashion influence on clothing there and preferred styles tend to be drab communist suits. On the other hand, this official First Lady has chicly trimmed hair and wears fitted Western-style clothing with above-the-knee hemlines. Ri's smart, brightly colored outfits are a big departure from the norm, actual and official. She is neither walking around in *hanbok*<sup>39</sup> nor drab conservative socialist outfits, which she could have been ordered to wear.

Kim Jong-un has publicly confirmed his commitment to the military first policy (songun) preferred by his predecessors. Some may scoff at the suggestion that this glimpse of his family life may reflect a "Westernization" or potential opening of North Korea. Accounts from inside the nation during summer 2012 reported Kim Jong-un's cultural departures, including a policy lifting bans on women wearing pants, his penchant for foreign foods such as pizza, and watching an unlicensed Mickey Mouse on a Pyongyang stage. These changes may only be cosmetic, and any conclusion based on Ri's short hairstyle, fitted dresses, or high-heeled shoes seem a bit premature. But in a sea of stoic male faces in military garb, the unquestionably Western and modern Ri is a significant symbolic presence of what modern femininity may come to mean in North Korea.

As a point of comparison, South Korea, which shared the traditional gender-segregating culture and conservative approach to dress until its economic

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[www.washingtonpost.com/blogs/in-the-loop/post/kim-jong-euns-new-bride-ready-for-the-vogue-treatment/2012/07/25/gJQAwxfU9W\\_blog.html](http://www.washingtonpost.com/blogs/in-the-loop/post/kim-jong-euns-new-bride-ready-for-the-vogue-treatment/2012/07/25/gJQAwxfU9W_blog.html) (accessed July 26, 2012).

38 Eun Ju Park and Min-jung Kim, "bukhan-yeoseong-ui heeoseutail-e gwanhan yeongu: 2000nyeon ihuleul jungsim-eulo" [A Study on the Hair Style Design in North Korea], *hanguk-inchemiyong-yesul-haghoeji [Journal of Korean Social Beauty and Art]* 11:4 (2010): 5-19.

39 *Hanbok* is the traditional Korean clothing. The female version consists of a short, wrapped blouse and long, wide skirt that makes mobility difficult.

development from the 1970s, saw immense changes in gendered roles when it emerged as a sophisticated consumer culture in the 1990s. Many of the aesthetic changes pertaining to appearance and fashion are linked to the way men and women approach their individual economic values. Permitting such departures from traditional dress could actually have deeper effects. North Korean women who defect to South Korea, for example, find dress as a way to present themselves as subjectively entering a society in which they are able to be feminine, talented and independent. Their dress is not a costume thrust upon them, but rather a sartorial signifier of their newfound agency. Rooted in a certain brand of third-wave feminism, Huisman and Hondagneu-Sotelo argue that hyper-feminine forms of dress—such as female defectors living in South Korea or perhaps even Ri Sol-ju—are “fluid, ambiguous, and often empowering.” For a female figure in such a visible position to take such departures from traditional and modern socialist-style norms of dress may suggest change in the way individual North Korean women view their own subjectivities within the national society and economy.

### **Discussion and Conclusion: A New Kind of DPRK Woman?**

Interest in both Ri and Ko are derived not of their qualities as a Comrade but through their relationship to the leader. Both figure prominently, however, in “stabilizing” the 20-something leader, portraying him as a family man when his young age has been cited as a potential handicap in the DPRK public eye.

In the cases of Ko and Ri, it is neither their membership to the Party nor their individual skills as a dancer and a singer (which was, after all, supposedly their occupational contributions to the nation) that warrants the value of each woman. Rather, it is Ko’s ability to reproduce Kim Jong-il in the form of Kim Jong-un (a form that extends from Kim Il-sung), and Ri’s ability to stabilize the otherwise ostensibly rough Jong-un as a real man—a wedded man<sup>40</sup>—that makes each an esteemed citizen worthy of praise and “canonization.”

Canonizing Ko Young-hee and introducing Ri Sol-ju are ways to reify model citizenship and more specifically the Ideal North Korean Woman for all North Koreans. With partially true, heavily-edited hagiographies and idealized accounts of their behavior and qualities, the consorts to the Kim clan are and continue to be a tool in upholding leadership. Furthermore, more than their

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40 In Korean society, the wedding is seen as having a transformative ability, which can settle, strengthen, and stabilize an otherwise aimless, individualistic, or unproductive man. Laurell Kendall traces the deeply rooted historical context from the pre-modern era on the peninsula in the ethnography *Getting Married in Korea: Of Gender, Morality, and Modernity* (Berkeley: University of California Press, 1996).

true stories, official, partially imagined descriptions of each of these women's relationships give a glimpse into how the regime imagines the role of women in the supposed "women's paradise" that is the DPRK: they are still mothers and wives, ready for (re)construction for the sake of the regime that play into normative family relationships, but that the ideal qualities for figurehead women reflect a challenge to traditional women's roles. **YJIS**

# UNDERSTANDING 21ST CENTURY EAST ASIA: THE BIFURCATED REGIONAL ORDER AND COMPETING-HUBS THEORY

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Steven C. Denney

*In between China's economic takeoff in the 1980s and 1990s, the Asian Financial Crisis of 1997 and the emergence of ASEAN as a major trading bloc, the economic architecture in East Asia has undergone significant changes. Of the many changes, one of the more notable has been a shift in trade patterns from West to East—or, more specifically, from the US to China. Gone are the days when the US and Europe were the primary trading partners and export markets for countries in East Asia. Save for the European Union, Asia now accounts for the highest level of intra-regional trade in the world. The change in trade patterns is significant for the political economy of the region, particularly for the relationship between economics and trade. Despite the United States maintaining its position as a primary import market for finished products from East Asia, there has been a fundamental shift in the balance of economic power and political influence in the region. This shift highlights the effects of China-centered economic growth and a relative decline of American economic power and influence. With significant implications for the balance of power in East Asia, China has replaced the US as the number one market for Korean and Japanese exports and is ASEAN's top trading partner. The result of China-centered economic growth has been the creation of a bifurcated regional order: countries in East Asia are dependent on China for economic growth and the United States for security. China is exploiting this new regional order in order to increase its political leverage over its neighbors and balance against American power and influence. To accomplish its regional political and strategic goals, China is using its economic prowess to establish an alternative hub-and-spokes system within the shadow of the traditional America-centric hub-and-spokes system, known otherwise as the San Francisco System (SFS).*

## **Shifting Economic Landscape: The Bifurcated Regional Order**

To date, there has been much ink spilled regarding China's impressive economic growth since the implementation of Deng Xiaoping's economic reforms and the arrival of a "new" China on the world scene. An equal amount of writing

has been devoted to the debate surrounding the “Unipolar Era” and whether or not America’s time atop the pyramid of nations has come to an end.<sup>1</sup> This paper addresses both of these debates by looking at the implications of “China’s rise” in a region of the world with a long history of influence by American economic power: East Asia.

Since China’s economic takeoff in the 1980s and 1990s, and particularly following the Asian Financial Crisis of 1997 and the emergence of the Association of Southeast Asian Nations (ASEAN) as a major trading bloc, the economic architecture in East Asia has been undergoing significant changes. Of the many changes, one of the more notable has been a shift in trade patterns from West to East—or, more specifically, from the US to China. Gone are the days when the US was the engine of economic growth and primary trading partner and export market for countries in East Asia. Save for the European Union, Asia now accounts for the highest level of intra-regional trade in the world.

More significantly, China has replaced the US as the number one market for Korean and Japanese exports and is ASEAN’s top trading partner. Thus, for countries in East Asia, Hillary Clinton’s declaration that this is “America’s Pacific Century” sounds strange amongst the sounds of cargo ships and freighters docking to load and unload goods coming from and being shipped to China.<sup>2</sup> Repeated assertions that America is in terminal decline are probably exaggerated, but amidst its financial crisis, massive budget deficit, uncompetitive job sectors and political gridlock, the suggestion that this century will belong to China—and Asia more generally—has merit.<sup>3</sup>

The change in the structure of foreign trade for countries in East Asia has significant ramifications for the political economy of the region, particularly regarding the structure of East Asia’s economic architecture and the relationship between economics and politics in the region. The result of China-centered economic growth has been the creation of a bifurcated regional order: Countries in East Asia are dependent on China for economic growth and the United States for security. The objective of this paper is to explore the implications of the bifurcated regional order in East Asia.

Overall, this paper finds that China is exploiting the bifurcated regional or-

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1 For a recent critical review of the “Unipolar Era,” see: “China’s Century? Why America’s Edge Will Endure,” *International Security* 36, no. 3 (2011/12): 41-78; and John C. Corrigan, “Whose Century Shall It Be?,” *Papers, Essays and Review* 4, no. 1 (Spring/Summer 2012): 159-162.

2 Hillary Clinton, “America’s Pacific Century,” *Foreign Policy*, November 2011, 2012, accessed May 29, 2012, [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century).

3 For an objective review of the notion that this is the “Asian Century,” see Asia Development Bank’s publication *Asia 2050: Realizing the Asian Century* (Asian Development bank, 2011).



der by using its economic prowess to accomplish regional political and strategic goals through an alternative hub-and-spokes system within the shadow of the traditional America-centric hub-and-spokes system, known otherwise as the San Francisco System (hereafter referred to as the SFS).

The roadmap for the rest of this paper will proceed as follows: First, a brief recap of the traditional regional order under the US-centric hubs-and-spokes system is made for purposes of contrasting it with the emerging China-centric alternative. Second, the chief characteristics of the China-centric hub-and-spokes system are explored, much in the same way Kent Calder lays out and explores the chief characteristics of the SFS in his well-known 2003 article about the SFS.<sup>4</sup> The paper will then conclude with a brief discussion of the implications the bifurcated regional has for Sino-US relations and security and stability in the region.

### **The San Francisco System: Economic-borne Security**

According to Kent Calder, “the ‘San Francisco System’ refers to the comprehensive structure of interrelated political-military and economic commitments between the United States and its Pacific allies that were catalyzed by the San Francisco Peace Treaty process of 1950-51.”<sup>5</sup> Although the SFS never achieved “true multilateralism,” it did result in the creation of an informal web of multi bilateral-alliances built on America’s economic prosperity. Based on the author’s own assessment, the following are the three most enduring characteristics of the SFS, amongst those originally presented by Calder: A network of formal security alliances between US and strategic states in the Asia-Pacific, a hub-and-spokes network of bilateral ties built on a highly asymmetric political and economic structure and the extension of economic benefits to security allies through the opening of the US market (as revealed in Table 1.1).

Motivation for the SFS centered around security concerns and Washington’s efforts, led by Secretary of State John Foster Dulles, to advance political and strategic goals in East Asia and the Pacific theater at large. The result of Washington’s effort to extend its political influence in the region was the infamous US “defense perimeter.”<sup>6</sup> This defensive arch extended from Japan to the

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4 Kent Calder, “Securing Security Through Prosperity: the San Francisco System in Comparative Perspective,” *The Pacific Review* 17, no. 1 (March 2004): 135-157, see esp. “Anatomy of the San Francisco System,” 138-139.

5 In the interests of space, all of the main characteristics of the San Francisco System are not covered. For a concise breakdown of the primary components, see: the section entitled “Anatomy of the San Francisco System” in Calder, “Securing Security Through Prosperity,” 138-139.

6 See: Dean Acheson’s speech to the National Press Club. Important excerpts can be found at <http://web>.

**TABLE 1.1: PERCENT OF JAPANESE TRADE**

	Japanese Exports			Japanese Imports		
	1934-36	1954	1956	1934-36	1954	1956
<b>US</b>	16	17	22	25	35	31
<b>China</b>	18	1	3	12	2	3
<b>Korea/Taiwan</b>	21	8	6	24	3	2
<b>South/Southeast Asia</b>	19	31	27	16	19	21

*Source: Ministry of International Trade and Industry data; used by Calder in "Securing Security through Prosperity," 143.*

southern part of Southeast Asia and south to Australia and would serve as an ideological—and at times actual—battleground between Communism and the US-led non-Communist Bloc.<sup>7</sup> Although similar in some ways to US strategy on the European continent, the SFS differed in several crucial ways. The most pertinent to this paper's analysis is the use of asymmetric trading relationships to achieve political and strategic goals, the motivation for which came from Northeast Asia's particular political-economic situation at the time.

Through the SFS, the US sought to stem the tide of communism by building a bulwark against the influence and expansion of Communism. This was partly accomplished by ensuring that countries like Japan, Korea and other strategically located countries traded with America and not with other Communist states, most notably China. The economic component was not, as Berkeley Professor and experienced China-hand Lowell Dittmer rightly points out, clearly apparent to policymakers in Washington during the early years of the Cold War. In a conversation about the makeup of the system, Dittmer stated: "The SFS was at least initially conceived exclusively as a security system, the economic interdependence discovered only retrospectively."<sup>8</sup> Though this may certainly be true, the fact remains that without prosperity, US attempts to "secure security" would have been exceedingly more difficult. Redirecting trade towards the American market, at considerable economic costs to America, ensured the achievement of

[viu.ca/davies/H323Vietnam/Acheson.htm](http://viu.ca/davies/H323Vietnam/Acheson.htm).

7 Calder, "Securing Security," 140-142.

8 Communiqué with Professor Lowell Dittmer.

this goal. In the words of Calder: “America accorded Japan unusually favorable (and highly asymmetric) trading and investment arrangements...that Europe did not enjoy.”<sup>9</sup>

With Japan, and other states of strategic value, the “[SFS] embodied a distinctive bargain: unusual and asymmetric US *economic* concessions to the host nation, particularly with respect to trade and investment access, in return for unusual and asymmetric *security* concessions from the United States...[I]n short, [the SFS involved] *definite economics for security tradeoffs*.”<sup>10</sup> In other words, the US accomplished international political and strategic goals by inducing states in East Asia to realign their structure of foreign trade towards the American market and away from China and other countries in the Communist Bloc.

Like the US has done through the SFS throughout the decades since the end of the Cold War, China is linking trade to political goals through the establishment of its own hub-and-spokes system within the shifting economic landscape in East Asia. Although many similarities can be made between the two “hubs,” there are many fundamental differences. These differences are identified and explored in the sections that follow.

### **Shifting Economic Landscape: the Rise of a China-Centric Hub**

Like the SFS, five key characteristics can be identified. The China-centric hubs-and-spokes system has six general characteristics. They are:

1. Regional dependency on China for economic growth, as revealed in the shift in trade patterns and the overall economic landscape in East Asia
2. A hub-and-spokes network of asymmetric trading relationships with countries dependent on China’s market for economic growth strengthened by the use of FTAs
3. The absence of formal or informal security alliances with spoke nations
4. An organizational system that excludes a security-focus and the United States
5. The use of economic coercion and inducement to achieve political and strategic goals

Although China is building particularly strong relationships with other countries in the region, the five characteristics of a China-centric hubs-and-spokes

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9 Calder, “Securing Security,” 143.

10 Ibid., 144-145. [emphasis added]

system are particularly applicable to the region that includes ASEAN and the region's pivotal middle-powers: Japan and South Korea. These countries make up the majority of countries in East Asia.<sup>11</sup>

Analysis of the recent shift in the economic landscape in East Asia based on China-centered economic growth highlight the first three characteristics of the China-centric hub: a shift in trade patterns revealing a change in dependency from the US market to the Chinese market; the use (or intended use) of FTAs as a means to strengthen already dependent trading relationships; and a preference for regional vehicles that exclude the United States.

### *Shifting economic landscape*

Despite the United States maintaining its position as a primary import market for goods produced in East Asia, there has been a considerable shift in the balance of economic power in the region. As John Ravenhill points out: "what has occurred," particularly since the Asian financial crisis, "has been... a reorientation of trade patterns in response to the rapid emergence of China as the assembly plant to the world" and the emergence of "China-centric networks."<sup>12</sup> This shift highlights the effects of China-centered economic growth and the relative decline of American economic power and influence.

With significant implications for regional influence and the balance of power in East Asia, China has replaced the US as the number one market for Korean and Japanese exports and has become the number one trading partner for ASEAN member countries.<sup>13</sup> The result of China-centered economic growth has been the creation of a bifurcated regional order. Or, as Donald Emmerson describes it from the perspective of Southeast Asia:

...back in 2003 America took in more than three times the share of ASEAN's exports absorbed by China—19 percent versus six percent. Seen from Southeast Asia, that American advantage over China has

11 ASEAN—which includes Cambodia, Indonesia, the People's Democratic Republic of Lao, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—South Korea and Japan are the countries referred to as "East Asia" throughout this paper.

12 John Ravenhill, "Trading out of a Crisis," in *Crisis as Catalyst*, eds. Andrew MacIntyre, T.J. Pempel and John Ravenhill (Ithaca: Cornell University Press, 2008), 150.

13 This is clearly shown by the statistics used in later sections. For a second source, see: Justin McCurry, "Asia: China Replaces US as Japan's Biggest Export Market," *The Guardian*, August 22, 2008, accessed November 29, 2011, <http://www.guardian.co.uk/world/2008/aug/22/japan.china>. For a more detailed report on Japan's economy and its level of dependence on China (its number one trading partner), see the World Trade Organization's "trade profile" on Japan in its statistics database, <http://stat.wto.org/Home/WSDBHome.aspx>.

since disappeared. From 2003 to 2008, China's share of all Southeast Asian trade burgeoned at an astonishing average annual pace of 26 percent....[As a consequence,] the tendency in Southeast Asia is to think of Beijing and Washington as playing specialised roles: China the economic partner who facilitates prosperity, America the security provider who guards the peace.<sup>14</sup>

The bifurcation of the regional order is a phenomenon that has not gone undetected. Amy Searight, amongst others, finds that the US-centered hub-and-spokes system is giving way to a "competing hubs" system, wherein major powers with vested interest in the region are "vying to form competing 'hubs' by forging FTAs with multiple regional and trans-Pacific partners," with China as the clear leader of states that are challenging US primacy.<sup>15</sup> Stated alternatively, East Asia is in a form of economic tug-of-war, with the US and China competing with each other for the position of dominant "hub state."

In a way similar to the US strategy during the Cold War, China is establishing a network of asymmetric trading relationships. This is, as indicated above, a primary characteristic of the China-centric hub-and-spokes system. As is revealed in the following analysis of the structure of trade for ASEAN, Japan and Korea, the pattern of trade in East Asia is undergoing a fundamental shift, underscored by a shift in dependency from the American to the Chinese market. Policymakers in Beijing are conscious of the shift in trading relationships and are consolidating Chinese market dominance with ASEAN, Japan and Korea through the strategic use of FTAs.

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14 Donald K. Emmerson, "US, China Role Play for ASEAN," *Asia Times*, November 19, 2011, accessed May 21, 2012, [http://www.atimes.com/atimes/Southeast\\_Asia/MK19Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/MK19Ae01.html). [emphasis added]

15 Amy Searight, "Emerging Economic Architecture in Asia: Opening or Insulating the Region?," in *Asia's New Multilateralism: Cooperation, Competition, and the Search for Community*, eds. Michael J. Green and Bates Gill (New York: Columbia University Press, 2009), 201. Also, as Searight shows, China is not alone in attempting to establish an alternative hub. Japan has through various trading agreements attempted to form stronger regional trading ties with other states in the region. Searight highlights Japan's efforts, following its recent FTA with Singapore, to form additional bilateral FTAs with Thailand, Malaysia and the Philippines. Japan hoped to establish a framework from which it could structure a larger multilateral Japan-ASEAN FTA, with the ultimate goal of incorporating China. Despite initial success with key ASEAN states, Japan has found it hard to complete more comprehensive trade agreements, because of negotiating roadblocks created by Japan's strong resistance to concede on sensitive areas, such as intellectual property rights (IPT) and its agricultural sector. Also, given its continued economic troubles and creeping demographic concerns, Japan is not likely to possess the necessary power and influence. See: Searight, "Economic Architecture," 200-201.

## ASEAN

Between 2007 and 2008, a “great divergence” took place in Southeast Asia, specifically among the countries comprising the Association of Southeast Asian Nations (ASEAN). Until that date, apart from intra-ASEAN trade, the US had been ASEAN’s number one trading partner. However, due to the rapid increase in ASEAN-China trade, sped up by the phased implementation of ASEAN-China free trade agreement, the US fell behind China in total trade with the Southeast Asian trading bloc.<sup>16</sup> As Tables 2.1 and 2.2 reveal, China has taken a clear lead over the US as ASEAN top trading partner. To capitalize on its growth in trade with ASEAN, China concluded a free trade agreement with ASEAN: the ASEAN-China Free Trade Area (ACFTA).

*ASEAN-China FTA (ACFTA)*

The ACFTA is the largest free trade area in terms of population and GDP and represents a milestone for China in the region. The ACFTA is, as David Shambaugh puts it, the “accord of greatest significance” for China, because it represents a change in the way ASEAN countries perceive China and the way China engages its neighbors.<sup>17</sup> “China and ASEAN are forging a productive and lasting relationship that is gradually erasing a history built on widespread suspicion, painful memories, and lingering tensions.”<sup>18</sup>

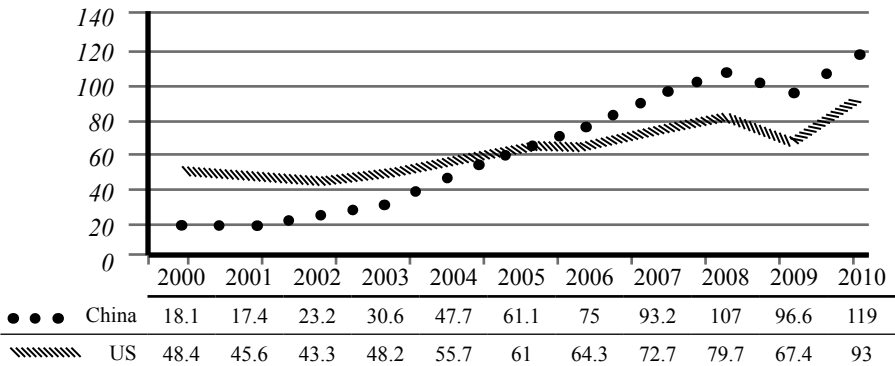
As part of a broader strategy to appease rather than threaten regional neighbors (see the section “Inducement Strategy” below), the ACFTA is certainly useful as a tool to patch-up ideational rifts caused by historical animosities. However, another likely reason that China’s neighbors are seeking closer economic ties with Beijing is the acknowledgement of China’s growing economic might and regional influence. As Shambaugh recognizes, the ASEAN countries “believe that China’s rise is inevitable and that the best strategy for ASEAN to hedge against potentially disruptive or domineering behavior, is to entangle

16 ASEAN Secretariat, “ASEAN-China Free Trade Area: Not a Zero-Sum Game,” *Association of Southeast Asian Nations*, January 7, 2010, accessed May 20, 2012, <http://www.asean.org/24161.htm>. Although the ACFTA did not come into “full effect” until January 1, 2010, an “Early Harvest Programme” went into effect as early as 2003 for some ASEAN nations. The Early Harvest, which saw the reduction or elimination on agricultural tariffs, greatly accelerated the speed of economic integration between ASEAN and China. See: Article 6 of the “Framework Agreement on Comprehensive Economic Co-Operation Between ASEAN and the People’s Republic of China,” Phnom Penh, November 4, 2002, <http://www.aseansec.org/13196.htm>.

17 David Shambaugh, “China Engages Asia: Reshaping the Regional Order,” *International Security* 29, no. 3 (2004/05): 64-99.

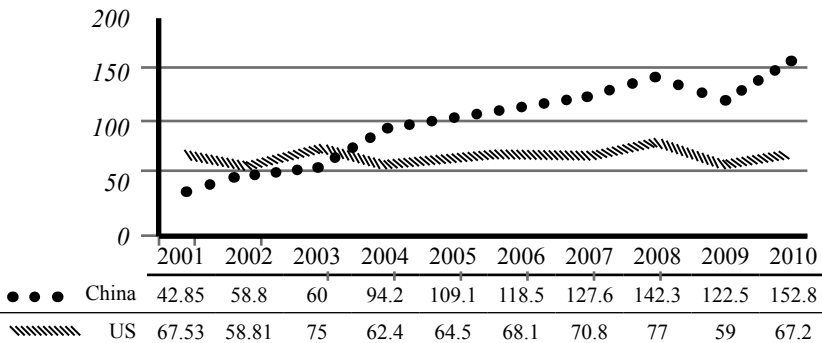
18 *Ibid.*, 76.

**TABLE 2.1 ASEAN EXPORTS (\$ BILLION)**



Source: ASEAN Merchandise Trade Statistics Database

**TABLE 2.2 ASEAN IMPORTS (\$ BILLION)**



Source: ASEAN Merchandise Trade Statistics Database

the dragon in as many ways as possible.”<sup>19</sup> However, the effectiveness of such a strategy is likely to be limited, if effective at all. ASEAN member states are small and highly dependent on Chinese for trade and economic growth through highly asymmetric trading relationships (see the section “Dependency and Asymmetry” below). China’s strategy to deal with the shift in ASEAN trade patterns is to increase economic interdependence between the two through the

19 Ibid.

AFCTA as a way to consolidate its economic power and influence in the region. China specialist Robert Sutter finds that the ACFTA is an opportunity to cement closer trading relationships with ASEAN countries as means “not only to shore up China’s position relative to the United States, but also to place in a negative light trade initiatives from Japan, South Korea, and India, undergirding China’s leading position in the region.”<sup>20</sup>

### *Japan and Korea*

Between 2001 and 2003, exports to China increased nearly 50 percent (increasing by less than one percent to the US) while more than 32 percent of Korean exports were crossing the Yellow Sea and into Chinese docks.<sup>21</sup> In 2002, Korea was for the first time since World War II primarily dependent on an economy other than the US for trade and economic growth. Korea had shifted its trade dependence to China. The same phenomenon has occurred in Japan.

After the turn of the century, Japan, like Korea, had become increasingly dependent on trade with China. Between 2000 and 2002, exports to China increased by more than 50 percent, and in the follow year an additional increase of another 25 percent, while exports to the US declined. Moreover, “by 2003, the value of Japanese exports to China and Hong Kong combined was more than 75 percent of the value of its exports to the US.”<sup>22</sup>

Tables 2.3-2.6 show the shifts in trade patterns from America to China in the latter half of the decade. Since 2003, Korean exports to China have nearly quadrupled from \$35.1 billion to \$117.1 billion, while exports to the US have increased by less than 50 percent, moving from \$34.4 billion to \$49.9 billion. A similar trend persists for imports coming from China. Since 2004, China has made a clear break from the US as the number one market for imports. In 2009, imports from China were more than double that from the US. Although the year 2010 saw a slight decrease in the difference between Chinese and US imports, if the overall trend continues, a greater divergence is likely to occur.

The overall shift for Japan, although not as pronounced as the Korean case, is perhaps of even greater significance. As Table 1.1 above shows, and Calder’s analysis of the SFS reveals, Japan represented the rock upon which the SFS was built—or as Yasuhiro Nakasone put it: America’s “unsinkable aircraft carrier in the Pacific.” Although Japan is not likely to cease being a major economic

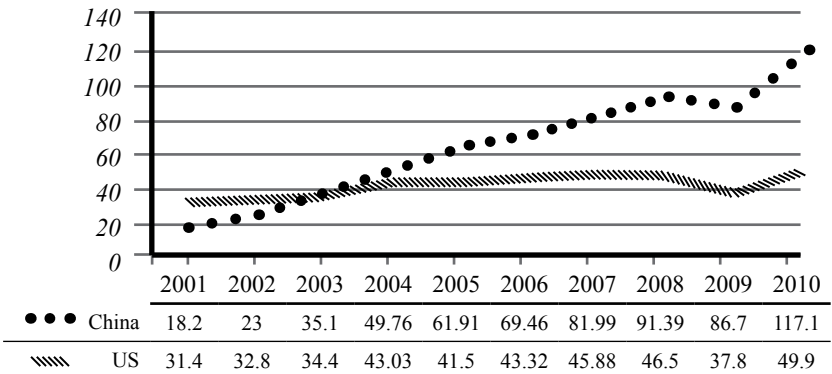
20 Robert Sutter, *Chinese Foreign Relations*, 3rd ed. (Lanham: Rowman & Littlefield, 2012), 267.

21 Robert S. Ross, “Balance of Power Politics and the Rise of China: Accommodation and Balancing in East Asia,” *Security Studies* 15, no. 3 (2006): 360.

22 *Ibid.*, 377.

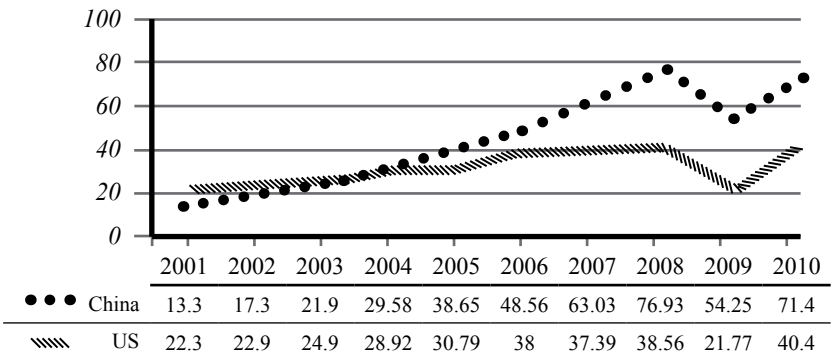


**TABLE 2.3: KOREAN EXPORTS (\$ BILLION)**



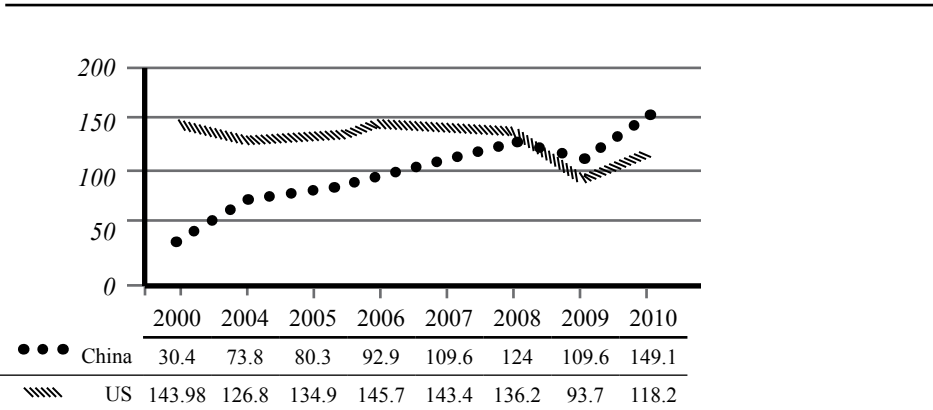
Source: WTO International Trade Statistics

**TABLE 2.4: KOREAN IMPORTS (\$ BILLION)**



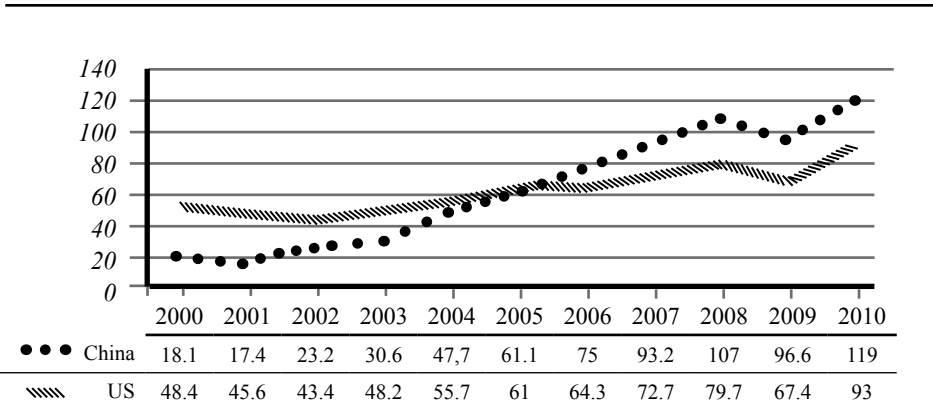
Source: WTO International Trade Statistics

**TABLE 2.5: JAPANESE EXPORTS (\$ BILLION)**



Source: WTO International Trade Statistics

**TABLE 2.6: JAPANESE IMPORTS (\$ BILLION)**



Source: WTO International Trade Statistics

trading partner and key US ally any time soon, there has begun an irreversible bifurcation of Japan's trade pattern—an unprecedented phenomenon in Japan's post-war economic history. As the table below indicates, Japan's trade—both exports and imports—are split between the world's two largest economies, thus making Japan a poster-child for the emerging economic architecture in the region—one split between China and the US, with a distinctive eastwardly trajectory.

Despite both being located in East Asia, Korea and Japan are different from ASEAN in one distinctive way: neither Japan nor Korea has signed an FTA with China. The lack of an FTA, however, may soon change for one or both of the vital middle powers in in the region.

### *China-Korea-Japan FTA prospects*

Shortly after the signing of the US-Korea FTA (KORUS FTA), Beijing renewed its interest in FTA negotiations with Seoul, interest first communicated in 2004. Although much talk was made about the mutual economic benefits to each country, many news stories emphasized the strategic motivation behind Beijing's efforts to forge an FTA with its Northeast Asian neighbor.<sup>23</sup> One *Chosun Ilbo* story made no mention of economics, emphasizing instead the strategic implications of Korea signing an FTA with China. The headline of the article reads as follows: "FTA with China Could Have Geopolitical Ramifications." In discussing the implications "beyond the realm of commerce," the article makes the following claim:

The South Korea-China FTA could have a major geopolitical impact on Northeast Asia...Until now, the security landscape in Northeast Asia has been a Cold War-style standoff between the South Korea-US-Japan alliance on one side and China and North Korea on the other. But if the Seoul-Beijing FTA is signed and economic cooperation increases rapidly, this traditional framework would crumble.<sup>24</sup>

23 Of course, an FTA is still a major commercial concern with projected economic benefits and losses. See: "FTA with China Finally Gains Traction," *JoongAng Daily*, January 13, 2012, <http://koreajoonggangdaily.joinsmsn.com/news/article/article.aspx?aid=2947036&cloc=joongangdaily|home|newslst1> (, accessed May 21, 2012); and "Seoul Must Proceed Warily in FTA Talks with China," *Chosun Ilbo*, January 10, 2012, [http://english.chosun.com/site/data/html\\_dir/2012/01/10/2012011001785.html](http://english.chosun.com/site/data/html_dir/2012/01/10/2012011001785.html) (accessed May 22, 2012).

24 "FTA with China Could Have Geopolitical Ramifications," *Chosun Ilbo*, January 11, 2012, [http://english.chosun.com/site/data/html\\_dir/2012/01/11/2012011101423.html](http://english.chosun.com/site/data/html_dir/2012/01/11/2012011101423.html) (accessed May 22, 2012). [emphasis added]

Policymakers in Beijing are certainly thinking along these lines as well. They understand that China's economic prowess is a means through which to mitigate US power exercised through the traditional SFS, which, as discussed above, was built upon the US using its large import market to affect Seoul's strategic calculus in a way favorable to Washington.

*Trading away from US influence*

Aside from efforts at negotiating a China-Korea FTA, policymakers in Beijing are also exploring the possibility of entering into negotiations on a China-Japan-Korea FTA. A trilateral FTA in Northeast Asia, initiated by China, is a move of obvious strategic motivation and indicative of another key tenet of the China-centric hub-and-spoke system: a preference for using regional organizations that excludes the US. Regional forums like the East Asia Summit (EAS), and the newly proposed Trans-Pacific Partnership (TPP), are not nearly as favorable to Chinese policymakers as an organization that includes only countries dependent on China's market and is *not* predominantly security-focused.

If China were able to successfully negotiate a tri-lateral FTA with Korea and Japan, it would result in China having an FTA with all of the countries that make up the ASEAN+3 (APT) regional forum. Having an FTA network with the countries of ASEAN, Korea and Japan would serve as a key stepping stone to the institutionalization of the APT regional framework. The APT is, to return to Emerson's analysis, "China's preferred regional vehicle" mainly because it "excludes the United States" and is not oriented around security-concerns.<sup>25</sup> Extending its economic influence over countries in East Asia is particularly important for China, because it has no formal—or informal—security alliances with countries in the region,<sup>26</sup> and thus cannot use "alliance influence" as a way to advance political and strategic goals, unlike the US through the SFS.<sup>27</sup>

There are two general reasons that China does not have security alliances with regional powers. One: several of the states within China's spoke system are current US allies, and thus rely on the US for security.<sup>28</sup> Additionally, aside from the Shanghai Cooperation Organization (SCO), China has an informal policy

25 "US, China role play for ASEAN."

26 Technically, China has a mutual defense treaty with North Korea. However, North Korea is not included in this paper's analysis.

27 For an argument that the US used strong bilateral ties through security alliances as a way to influence allies' domestic and foreign policies, see Victor Cha, "Powerplay: Origins of the US Alliance System in Asia," *International Security* 34, no. 3 (January 2010): 158-196.

28 Countries in East Asia that have bi-lateral defense treaties include: Korea, Japan, Thailand, Singapore and the Philippines.

of not entering security alliances—bilaterally or multilaterally. Furthermore, it can be reasoned that, under current conditions, even *if* China sought to establish some sort of multi-bilateral system of alliances (like the SFS), or a broader multilateral security regime, opposition from the US and the lack of support amongst East Asian countries for greater security integration with China would likely prevent it.<sup>29</sup> In this regard, the SFS persists and is a key characteristic of the bifurcated regional order. Thus, given these conditions, it is in China's best interest to seek greater *economic* cooperation through an organization that neither focuses on security nor includes the US.

### *Dependency and asymmetry*

As indicated above, the entire structure of East Asia's foreign trade—exports and imports—is now oriented towards China's market. As Table 2.7 shows, with the exception of Cambodia's exports, China ranks in the top five in both exports and imports (where data is available). Despite East Asia's dependence on China for trade, China is not similarly dependent on East Asia.<sup>30</sup> This is a key tenet of the China-centric hub: highly asymmetric trading relations. The data in Table 2.7 also suggests that countries closer to China geographically have a relatively higher level of dependency on China's market. Stated alternatively, geographic location determines the strength of the spoke's connection to the China hub.

Another important and often overlooked facet of trade dependency is the extent to which countries with asymmetric trading relationships are also dependent on trade for economic growth. Simply having an asymmetric trading relationship is one thing; having a highly asymmetric trading relationship *and* being dependent on trade for economic growth is another matter. In the latter

29 This view is captured well by a speech given by Richard Bush at a Brookings Institute event on January 31, entitled "Understanding the US Pivot to Asia." His speech, "The Response of China's Neighbors to the US 'Pivot' to Asia" can be accessed at: <http://www.brookings.edu/research/speeches/2012/01/31-us-pivot-bush>. For a uniquely East Asian perspective, see: Le Hong Hiep, "Vietnam: Under the Weight of China," *East Asia Forum*, August 27, 2011, <http://www.eastasiaforum.org/2011/08/27/vietnam-under-the-weight-of-china/> (accessed June 1, 2012).

30 Japan and Korea, as countries with highly developed economies and close proximity to China, do account for a significant portion of China's total trade, reflecting the extent to which Japan, Korea and China are economically interdependent. Japan is China's fourth largest destination for exports (7.7%) and the number one market for imports (12.7%); Korea is fifth in exports (4.4%) and third in imports (9.9%). However, as shown in Table 2.7, the relationship is still highly asymmetric when compared to the extent of China's reliance on Korea and Japan: China is still, by large, the larger of the two in Japan and Korea's trading relationship. For a more complete breakdown of China's trade, see: China's trade profile at the World Trade Organization's Trade Profile statistics, <http://stat.wto.org/CountryProfile/WS-DBCcountryPFHome.aspx?Language=E>.

case, the country dependent on another country for both trade and economic growth is also theoretically more vulnerable to the influence of the trading partner's economic influence. As established above, countries in East Asia have highly asymmetric trading relationships with China—but to what extent do they depend on trade with China to fuel economic growth?

Understanding dependence on trade for growth is particularly important for countries in East Asia, all of which have export-oriented economies. In fact, the Export-Oriented Industrialization (EOI) model is the foundation upon which the so-called “Asian Tigers” built their enormously successful economies.<sup>31</sup> Given the structural bias towards exports to sustain economic growth, knowing the extent to which countries in East Asia depend on trade with China to sustain growth is an important second variable in understanding trade dependency.

One indicator of the extent to which countries rely on trade for economic growth is the Trade-GDP ratio. As Table 2.8 shows, countries in East Asia are, unsurprisingly, extremely dependent on trade for growth—albeit some more than others.<sup>32</sup>

Thus, when viewed together, the pattern of trade and Trade-GDP ratio for countries in East Asia reveal that they have both asymmetric trading relationships and are dependent on China to sustain their economic growth. As discussed in the next section, there are significant political implications for asymmetric and dependent trade.

## Dependency Strategies:

### How China Uses its Asymmetric Trading Relationships

China's economic engagement with regional states is not primarily about forging closer relationships for purely commercial reasons, as Western-trained economists like to argue, or for ideational reasons, as some in ASEAN would like to believe. Policymakers in Beijing are confident that China's economic power can be used to further political and strategic goals in East Asia—the

31 The literature on the EOI model and the economic growth of countries in East Asia is well documented. For a good summary of a few of the major countries in the region, see: Stephan Haggard and Tun-jen Cheng, “State and Foreign Capital in the East Asian NICs,” in *Political Economy of the New Asian Industrialism*, ed. Frederic C. Deyo (Ithaca: Cornell University, 1967).

32 For a good benchmark, consider the trade-GDP ratio for countries of the OECD. In 2008, the ratio was 29%. Using this benchmark, only Japan and Myanmar could be considered as having “normal” levels of dependence on trade for economic growth. “OECD Factbook 2010: Economic, Environmental and Social Statistics,” *OECD iLibrary*, <http://www.oecd-ilibrary.org/sites/factbook-2010-en/03/01/01/index.html?contentType=/ns/StatisticalPublication,/ns/Chapter&itemId=/content/chapter/factbook-2010-24-en&containerItemId=/content/serial/18147364&accessItemIds=&mimeType=text/html> (accessed May 26, 2012).

**TABLE 2.7 TRADE WITH CHINA: PERCENTAGE AND RANK**

	Imports		Exports	
	<i>percentage</i>	<i>rank</i>	<i>percentage</i>	<i>rank</i>
<b>ASEAN</b>				
<i>Cambodia</i>	(not in top 5)		24.2	1
<i>Indonesia</i>	9.9	3	15.1	1
<i>Lao PDR</i>	—	—	—	—
<i>Malaysia</i>	12.6	2	12.6	2
<i>Myanmar</i>	—	—	—	—
<i>Philippines</i>	11.1	5	8.5	4
<i>Singapore</i>	10.3	3	10.8	4
<i>Thailand</i>	11	2	13.3	2
<i>Vietnam</i>	9.5	4	23.8	1
<b>Korea</b>	25.1	1	16.8	1
<b>Japan</b>	19.4	1	22.1	1

Source: WTO *International Trade Statistics, Country Reports for April 2012*

fourth characteristic of the China-centric hub-and-spokes system. As Thomas Christensen points out, throughout the period of explosive economic growth, “the Chinese leadership has kept an eye on the great power prize, has created strategic dependencies on China among its neighbors, and has prevented balancing coalitions.”<sup>33</sup> China is, like the US in the post-war world, setting up a network of strategic asymmetric trading partnerships in order to recreate the region in a way it sees fit.

Attention now is turned to how exactly China uses trade dependencies to achieve “the great power prize”—expanding its political influence and strategic position in the region. Understanding the use of economics for other ends, and not simply as a means of economic benefit, requires an explanation of the two ways China can exploits its trade dependencies for political and strategic purposes.<sup>34</sup>

33 Thomas J. Christensen, “Fostering Stability or Creating a Monster: The Rise of China and US Policy Toward East Asia,” *International Security* 31, no. 1 (2006): 104.

34 The use of the terms “political” and “strategic” in reference to goals, purposes, and strategies can, at

**TABLE 2.8 TRADE-GDP, 2008-2010**

ASEAN	
<i>Cambodia</i>	128.2
<i>Indonesia</i>	49.5
<i>Lao PDR</i>	56.4
<i>Malaysia</i>	177.6
<i>Myanmar</i>	38.9
<i>Philippines</i>	68.2
<i>Singapore</i>	420.1
<i>Thailand</i>	138.2
<i>Vietnam</i>	154.4
<b>Korea</b>	107.3
<b>Japan</b>	30.9

Source: WTO International Trade Statistics, Country Reports for April 2012

### *Hirschman's national power and asymmetric trade*

A close reading of Albert Hirschman's seminal work *National Power and the Structure of Foreign Trade* reveals two ways through which large states in asymmetric trading relationships can use trade as a means to achieve political and strategic goals: a coercive strategy and an inducement strategy.<sup>35</sup>

The coercive strategy is taken by the larger state when it exploits the pattern of trade with the smaller state in a way that intimidates the smaller state into doing what the larger state wants. Hirschman conceptualizes this as follows:

If small state A trades with large state B, the total trade between them might only represent a small percent of large state B's exports and imports, but might account for a significant (over half or more) of small state A's. The severing of trade is infinitely more harmful to the smaller state, thus giving the larger state a significant amount of influence and 'coercive power' over the smaller state.<sup>36</sup>

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times, appear vague; the difference between a political and strategic goal is sometimes hard to decipher. In general, a political goal can be understood as one country's efforts to increase its leverage over the actions (usually the domestic political process) of another country, whereas a strategic goal can be understood as a country's effort to advance its geopolitical position vis-à-vis strategic competitors. Though these two efforts often overlap, they can be conceptualized as mutually exclusive (i.e. an increase in one does not necessarily result in the increase in another).

35 Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1980).

36 Hirschman, *National Power*, 29-37; 39-40.



The flip side to Hirschman's dependency coin focuses on *inducement* rather than coercion. Inducement is used when economic power in asymmetric trading relationships is used to influence the domestic politics of the smaller state through economic incentive. Through a process called the "constellation of incentives," large states use economic influence to redefine the smaller state's perception of its national interest.<sup>37</sup> The logic of this approach is as follows:

[B]ecause firms and sectors engage in patterns of activity based on economic incentives, and since this constellation of incentives will be transformed by [a trade agreement], the subsequent reshuffling of behavior will lead to new interests and the formation of political coalitions to advance those interests.<sup>38</sup>

From a trade-influence perspective, the inducement strategy focuses on the ability of the larger state to incentivize the smaller state's domestic business into lobbying on behalf of the larger state's interests by providing access to a lucrative market for exports—a particularly attractive offer for businesses in the export-oriented economies in East Asia. This quote in an *Economist* article provides a concise conceptualization of the inducement strategy:

‘[A] salesman of [state A’s] exports in his own market’ becomes ‘a spokesman of [state B’s] interests with his own government.’<sup>39</sup>

As Hirschman's *National Power* shows, there are two ways larger, economically more powerful states can use trade asymmetric trading relationships for political and strategic goals. As the examples below show, China is employing both strategies through its alternative hub-and-spokes system. A brief look at China's trade relationships with its "spoke" nations reveals both strategies at work.

37 Rawi Abdelal and Jonathan Kirshner, "Strategy, Economic Relations, and the Definition of National Interests," *Security Studies* 9, no. 1: 120-121; see also: Johnathan Kirshner, "States, Markets, and Great Power Relations in the Pacific: Some Realist Expectations," in *International Relations Theory and the Asia Pacific*, in John G. Ikenberry and Michael Mastanduno, 277.

38 Abdelal and Kirshner, "Definition of National Interests," 120-121.

39 *Ibid.*, 121; "The Aski Mark," *Economist*, August 12, 1939, 322, qtd. in Abdelal and Kirshner, "Definition of National Interests," 120-121.

*Coercive strategy*

Despite China's "peaceful rise" narrative, increasing tension surrounding issues like territorial disputes, tariffs and fishing rights has put China into a situation where it has chosen to use economic coercion as a means to assert its political leverage over its asymmetric trading partners (i.e. its spoke nations). Four incidents have been chosen to illustrate this point: the Korea-China "Garlic War" in 2000, the Sino-Japanese "Mushroom War" in 2001, China's response to a fishing boat incident with Japan in the waters around the Senkaku/Diaoyu Islands in 2010 and a recent dispute with the Philippines over the disputed Scarborough Shoal in the South China Sea show China's use of economic coercion to assert its political influence with countries that are export-oriented economies and have symmetric trading relationships with China.

In 2000, as a result of the decrease in the price of garlic, which greatly affected the politically influential farming population, the Ministry of Finance and Economy (MOFE), upon the recommendation of the Trade Commission and support from the Millennium Democratic Party (MDP), imposed full-fledged safeguards on Chinese imports of garlic.<sup>40</sup> In retaliation, China "imposed massive tariffs on South Korean polyethylene and mobile phone equipment, causing losses of nearly \$100 million to South Korean companies."<sup>41</sup> Although the issue at stake during the Garlic War was tariffs, the highly disproportional response by Beijing was meant to send a clear political message: China is the more powerful of the two in the relationship and will use its economic as a means to assert its political authority.

According to Seoul National University professor Jae Ho Chung, "it appears that Beijing wished to use the occasion to pass on a message of strong warning to Seoul and other markets for Chinese agricultural exports" that China was not afraid to be an unfriendly trading partner if it meant increasing its political leverage over South Korea. China's outright rejection of Seoul's overture to compensate Beijing for its losses over garlic imports "best illustrates this point."<sup>42</sup>

Another example of China's use of economic coercion is the "Mushroom War" with Japan in 2001. Like in the Korean case, China exploited its asymmetric trading relationship with Japan for political purposes: asserting politi-

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40 Jae Ho Chung, "From a Special Relationship to a Normal Partnership: Interpreting Sino-South Korean 'Garlic Battle,'" *Pacific Affairs* 76, no. 4 (2003/2004): 555.

41 Ross, "Balance of Power Politics," 374.

42 Chung, "Garlic Battle," 557.

cal leverage over Tokyo. In June 2001, Tokyo imposed temporary import safeguards on Chinese leeks, shiitake mushrooms and reeds used in tatami mats. In response to Tokyo's actions, Beijing imposed a 100 percent duty on Japanese automobiles, cell phones and air conditioners. Like the response to safeguards imposed on garlic, the response by Beijing was anything but proportional. As Robert Ross points out, "the value of the Chinese sanctions on the Japanese goods was *seven times* the value of the Japanese sanctions on the Chinese goods and could have cost the Japanese automobile industry 420 billion yen in lost sales" had Japan not lifted the tariffs.<sup>43</sup>

The next example, in addition to sending a political message, also contains an explicit strategic goal. In response to a Chinese fishing boat captain being taken into custody by the Japanese Coast Guard after failing to heed an order for inspection around the disputed Senkaku islands (Diaoyu in Chinese), the Chinese blocked exports to Japan of crucial rare-earth minerals, a vital material used in making electronic components and in tech-items such as handheld gadgets, hybrid cars, wind turbines and guided missiles.<sup>44</sup> China's response in this case indicates its willingness to use economic power as an instrument to protect and promote its "core interests"<sup>45</sup>—a matter of the utmost strategic importance officials and policymakers in Beijing.

The last, most recent example revolves around another maritime dispute within China's core interest—this one in the highly volatile South China Sea—between China and the Philippines and, the fishing boat incident, contains both a political and strategic component. According to a *New York Times* article, a tense standoff in the waters around the Scarborough Shoal, an area claimed by both the Philippines and China,<sup>46</sup> precipitated the quarantine of Philippine banana imports—a primary agricultural export of the Philippines.<sup>47</sup> In response

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43 Ibid. [emphasis in the original]

44 For documentation of the event see: Keith Bradsher, "Amid Tension, China Blocks Crucial Exports to Japan," *New York Times*, September 23, 2010, <http://www.nytimes.com/2010/09/24/business/global/24rare.html?pagewanted=all> (accessed December 16, 2011). For more detailed analysis, see: "Out But Not Over," *The Economist* September 24, 2010, [http://www.economist.com/blogs/banyan/2010/09/chinas\\_spat\\_japan](http://www.economist.com/blogs/banyan/2010/09/chinas_spat_japan) (accessed November 12, 2011).

45 The term "core interests," a term that is sometimes as nebulous as international law itself, generally refers to territories that China claims to hold absolute sovereignty over, e.g., it will not "give an inch" in negotiations regarding its right to sovereign control. These territories are traditionally understood to be Xinjiang, Tibet and Taiwan, though there has been an increase in the Chinese media of referring to the Diaoyu islands (currently occupied by Japan) and the South China Sea as falling within China's core interests.

46 China claims the territory, called Huangyan Island, whereas the Philippines' territorial claim is on the Panatag Shoal.

47 Jane Perlez, "Dispute Between China and Philippines Over Land Becomes More Heated," *New York*

to the attempted detention of Chinese fishermen caught by the Philippine Navy with “large quantities of illegal coral and fish,” the Chinese authorities “blocked the import of more than a thousand boxes of bananas” worth more than \$720 million. The “quarantine” is particularly damaging to the Philippine’s economy. Bananas are a primary exports of the Philippines, and China’s market is the second largest market for Philippine bananas after Japan’s.<sup>48</sup> Although officials from both sides claim that the issue is not related to the territorial dispute in the South China Sea, given China’s track record and the timing of the two incidents, correlation seems highly likely. Similar to the previous three cases, China is exploiting its asymmetric trading relationship with a spoke nation for political and strategic purposes.

Despite the examples cited above, Beijing has not only employed a coercive strategy towards its asymmetric trading partners. Through its New Security Concept (NSC), it has also been using inducement strategy as a means to realign the national interest of dependent spoke nations.

### *Inducement strategy*

Like the SFS, the China-centric hub-and-spokes system, too, is part of a broader effort by Beijing to use economic inducement for broader political and strategic goals. In the aftermath of the Asian economic crisis in 1997, calls for greater regional cooperation were led by South Korea and China through the ASEAN+3 (APT) formula. China’s response for greater regional cooperation is found in its “New Security Concept” (NSC). The concept is, according to Robert Sutter, “a reworking of the Five Principles of Peaceful Coexistence that were the mainstay of moderate and accommodating phases in Chinese foreign policy for fifty years.”<sup>49</sup> Although initially suggested for the purpose of mitigating US power and influence in the region, the NSC developed beyond a security-only focus to emerge as a framework through which all trends in bilateral relations with other regional powers as part of a broader “peaceful rise” narrative and “good neighbor policy” that began in 2004.<sup>50</sup> More specifically, China used the

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*Times*, May 10, 2012, [http://www.nytimes.com/2012/05/11/world/asia/china-philippines-dispute-over-island-gets-more-heated.html?\\_r=1](http://www.nytimes.com/2012/05/11/world/asia/china-philippines-dispute-over-island-gets-more-heated.html?_r=1) (accessed May 25, 2012).

48 Didi Kirsten Tatlow, “Inside the China-Philippines Fight in the South China Sea,” *IHT Rendezvous*, May 15, 2012, <http://rendezvous.blogs.nytimes.com/2012/05/15/oil-nationalism-and-bananas-in-the-south-china-sea/> (accessed May 26, 2012); Agence France-Presse, “Philippine Bananas Impounded by China,” *ABS-CBN News.com*, May 12, 2012, <http://rp2.abs-cbnnews.com/business/05/12/12/philippine-bananas-impounded-china> (accessed May 26, 2012).

49 Sutter, *Chinese Foreign Policy*, 242.

50 For a good review of the origins of the “peaceful rise” narrative and China’s relationship with other

NSC framework to foster better conditions for commercial activity, particularly trade. In the case of Sino-South Korean relations, Sutter finds that the strengthening of bilateral ties resulted in stronger trade ties, specifically a pledge by both nations in 2004 “to seek a bilateral trade volume of \$100 billion by 2008” (a level already far surpassed). The NSC did not just promote better trade ties with South Korea. As clearly identified above, all countries in East Asia have increased trade with China.

The main point behind China’s NSC framework is fostering better commercial relationships with regional powers. Despite China downplaying the NSC as an alternative to “cold war thinking” or “power politics,” Beijing’s effort to foster better trading relationships has clear political and strategic goals. However, contrary to the coercive strategy analyzed above, the NSC framework embodies the inducement strategy of using economic influence rather than force. A more recent example of the NSC being invoked to promote greater regional cooperation is a November 2010 interview with China’s assistant foreigner minister, which, according to one CSIS *Comparative Connections* report “seemed to recall Chinese rhetoric in the late 1990s that took aim at US alliances in the Asia Pacific and other aspects of ‘Cold War thinking’ by the US in urging regional governments to reject the US approach and to support the [NSC].”<sup>51</sup>

Despite China’s pursuit of broader political and strategic goals, the NSC can be seen as invoking the lighter, non-coercive side Hirschman’s contention that the pattern of international economic relations affects domestic politics, insofar as it avoids the use of coercive economic behavior to convince trading partners to do business with Beijing. A case-in-point of the inducement effect is business opposition to Japanese Prime Minister Junichiro Koizumi’s repeated visits to the Yasukuni Shrine between 2003 and 2006.

Despite a strong sense of economic nationalism and a peculiar “dispensation from reflection,” regarding Japan’s wartime history, major business associations, including the *keidanren*, and the current Finance Minister, have emerged as vocal critics of Japan’s resistance to Beijing’s pressure regarding the public portrayal of military activities in China during World War II, revealed by their opposition to Koizumi visits to the Yasukuni Shrine.<sup>52</sup> Kakutaro Kitashiro, head

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countries, particularly the United States, see: Ming Xia, “‘China Threat’ or a ‘Peaceful Rise of China,’” *New York Times*, <http://www.nytimes.com/ref/college/coll-china-politics-007.html> (accessed May 29, 2012).

51 Robert Sutter and Chin-Hao Huang, “China Reassures Neighbors, Wary of US Intentions,” *Comparative Connections* (January 2011), [http://csis.org/files/publication/1004qchina\\_seasia.pdf](http://csis.org/files/publication/1004qchina_seasia.pdf) (accessed June 1, 2012).

52 Bennett Richardson, “Japanese to Koizumi: change tone toward China,” *The Christian Science Moni-*

of the Japan Association of Corporate Executives, is noted by one *Financial Times* article as saying that “Koizumi’s visits to the Yasukuni shrine [threaten] Japanese companies’ business prospects in China.”<sup>53</sup> Domestic business groups in Japan, given their high level of dependency on China’s market for profit and economic growth, are adverse to actions or decisions that put a strain on Sino-Japanese relations. In fact, in 2002, without exports to China, Japan would have experienced negative economic growth.<sup>54</sup> Sutter attributes the support for pro-business policies—meaning pro-Chinese policies—in Japan to the “broad forces of globalization” and the international trade regime; however, given Japan’s dependence on China’s market, the more likely reason is the profit-motive that induces domestic business groups to take a stance that advances its own interests. Or, as Sutter puts it: “Japanese business and other opinion leaders recognized” that Sino-Japanese friction “impelled Japanese enterprises to work more closely with China in order to achieve the advantages of economic scale needed to keep Japanese firms competitive in the international economy.”<sup>55</sup>

Although not the result of a concentrated policy by the Chinese government to buy up special interests groups within Japan, the opposition by Japanese business is one example of the “constellation of incentives” at work through the NSC framework. Japanese business is, in effect, acting as an informal lobby, pressuring the Japanese government to adopt policies that China supports.

One other interesting case to explore is the concept behind what some scholars call Chinese “colonization” of states heavily dependent on trade with China. Jae Ho Chung, quoted above, discusses this issue in regards to the way countries in East Asia are responding to the rise of China. Using balance of power logic, Chung finds that countries in the region are, generally speaking, either “balancing” or “bandwagoning.” Of the countries bandwagoning, or accommodating, three countries that seem to be riding the rising influence of China are Myanmar, Cambodia and Laos—all countries that fall within the China-centric hub-

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*tor*, June 1, 2005, <http://www.csmonitor.com/2005/0601/p04s01-woap.html> (accessed May 29, 2012). Ross, “Balance of Power Politics,” 377. Ross’ analysis suggests that the business opposition is in response to the use of coercive economic measures to enact concession and compliance from the Japanese government and domestic business. Although there is some truth to this assertion, when put in broader perspective, despite the use of high tariffs and other coercive measures, China has been pursuing an agenda based on fostering strong commercial ties through regional cooperation.

53 David Ibson, “Koizumi Visits to War Shrine Attacked,” *Financial Times*, November 26, 2004, <http://www.ft.com/intl/cms/s/0/791345a6-3f4f-11d9-8e70-00000e2511c8.html#axzz1wKbzdrKy> (accessed May 29, 2012). Qtd in Ross, “Balance of Power Politics,” 377.

54 Ross, “Balance of Power Politics,” 377.

55 Sutter, *Chinese Foreign Relations*, 232.

and-spokes system.<sup>56</sup> Contrary to other countries in the region, policymakers in Naypyidaw, Phnom Penh and Vientiane have not pursued a strategy of “entangling the dragon.” For these three countries, all of which have high volumes of trade with China (especially Cambodia), China’s “good neighbor” policy—part of the broader NSC framework—appears to have succeeded. This may be a consequence of geography, though. Contrary to other East Asian, Myanmar, Cambodia and Laos do not have territorial disputes with China in locations like the South China Sea and thus do not perceive China to be a security threat.

## Conclusion

This paper has shown that China’s rise and the subsequent bifurcation of the regional order, reflected in the change in the structure of foreign trade for countries in East Asia, has resulted in the development of an alternative China-centric hub-and-spokes system within the shadow of the traditional American-centric hubs-and-spokes system. Furthermore, the attrition of America’s economic preeminence in the region has buttressed and sped-up the shift in the balance of power from Washington to Beijing. Contrary to the Cold War-era, during which the US was able to “secure security” through prosperity, the rise of China-centered economic growth has greatly altered the geopolitical landscape. This paper has also argued that China’s asymmetric trading relationships with countries dependent on China for economic growth are being used as a means to achieve broader political and strategic goals through the use of coercive and inducement-based strategies. Through the China-centric hub-and-spokes system, China has been able to assert its political authority in the region and balance against the influence of the United States absent any formal or informal security alliances.

There are, however, a few issues that are not discussed. One issue this paper does not address is the way in which the US is *responding* to the bifurcation of the regional order in East Asia and the erosion of its traditional source of power and influence in the region. With the potential for a renewed Cold War-era standoff, the US has through its “competitive liberalization” efforts and its “pivot” to Asia attempted to regain some of the influence it lost over the last decade. Policymakers in Washington are attempting to hedge against the loss of economic-borne influence in the region by employing the tactic currently used by Beijing: strategic trade agreements.<sup>57</sup> The signing of the KORUS FTA and

56 Jae Ho Chung, “East Asia Responds to the Rise of China: Patterns and Variations,” *Pacific Affairs* 82, no. 4 (Winter 2009/2010): 660-661.

57 Christensen, “Fostering Stability or Creating a Monster?” 114; for more on US trade policy in Asia, see:

efforts to promote the Trans-Pacific Partnership (TPP) in an age of China-centered growth suggests a future marked by “competing hubs” vying for preeminence in a bifurcated regional order.

Another key aspect not addressed is how countries that rely on trade with China for economic growth but on America for security are responding to competition between Washington and Beijing for the position as dominant hub. Although it may be too early to tell how states in East Asia are responding to their split allegiances, early indications seem to suggest that China’s overuse of economic coercion is pushing countries like Vietnam, South Korea and Japan towards closer relationships with Washington, despite their reliance on China’s market to sustain economic growth.<sup>58</sup> Although, for now, countries seem to be employing a hedging strategy, i.e. “co-engagement,” as a way to stay economically close to China while maintaining security-ties with the US.<sup>59</sup> However, if China overextends its hand in using economic power to achieve broader regional goals, it may lead to a strengthening of trans-Pacific ties between the US and countries in East Asia. This will, in turn, greatly increases the chances that the US will be able to implement a new, multilateral trade regime that does not include China, thus beckoning the question with which this paper will conclude: *whither the China-centric hub-and-spokes system?* **YJIS**

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Evelyn Goh, “Southeast Asia Bright on US Radar Screen,” *Asia Times*, May 28, 2005. See: also the full draft cited in Steven C. Denney and Brian D. Gleason, “The Political Economy of Trade Policy in the KORUS FTA,” *London School of Economics and Political Science: International Affairs at LSE*, May 31, 2012, <http://blogs.lse.ac.uk/ideas/2012/05/the-political-economy-of-trade-policy-in-the-korus-fta/> (accessed June 1, 2012).

58 Ralph A. Cossa and Brad Glosserman, “The Illogic of China’s North Korea Policy,” *Center for Strategic and International Studies*, PacNet#32, May 17, 2012, <http://csis.org/publication/pacnet-32-illogic-chinas-north-korea-policy>.

59 “East Asia’s Response to China’s Rise,” 661.



# AN ARGUMENT FOR ECONOMIC MIGRANTS: POVERTY AS A COERCIVE MECHANISM

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Dylan Irons

*In spite of the colossal amounts of evidence of human rights abuses in North Korea, Chinese authorities have balked at acknowledging North Korean defectors in China as refugees and have instead labeled them as illegal economic migrants. In this paper, the author examines the proper course of action China should follow under the liberal human rights philosophy to which the West generally ascribes and the communitarian human rights philosophy associated with Asia, as well as from the utilitarian perspective. The author then challenges China's position of North Koreans being economic migrants—subsequently ineligible for asylum status—by analyzing the international legal agreements China is bound to uphold. The paper concludes by calling for continued public pressure on China to abide by international law in order to prevent its loss of face, which the recent escape of the blind activist lawyer Chen Guangchen from house arrest has illustrated is something the Chinese state is incredibly insecure of losing.*

## Introduction

In early February of 2012, approximately 40 North Korean defectors were arrested by Chinese authorities in Shenyang, China, and held in prison awaiting deportation procedures. News of this prompted a wave of several protests and hunger strikes outside of the Chinese embassy in Seoul.<sup>1</sup> The South Korean National Assembly passed a resolution strongly urging China to stop forcibly repatriating the refugees back to North Korea.<sup>2</sup> Chinese authorities, however, have balked at acknowledging the North Korean defectors as refugees and have labeled them as illegal economic migrants “in China to make money.”<sup>3</sup> Chinese Foreign Ministry spokesman Hong Lei has cited “insufficient evidence”

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1 Evan Ramstad, “Seoul Increases Heat on China Over Defectors,” *The Wall Street Journal Asia*, March 1, 2012, 7.

2 Melanie Kirkpatrick, “China Delivers Unto Evil,” *The Wall Street Journal Asia*, March 01, 2012, 15.

3 Ramstad, “Seoul Increases Heat on China Over Defectors,” 7.

to claims that the North Koreans detained in China are refugees.<sup>4</sup> Referencing article four of the Mutual Cooperation Protocol for the Work of Maintaining National Security and Social Order in the Border Areas between China and North Korea, a bilateral repatriation pact signed with Pyongyang in 1986, China has repeatedly refused to acknowledge the defectors as refugees protected by international law and humanitarian conventions and has instead branded them as illegal migrants crossing the border for economic reasons.<sup>5</sup>

By labeling these defectors as illegal economic migrants, China has brought to the forefront of refugee discourse the arduous task of defining who is and who is not a refugee. Under the 1951 Convention, OAU Convention and Cartagena Convention, economic migrants are not protected as refugees. Does that mean all persons fleeing their country for reasons related to economic activity are illegal economic migrants and thus ineligible for asylum? Chinese authorities certainly seem to believe so and argue that the North Korean defectors are no different than illegal Mexican immigrants in the United States.<sup>6</sup> While it is possible China has chosen this impuissant retort in the face of objections from human rights organizations and world leaders out of concerns of straining tensions with North Korea (whose provocative actions in recent years highlight the state's rogue demeanor), border security, or a sudden massive influx of refugees, it is highly unlikely that these are true concerns for Chinese authorities. This is evidenced by the fact that North Korea is the only state from where China turns back refugees. Indeed, China's 1986 immigration control law allows individuals seeking asylum for political reasons to reside in China and allows the UNHCR to conduct refugee status determination. With refugees from Pakistan, Somalia, Iran, Afghanistan, Vietnam and elsewhere, North Koreans are "explicitly excluded" as if it is impossible for any North Korean to face any sort of political persecution at all.<sup>7</sup>

The ultimate goal of this paper is to answer the question of whether or not economic migrants can and should be given refugee status and protection, focusing specifically on North Korean defectors. This paper will first tackle the problem of sovereignty—addressing the issue of sovereignty and from whom the duty of care to refugees is owed. After discussing various definitions of the

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4 He-suk Choi, "Seoul bolsters efforts for N.K. defectors," *The Korea Herald*, March 02, 2012, 2.

5 Hiroyuki Tanaka, "North Korea: Understanding Migration to and from a Closed Country," *Migration Information Source*, January 2008, <http://www.migrationinformation.org/feature/display.cfm?ID=668> (accessed October 26, 2012).

6 Kirkpatrick, "China Delivers Unto Evil," 15.

7 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response* (US Committee for Human Rights in North Korea: 2006), 37.

term “refugee,” the paper will briefly describe the perilous human rights abuses occurring in North Korea. This paper will then analyze the Chinese position of the defectors being economic migrants and thus ineligible for asylum through the scope of liberal, utilitarian and communitarian human-rights philosophies. This paper will challenge the legitimacy of labeling the North Korean defectors as illegal economic migrants by examining how the North Korean state uses poverty as a political tool to induce loyalty and also explore international legal frameworks to which China is party. This paper concludes by calling for a revision by the United Nations on the current definition of refugee to include economic migrants under certain conditions and for continued pressure on China to maintain its international legal obligations.

### A Duty of Care Owed by Whom?

The first question normally arising in the context of refugee care is where does the responsibility fall with regards to the rights of refugees? Conversation regarding refugees and the right to asylum will inevitably involve the issue of sovereignty for becoming a refugee requires the crossing of international borders. For the first 45 years of the United Nations Charter, the United Nations favored sovereignty and the rights of states over human rights.<sup>8</sup> When the United Nations Security Council endorsed military force during the Balkan wars of the 1990s, the focus of sovereignty shifted from that of the state to that of individuals. As Boutros-Ghali emphasized, “the time of absolute sovereignty has passed ...” and has never in fact been a reality due to divine law, religious practices and natural law.<sup>9</sup> Annan talks of two concepts of sovereignty; that of the states and that of the people. Though he says that sovereignty is still the essential ordering principle, “it is the people’s sovereignty rather than the sovereign’s sovereignty,” further underlining the shift from states to individuals.<sup>10</sup>

Thus a broader concept of sovereignty has emerged “from the changing balance between states and people as the source of legitimacy and authority” dealing with not only sovereignty as the rights of states, but also as what Francis Deng calls the responsibilities of states, which stipulates that when states cannot provide protective or lifesaving assistance to its citizens, the state is obligated

8 Thomas G. Weiss, *Humanitarian Intervention: War and Conflict in the Modern World* (Malden, Massachusetts: Polity Press, 2007), 18-23.

9 Boutros Boutros-Ghali, *An Agenda for Peace: Preventive diplomacy, peacemaking and peace-keeping*, June 17, 1992, <http://www.un.org/Docs/SG/agpeace.html> (accessed May 26, 2012).

10 Kofi Annan, “Two concepts of sovereignty,” *The Economist*, September 18, 1999, <http://www.un.org/News/ocsg/sg/stories/kaecon.html> (accessed May 26, 2012).

to seek and accept aid. There is an international obligation to act should the state deliberately refuse or obstruct this process.<sup>11</sup> Or, as Betts puts it, “there [is] an increasing recognition that where an individual’s country of origin is unable or unwilling to ensure his or her access to a certain set of basic rights, then there is a wider international responsibility to ensure that such individuals or groups receive protection.”<sup>12</sup> Additionally promoting this is the principle of non-refoulement which prohibits states from returning refugees to any place where they may face persecution. By constraining the capacity of the state in its ability to deport the refugee via the concept of non-refoulement, the rights of the individual are increasingly enhanced with respect to the rights of the state.

A duty of care is therefore first owed to the individual by the state claiming jurisdiction. When the state ceases to be able or willing to provide this care, the responsibility then shifts to the international community. This has occurred in the past when the United Nations Security Council (UNSC) authorized the Secretary General to address the critical needs of displaced Iraqis in the aftermath of the First Gulf War. This led to the establishment of a safe haven in northern Iraq to protect the Kurdish population that had been a target of Saddam Hussein’s military crackdown in response to a rebellion launched by “disaffected groups.”<sup>13</sup> This occurred again in 2011 when the UNSC urged the Qaddafi regime of Libya to meet its “responsibility to protect” its citizens and later authorized air-strikes citing the right to protect doctrine.<sup>14</sup>

The citizens of North Korea are owed certain provisions granting them the ability to lead a fulfilling life. By failing to protect the interests of its own citizens, the international community at large has a responsibility to act. As North Koreans cross the border into China, that responsibility largely falls on China because the refugees have become subject to Chinese authorities by virtue of being inside of China’s borders. Other states and non-state actors such as the United Nations and the United Nations High Commission for Refugees also share the obligation of protection, but China first and foremost has the obligation to ensure these defectors having crossed the border are not forcibly repatriated. Though China has responded to critics by claiming Chinese policy a domestic matter of juridical sovereignty, the reality is that sovereignty does not inoculate a state from its international obligations. China therefore has a respon-

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11 Weiss, *Humanitarian Intervention*, 18-22.

12 Betts, *Forced Migration and Global Politics* (Malden, Massachusetts, 2009), 2.

13 UNHCR, “The State of the World’s Refugees 2000: Fifty Years of Humanitarian Actions,” UNHCR: 200, <http://www.unhcr.org/3ebf9bb50.html> (accessed June 03, 2012).

14 “The Lessons of Libya,” *The Economist*, May 19, 2011, <http://www.economist.com/node/18709571> (accessed June 3, 2012).

sibility to follow the proper protocols of international conventions and treaties to which it is a party when handling border crossers.

### To Be a Refugee

One of the biggest challenges in refugee dialogue is determining who is and who is not a refugee. Surely not all migrants crossing international borders can or should be granted asylum, but how do the international community and receiving state determine who is deserving of protection and who is not? To call this a challenging task would oversimplify the degree of difficulty in assessing each claimant's reasons for exodus. Myron Weiner best illustrates this notion:

What would be an appropriate moral response to a boatload of Bosnians landing on the US Coast in search of asylum from their violent homeland? What if the boat contained Chinese claiming asylum on the grounds that their government forbids them from having more than one child? Or unemployed Ghanaians looking for jobs? Or Iraqi Kurdish families concerned about the future of their children? Or Chakmas from Bangladesh who had been pushed off their land? Or Haitians impoverished by a depressed economy and afraid of violence from local thugs? Should some be admitted and some repatriated, depending on the reasons for their migrations, or should they all be admitted because they underwent hardships coming long distances by sea?<sup>15</sup>

These several hypothetical circumstances demonstrate the daunting charge of determining what constitutes a refugee. Guy S. Goodwin-Gill states that a refugee is "in ordinary usage...someone in flight, who seeks to escape conditions or personal circumstances found to be to be intolerable."<sup>16</sup> Though Goodwin-Gill acknowledges that the reason for flight may vary,<sup>17</sup> he argues that implicit through it all is an "assumption that the person concerned is worth of being, and ought to be, assisted, and, if necessary, protected from the causes and consequences of flight."<sup>18</sup>

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15 Myron Weiner, *The Global Migration Crisis: Challenges to States and Human Rights*, (Addison-Wesley Educational Publishers, 1995), 160.

16 Guy S. Goodwin-Gill, *The Refugee in International Law*, (New York: Oxford University Press, 1996), 3.

17 Reasons for flight Goodwin-Gill mentions include oppression, threat to life or liberty, prosecution, deprivation, grinding poverty, war or civil strife, and natural disasters such as earthquakes, floods, droughts, or famines.

18 Goodwin-Gill, *The Refugee in International Law*, 3.

Article 1a of the 1951 Convention on the Status of Refugees defines refugees as people who “owing to a well-founded fear of persecution, on the grounds of race, religion, nationality or membership of a social group, find themselves outside their country of origin, and are unable or unwilling to avail themselves of the protection of that country.”<sup>19</sup> This stems from article 14(1) of the Universal Declaration of Human Rights which “recognizes the right of persons to seek asylum from persecution in other countries.”<sup>20</sup> Though this definition is limited in scope to persons persecuted for political reasons, the 1969 Organization of African Unity (OAU) Convention protracted the definition of refugee to include persons “who, owing to external aggression, occupation, foreign domination, or events seriously disturbing public order in either part or whole of his country of origin or nationality, is compelled to leave his place of habitual residence in order to seek refuge in another place outside his country of origin or nationality.”<sup>21</sup> This definition extends protection to refugees who have fled their homes due to violence induced by inter-state wars or invasion of their country by a foreign military force. The 1984 Cartagena Declaration in Latin America goes even further and “includes among refugees persons who have fled their country because their lives, safety or freedom have been threatened by generalized violence, foreign aggression, internal conflicts, massive violation of human rights or other circumstances which have seriously disturbed public order.”<sup>22</sup> Not only are persecution and external aggression viable reasons for flight, but now also are internal conflicts, such as civil wars, as well as “massive violation of human rights” such as extrajudicial detentions or killings by the state.

It should be noted that in both the OAU and Cartagena Declarations, the phrase “events seriously disturbing public order” arises. This allows for leeway granting asylum to those forced migrants whose tribulations are not specifically detailed in the aforementioned conventions. Betts acknowledges, in addition to conflict-induced internal displacement, two such circumstances causing serious public disorder. The first is what he dubs “development displacement.” This occurs when development projects, such as the construction of dams, force

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19 UN General Assembly, *Convention Relating to the Status of Refugees*, July 28, 1951, <http://www.unhcr.org/refworld/docid/3be01b964.html> (accessed May 26 2012).

20 Ibid.

21 Organization of African Unity, *Convention Governing the Specific Aspects of Refugee Problems in Africa*, September 10, 1969, <http://www.unhcr.org/refworld/docid/3ae6b36018.html> (accessed May 26, 2012)

22 Americas—Miscellaneous, *Cartagena Declaration on Refugees, Colloquium on the International Protection of Refugees in Central America, Mexico, and Panama*, November 22, 1984, <http://www.unhcr.org/refworld/docid/3ae6b36ec.html> (accessed May 26, 2012).

people to leave their homes.<sup>23</sup> One example he notes is the construction of the Three Gorges Dam on the Yangtze River in China which has displaced and adversely affected the lives of hundreds of millions of people.<sup>24</sup> Other types of projects include urban development and transportation projects. The second circumstance Betts cites as potentially causing public disorder is “environmental displacement.”<sup>25</sup> Not only can desertification and sinking islands induce movement, but it also results in increased competition for land and resources which can ultimately lead to internal violence and civil war. Betts also mentions natural disasters such as the tsunami in Sri Lanka in 2004 and Hurricane Katrina in the United States in 2005. Under Betts’ categories, North Korean defectors would therefore qualify for refugee status due to the starvation of more than 2,000,000 North Koreans as a result of the “failure of the centralized agricultural and public distribution systems operated by the government of North Korea.”<sup>26</sup> The starvation of these people is a direct result of failed development policies which has induced their movement across international borders. It can also be attributed to the mid-nineties famine which claimed as many as 1,000,000 lives.<sup>27</sup> Poverty, therefore, has acted as a two-way coercive mechanism in not only coercing flight, but also coercing political loyalty as benefits regarding food, education, employment, health-care and other necessities crucial to livelihood are dependent upon loyalty to the Kim regime. Even if North Korean refugees have not endured some of the human rights abuses detailed in the following section, they still must be considered as refugees for they are victims of social engineering designed to extract political loyalty through means of poverty and starvation. These are circumstances that warrant consideration by both the UNHCR and also Chinese authorities when conducting refugee status determination of “economic migrants.” The following section will detail rights abuses taking place inside North Korea that must also be considered when determining the fate of North Korean defectors.

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23 Alexander Betts, *Forced Migration and Global Politics*, 8-9.

24 Harold Thibault, “China’s largest freshwater lake dries up,” *The Guardian*, January 31, 2012, <http://www.guardian.co.uk/environment/2012/jan/31/china-freshwater-lake-dries-up> (accessed October 28, 2012).

25 Betts, *Forced Migration and Global Politics*, 10.

26 108 Congress, North Korean Human Rights Act.

27 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response* (US Committee for Human Rights in North Korea: 2006), 26.

## Human Rights in North Korea

North Korea is a minefield of human rights violations. These abuses have been documented for decades by the United Nations and international human rights groups.<sup>28</sup> UN special rapporteur for North Korea Marzuki Darusman described the situation as “dire” and has reported civil, cultural, economic, political and social rights as non-existent.<sup>29</sup> North Koreans caught in China are rounded up and forcibly repatriated where they are incarcerated in re-education camps. Inside these camps, they are treated as traitors and “corporal punishment, forced labor and other human rights abuses are rampant.”<sup>30</sup> Since the death of Kim Jong-il, his son and new leader of North Korea Kim Jong-un has publicly stated that he would “eradicate three generations of a defector’s family.”<sup>31</sup>

The Pyongyang government holds an estimated 200,000 political prisoners among a network of labor camps across the country.<sup>32</sup> Well over 100,000 prisoners have died in these camps over the past forty years.<sup>33</sup> Guards of these prison camps are known to enjoy systematically “torturing those under their control [and] play sadistic games with them.”<sup>34</sup> In addition to routine starvation, forced labor, beatings, torture and executions, forced abortion is also frequently carried out on women prisoners who are impregnated by Chinese men after crossing the border and later repatriated to North Korea.<sup>35</sup> Reports of medical experimentation on prisoners have also emerged.<sup>36</sup> The most brutal punishments, however, appear to be reserved to those attempting to defect.

Defectors sent back to North Korea are subject to interrogation by the City or County Security Agency.<sup>37</sup> Those exiting the country illegally for economic purposes are sent to labor camps, whereas those found guilty of political crimes against the state are sent to political prisons.<sup>38</sup> Economic defectors face a sentence of labor correction of up to two years whereas defectors determined to

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28 Geoffrey Nice and William Schabas, “Put North Korea on Trial,” *International Herald Tribune*, April 26, 2012, 6.

29 Ibid.

30 Sang-hun Choe, “China urged not to return escapees to North Korea,” *International Herald Tribune*, February 23, 2012, 4.

31 Hee-jin Kim, “One-time defectors say repatriation could be fatal,” *Korea JoongAng Daily*, February 24, 2012, 1.

32 “North Korea’s Gulag,” *The Wall Street Journal Asia*, May 17, 2012, 11.

33 David Hawk, “The hidden gulag of the North,” *Korea JoongAng Daily*, April 12, 2012, 9.

34 “North Korea’s Gulag,” 11.

35 Ibid.

36 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 18.

37 Ibid., 19.

38 Kim, “One-time defectors say repatriation could be fatal,” 1.



have crossed the border for political reasons are charged with treason and sent to political labor colonies “where conditions are abysmal, torture is practiced, and death rates are high.” Though North Korea consistently denies the existence of such camps, a mammoth amount of evidence exists to the contrary. Indeed, some inmates are even born and spend their entire lives in prison camps with no knowledge of any other life. Though not guilty of actually committing any crime, they run afoul of the guilt-by-association law that punishes the families of enemies of the state.<sup>39</sup> This is akin to modern day slavery and the few that do escape face a long, difficult struggle to reach safety in another country willing to grant asylum. Even if as China claims North Koreans crossing the border are doing so for economic reasons, the reality of the treatment awaiting them upon return is a critical factor that must be considered.

In the next sections, I examine liberal, utilitarian and communitarian philosophies and suggest what an appropriate response to North Korean defectors in China would be under these lenses. I choose these three philosophies in particular because it is the liberal philosophy that the West generally subscribes to, communitarian philosophy that East Asia advocates and it is utilitarian philosophy which seeks the optimal amount of “good” in a society. These three different perspectives will serve to strike a balanced point-of-view.

### The Liberal Perspective

Liberal philosophy claims that “individual persons have basic rights.” Among these are free speech, equal protection under the law and political equality.<sup>40</sup> John Rawls argues that liberty and opportunity should be distributed equally unless an unequal distribution will favor the least well off.<sup>41</sup> This ideology of equality “ensures that people’s fate is determined by their choices, rather than their circumstances.” As Kymlicka states, “part of the idea of being moral equals is the claim that none of us is inherently subordinate to the will of others, none of us comes into the world as property of another, or as their subject. We are all born free and equal.” According to the Rawlsian difference principle, advantages are only just if they improve the position of the least fortunate members in society. Rawls claims a device is needed in order to prevent people from exploiting others due to arbitrary advantages and disadvantages. He calls this the “veil of ignorance” where: “No one knows his place in society, his class position or social status, nor does anyone know his fortune in the distribution

39 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 18.

40 Michael Goodheart, *Human Rights: Politics and Practice*, (USA: Oxford University Press, 2009), 61.

41 Will Kymlicka, *Contemporary Political Philosophy*, (USA: Oxford University Press, 2001), 55.

of natural assets and abilities, his intelligence, strength and the like... The principles of justice are chosen behind a veil of ignorance.” The idea being, that if nobody knows their place in society, people would choose a society where the least advantaged person is benefited the most among the options available for the least advantaged person could be you or friends or even loved ones. Looked upon in this light, it is easy to understand why Chinese authorities should grant asylum to North Korean defectors seeking refugee status. Behind the veil of ignorance, since nobody knows the place in society he or she will hold, choosing what is best for oneself will bear the same result as impartially choosing what is best for everyone.<sup>42</sup>

A universal right of emigration is asserted in both the United Nations’ Universal Declaration of Human Rights and the Helsinki Accords.<sup>43</sup> The liberal philosopher Anne Dummet argues that the “impeccably liberal right to exit one’s state logically entails a corresponding individual right to enter a new state if the former right is to be effective.”<sup>44</sup> This is perfectly rational for it is practically impossible for someone to leave one country without entering another, unless one is exiting an island nation, in which case the only way to not enter another country would be to drown in the ocean. Yet even then, Peter Singer’s “drowning child” argument comes in to play which states that “if it is in our power to prevent something bad from happening, without thereby sacrificing anything of comparable moral importance, we ought, morally, to do it.”<sup>45</sup> Singer makes his point by arguing that if we walk past a pond with a drowning child in it, we are morally obligated to save the child since we sacrifice nothing that is comparably important of our own. Since North Koreans have the universal right to leave their own country, the liberal argument suggests that they also have the right to enter another country. Should they come across hardships in the process, such as hunger, illness, disease, or detention, it is the obligation of the international community to provide aid and comfort not only since nothing “comparably important” is lost, but also due to the fact that a person’s birthplace is arbitrary (or as Rawls would put it, a circumstance rather than a choice). As Gibney asks, “Why should something so arbitrary as where one is born determine where one should be allowed to live?”<sup>46</sup> From the liberal perspective, it should not; in order for those of us to justify living with the advantages of certain freedoms, we

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42 Ibid., 58-65.

43 Weiner, *The Global Migration Crisis*, 171.

44 Matthew J. Gibney, “Liberal Democratic States and Responsibilities to Refugees,” *American Political Science Review* 93:1 (March 1999), 172.

45 Peter Singer, “Famine, Affluence, and Morality,” *Philosophy and Public Affairs*, 1:3 (Spring 1972), 231.

46 Gibney, 172.

must ensure that the least fortunate benefit from these advantages as well. Thus, from the liberal point-of-view, there is a moral obligation to provide assistance to those fleeing North Korea.

### The Utilitarian Perspective

Utilitarianism claims that the morally right act is that which produces the best, the most “utility,” for the greatest number of people in society. In reference to refugees, Gibney states that equal consideration of all interests must be considered and “that in a conflict between the interests of refugees and those of citizens, the more fundamental interests should take precedence of the less fundamental.” He then puts forth a cost-benefit argument and says that states are obligated to admit refugees until there is equilibrium between marginal utilities gained and marginal cost incurred, considering the benefit and cost of both the refugees and citizens. States should therefore admit refugees up to the point where “the costs... of admitting one more individual would be greater than the benefit to the individual concerned.”<sup>47</sup>

Under utilitarian philosophy, China should admit and protect the North Korean defectors. The benefits gained to the refugees far outweigh any cost incurred by Chinese society as a whole, especially considering that many of the refugees may either stay among the *choseonjok* communities,<sup>48</sup> working for sub-par wages for as little as a dollar a day, or are looking to reintegrate into South Korea. While the Chinese welfare system may be minimally impacted, torture, starvation and death await the North Koreans if sent back. Any cost incurred by the Chinese government therefore pales in comparison to the cost the refugees face upon returning. On the other side of the coin, however, were China to suddenly allow a massive influx of refugees, it could lead to the collapse of the Pyongyang government, similar to when East German refugees were allowed to defect to West Germany via Hungary. It could perhaps create more utility by maintaining a more secure border in order to prevent the region from destabilizing. Speculating on what might happen, however, is not a valid reason for denying definite utility to those most in need. Furthermore, given the North’s consistently erratic behavior, such as the sinking of the *Cheonan*, the shelling of Yeongpyeong-do Island, and various nuclear tests and rocket launches, the sensible way to gain maximum utility is to aid in the collapse of the Pyongyang government by allowing massive refugee flows across the Chi-

47 Ibid., 171.

48 *Choseonjok* refers to communities of Chinese citizens of Korean decent in northeast China.

nese border. Even if the regime does not collapse, thousands of oppressed people will be liberated; if the North Korean government does collapse, even more oppressed people will be liberated. Potential instability (including violence) is merely one interest to consider among many in a calculation that equally cogitates the needs and desires of both members and strangers of a society.<sup>49</sup>

### The Communitarian Perspective

Communitarianism claims “political philosophy must pay more attention to the shared practices and understandings within each society.”<sup>50</sup> In communitarian thought, the needs of the community come before the needs of the individual, and the needs of each community are different, thus outsiders have no right to pass judgment on what is right or wrong. It is the rights of the group that triumph over the rights of the individual. Membership in this community is the primary good members choose to distribute and it is the members who decide whom to admit.<sup>51</sup> As Gibney puts it, “the communitarian emphasis on the role that cultural communities play in shaping the lives of men and women has important implications for state claims to control entrance.”<sup>52</sup>

Walzer uses the analogy of clubs to illustrate this notion. Clubs have admissions policies just like countries. Qualifications, categories for admission and exclusion, and quotas are established when considering whom to admit. Members are thus chosen by those who were members before them. The decisions, rules and regulations, therefore, are determined not by a single individual but by the community as a whole. Walzer also describes a concept of mutual aid to those in need. He argues that mutual aid transcends political, cultural, religious and linguistic frontiers and that positive assistance is required if urgent care is needed and “if the risks and costs of giving [aid] are relatively low.” He goes on to say that it is not necessary to house the stranger except briefly and there is no need to associate with the stranger for the rest of his life.<sup>53</sup>

In applying this philosophy to refugees in general and North Korean defectors in particular, it makes little sense for China not to offer aid to the refugees because the refugees are not seeking membership into Chinese society but merely a path to the South or another third country. Indeed, it is the intent of

49 Gibney, 172.

50 Kymlicka, *Contemporary Political Philosophy*, 209.

51 Michael Walzer, *Spheres of Justice*, (Basic Books: September, 1984), 31-32.

52 Gibney, 172.

53 *Ibid.*, 33-41.

most North Koreans to eventually resettle in the South.<sup>54</sup> Furthermore, none of the safe houses providing shelter to North Korean defectors along the Underground Railroad are intended for permanent stays by defectors as they stop and rest only a little while before continuing on their way. Nothing in communitarian philosophy offers a legitimate reason for turning back these North Korean refugees. Critics might argue that several thousand will try to stay in China and thus upset a cultural, linguistic and ethnic balance, but this is a fallacious argument due to firstly China not being a uniquely cultural, linguistic, or ethnic state and secondly to the fact that the majority of those who do stay in China remain among the already established Korean-Chinese communities. Indeed, though North Korean refugees may be dependent on Chinese nationals for survival, 88 percent of refugees receive direct support from the Korean-Chinese community and 75 percent live within the Korean-Chinese community.<sup>55</sup> What this means is there is little to no strain on Chinese welfare or drastic change in the demographic makeup of Chinese communities.<sup>56</sup> Likewise, Walzer's club analogy over simplifies the situation. He is correct in saying that exiting a club does not grant the right to enter a new club; however as discussed earlier, it is virtually impossible to exit a state without entering a new one.

Walzer even recognizes that refugees are owed a special status, saying that "Surely, they should not have been forcibly returned—not when it was known that they would be murdered."<sup>57</sup> Though he is referring to refugees from the Soviet Union, the same principle is applicable to North Koreans arrested in China. As discussed earlier, those returned to North Korea are sent to detention centers where they face inhumane conditions in either labor or prison camps. Walzer goes on to say:

that the processes through which a democratic state shapes its internal life, must be open, and equally open, to all those men and women who live within its territory, work in the local economy, and are subject to local law.... Men and women are either subject to the state's authority, or they are not; and if they are subject, they must be given

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54 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 10.

55 *Ibid.*, 21.

56 It is uncertain, however, how a sudden influx would impact the Korean-Chinese community. While a valid point, it falls out of the scope of this paper which currently addresses the impact on Chinese society as a whole as that is what Communitarian philosophy emphasizes, as opposed to sub-societies. For further overview of Communitarianism, see Will Kymlicka's *Contemporary Political Philosophy*, pages 208-283.

57 *Ibid.*, 51.

a say, and ultimately an equal say, in what that authority does.... The determination of aliens and guests by an exclusive band of citizens... is not communal freedom but oppression.... The rule of citizens over non-citizens, of members over strangers, is probably the most common form of tyranny in human history.<sup>58</sup>

North Korean defectors detained on Chinese soil are therefore either subject to Chinese authority, or they are not. If they are not, then they should be freely allowed to pass. If they are, then they should be given an equal say in determining how they are handled. This means access to legal counsel or a representative of the UNHCR. Deporting them back to North Korea without doing so is analogous to convicting them without the due process of a trial. Alternative to a trial, which would bear a cost on Chinese public expenditures, is allowing the refugees to seek asylum. The UNHCR, not China, would bear this cost, as it is the UNHCR which conducts refugee status determinations in China through its Beijing and Hong Kong offices.<sup>59</sup>

Walzer recognizes that communities have responsibilities of “mutual aid” to refugees as they are persons constituting dire need and assistance. Though the mutual aid argument would claim China is by no means obligated to shelter and associate with the refugees forever, it is of no consequence for the majority of North Korean refugees plan on only temporarily residing in China before moving on to a third country, thus satisfying Walzer’s criteria of only briefly caring for the non-Chinese strangers.<sup>60</sup>

Walzer also argues that a community has “obligations of the same sort that [it has] toward fellow nationals. This is obviously the case with regard to any group of people whom we have helped turn into refugees.”<sup>61</sup> China, the United States, Russia and Japan all share responsibility in this manner due to the fact that each state had a hand in creating the divided Korea there is today. The Soviet Union and United States occupied the Korean peninsula following the surrender of Japan at the conclusion of WWII. Directly due to Japanese colonization, competing governments were installed which eventually culminated in the Korean War. The warring parties included not only North and South Korea, but the United States and China as well. Without Chinese involvement in the Korean War, there would be no North Korea. Though this historical “what if” is

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58 Ibid., 60-61.

59 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 37.

60 Ibid., 14.

61 Walzer, *Spheres of Justice*, 49.

debatable depending on how strong a theoretically sovereign Korea would have been, the fact of the matter remains that the aforementioned chain-of-events did occur, resulting in a divided Korea. In keeping with communitarian philosophy, China, as well as the US, Japan and Russia (and arguably, the UN), therefore owes a duty to North Koreans defecting through China for it was their actions and interventions that both created a partitioned peninsula and enabled the Korean War to result in a stalemate between the two sides and thus prolonged the life of the Kim dynasty. The United States, for its part, supports Seoul's measures to support the North Korean defectors. US undersecretary for civilian security, democracy and human rights Maria Otero stated that the United States shares the concerns Korea has over the treatment of the "refugees and asylum seekers from the DPRK in third countries."<sup>62</sup> The United States has also passed the North Korean Human Rights Act of 2004, which states among its purposes "to promote respect for and protection of fundamental rights in North Korea."<sup>63</sup> Additionally, the North Korean Adoption Act of 2012 has been passed which allows for the adoption of stateless, North Korean orphans who have escaped to a third country by United States citizens.<sup>64</sup> Japan has likewise passed legislation with the aim to "deter human rights abuses" in North Korea and to "endeavor... to provide protection and assistance to defectors from North Korea."<sup>65</sup> Russia, for its part, has an established protocol to help North Korean defectors proceed to Seoul via humanitarian perspectives through consultations with the United Nations High Commissioner for Refugees. North Korea often sends loggers to eastern Siberia to earn hard currency. There have been numerous defections by the loggers, fleeing from the logging camps in search of freedom. The process of Russia sending the defectors to South Korea is well institutionalized based on the United Nations standards.<sup>66</sup> The United Nations has also passed resolutions 2003/10 and 2004/13 condemning rights violations inside the DPRK and call-

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62 Yoon-mi Kim, "Pressure mounts on China over N.K. defectors," *The Korea Herald*, February 29, 2012, 1.

63 108th Congress of the United States of America, H.R. 4011, North Korean Human Rights Act of 2004, January 20, 2004, <http://www.gpo.gov/fdsys/pkg/BILLS-108hr4011enr/pdf/BILLS-108hr4011enr.pdf> (accessed October 28, 2012).

64 112th Congress of the United States of America, H.R. 1464, North Korean Adoption Act of 2012, September 12, 2012, <http://www.gpo.gov/fdsys/pkg/BILLS-112hr1464rfs/pdf/BILLS-112hr1464rfs.pdf> (accessed October 28, 2012).

65 Life Funds for North Korea, "Outline of North Korean Human Rights Act (From Japanese Law)," <http://www.northkoreanrefugees.com/2007-08-nkhr-act.htm> (accessed October 28, 2012).

66 Min-uck Chung, "Russia more flexible than China on N. Korean defectors," *The Korea Times*, April 26, 2012, [http://www.koreatimes.co.kr/www/news/nation/2012/01/116\\_109742.html](http://www.koreatimes.co.kr/www/news/nation/2012/01/116_109742.html) (accessed May 27, 2012).

ing for state authorities to abide by their international obligations.<sup>67</sup>

No matter which philosophy is used in the argument regarding North Koreans fleeing into China, all roads lead to the same destination; that is asylum. Having discussed the matter of North Korean defectors being forcibly repatriated through the human rights framework of liberalism, utilitarianism and communitarianism, I will illustrate in the next section how the North Korean state uses entitlement rights and poverty as a coercive mechanism to impose political loyalty to the Kim regime.

### Poverty as a Coercive Mechanism

North Korea co-opts its elites to protect itself from a coup. Economic rewards are distributed not to the country as a whole, but to a few politically important “selectorate.”<sup>68</sup> As a command economy heightens dependence on the regime, co-opting elites, rewarding those loyal to the state, shifts the brunt of economic hardship to the opponents of the state, those perceived as disloyal. North Korea’s social engineering has divided society into three classes—the core, wavering and hostile. “At the top is the working class with family members who fought against Japan or South Korea. The bottom caste includes those with relatives who had been landed elites or Japanese collaborators, who fought for the South, or who were judged as disloyal to Kim Il-Sung.” Class in North Korea determines where one lives, the amount of food one receives to eat, and also employment opportunities. Those deemed disloyal to the regime are banished to the country side or imprisoned in camps where rates of malnutrition are high and where most of the famine deaths occurred. Political loyalty, on the other hand, is rewarded with safe and desirable jobs, comfortable housing and higher quality of food. Indeed, during the mid-nineties famine, Kim Jong-Il used the class system to transfer the burden to those considered disloyal.<sup>69</sup> This type of social construction is a means of economic warfare that the Kim regime uses to stay in power.

The North Korean constitution promises its citizens material well-being. Each person is guaranteed “food, housing, clothing, basic education, employment and health care.” Enormous failures of the Kim regime’s economic projects, however, resulted in negative economic growth throughout the 1990s.<sup>70</sup>

67 108 Congress, North Korean Human Rights.

68 Daniel Byman and Jennifer Lind, “Pyongyang’s Survival Strategy: Tools of Authoritarian Control in North Korea,” *International Security* 35:1 (Summer 2012), 58.

69 *Ibid.*, 60-62.

70 Christie and Roy, *The Politics of Human Rights in East Asia*, 257.



Large scale border movements have also been attributed to famine that has struck the region since the mid-1990s. Andrei Lankov calls the Great Famine of 1996-1999 the “worst humanitarian disaster since the end of the Korean War.”<sup>71</sup> Ordinary citizens were reduced to eating tree-bark soup, rats and insects in order to consume enough daily calories to survive. The World Food Program estimates more than 6 million people do not have enough to eat.<sup>72</sup> Based on interviews conducted with North Korean refugees hiding in China, Chang et al found that the vast majority of those leaving North Korea stated hunger and the search for food was their primary reason.<sup>73</sup> Though this would appear to support China’s claim that North Koreans in China are economic migrants, famine situations are a result of North Korea’s economic warfare it has routinely waged against its citizens.

All economic assets are under state ownership in North Korea. Additionally, the North Korean government has outlawed markets and all economic activity is subject to central planning. This means that the North Korean people are reliant upon the government for food, which is distributed through the Public Distribution Service (PDS). Before the famine, however, the PDS delivered food to only 60 percent of the population; after the famine struck, this number was reduced to six percent. The North Korean government has clearly failed in its constitutional obligations to provide food to its citizens. This is intentional, though, because “economic circumstances in North Korea, as well as the distribution of food, are very closely tied to the political order.” This is not surprising, however, as Chang notes that “family background is a key determinant of life in North Korea.”<sup>74</sup>

North Korea has divided its population into three distinct categories; core supporters of the government, the basic masses and an impure class. Economic opportunities and access to food are divided among these classes:

Those lucky enough to be considered as “core” supporters of the government, such as party members or families of war martyrs, are given preferences for educational and employment opportunities, allowed to live in better-off areas, and have greater access to food and other material goods. Those with a “hostile” or disloyal profile, such as relatives of people who collaborated with the Japanese during the

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71 Andrei Lankov, “North Korean Refugees in Northeast China,” *Asian Survey* 44: 6 (November/December 2004), 857-859.

72 “North Korean shares his life story,” *The Korea Herald*, February 26, 2012, 13.

73 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 19.

74 *Ibid.*, 16-26.

Japanese occupation, landowners, or those who went south during the Korean War, are subjected to a number of disadvantages, assigned to the worst schools, jobs and localities, and sometimes winding up in labor camps.<sup>75</sup>

Chang's research indicates that 75 percent of refugee respondents were among the "wavering" class and 8-12 percent from the "hostile" class. This is clear evidence that the 1951 Convention applies to North Korean refugees in China as they are part of government-constructed political and social groups that are specifically targeted by the government with regards to food distribution in addition to economic opportunities. As Chang explains, nearly everyone in North Korea is dependent upon the PDS for basic food rations. Yet access to these food supplies, "including domestic agricultural production, imports and aid is determined by status, with priority given to the government and ruling-party officials, important military units, and urban populations." This further illustrates the discriminatory economic policy the Pyongyang government implements against its ordinary citizenry in order to repress economic entitlement rights of the masses.<sup>76</sup> By not being members of the elite, Worker's Party, or military, the majority of North Korean people are subsequently deprived of their constitutionally guaranteed entitlement to food, even if it is available via aid or government distribution. As Kurlantzick and Mason put it, "food is distributed by the North Korean regime based on political loyalty, which means that the famine and subsequent food shortages have had an element of persecution."<sup>77</sup>

The 2009 currency reform is another example of economic policy designed to deny entitlement rights. In November of 2009, North Korea revalued its currency to "crack down on burgeoning private markets and [revive] socialism."<sup>78</sup> While it is not uncommon at all for a state government to intervene in its market and revalue its currency in order to gain price stability or combat inflation, North Korea went beyond this sort of control and limited the amount of money people could exchange. In capping the amount of old notes people could trade for new notes the North Korean government effectively wiped out a substantial amount of private savings and wealth its citizens had accumulated. Additionally, the limited amount of currency citizens were allowed to exchange was

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75 Ibid.

76 Ibid., 15-28.

77 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 41.

78 Marcus Noland, "Currency reform may unsettle North Korean leadership," *BBC*, February 05, 2012, <http://news.bbc.co.uk/2/hi/8500017.stm> (accessed June 03, 2012)

barely enough to purchase a 50 kilogram sack of rice.<sup>79</sup>

The abolition of markets is another state policy preventing North Koreans from attaining basic necessities for life. Though Pyongyang implemented economic policies decriminalizing markets in response to the spontaneous rise of an underground market economy in response to the mid-1990s famine, it reversed these reforms in the fall of 2005 and banned the private trade of grain.<sup>80</sup> Since the death of Kim Jong Il, market controls have somewhat loosened. As Kim Jong Eun consolidates his power, however, there remains the risk that these market freedoms will once again be rescinded. There are also rumors that another currency redenomination will soon take place.<sup>81</sup>

A documented history of waging economic warfare against its citizens is evident. North Korean economic policies rob people of any entitlement rights they can hope to attain. Crossing into China for food and work has therefore become a means of survival and for China to simply label them economic migrants oversimplifies the matter. China insists, however, that North Korean refugees are economic migrants similar to Mexican nationals crossing the US border for work. In asserting this position, China takes a blind eye to the fact that Mexico is a representative democracy that does not imprison, torture, or kill its deported citizens. Moreover, neither does Mexico wage intentional economic warfare against its people. In fact, Mexico “celebrates its emigrants and remittances they send home.”<sup>82</sup> Mexico also does not criminalize the act of exiting the country as North Korea does. I now wish to focus on the legal framework China is contained in and discuss why China cannot repatriate North Korean defectors even if they are, as China deems, economic migrants.

### A Legal Case for Economic Migrants

China staunchly denies that North Korean defectors in China are refugees, opting instead to label them illegal economic migrants. It is very possible that North Koreans in China are economic migrants. This, however, is not sufficient grounding to forcibly repatriate them. As explained above, the citizens of North Korea have routinely been denied their domestic and international rights as both North Koreans and human beings. The state has not only failed to protect its citizens’ basic needs, but has also waged continuous economic warfare against them, thus stripping its citizens of their economic well-being and entitlement

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79 Ibid.

80 Ibid., 16.

81 Mi Jin Kang, “Free Market Policy Raising Public Expectations,” *DailyNK*, June 21, 2012.

82 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 73.

rights, and used poverty as a mechanism to coerce political loyalty. These reasons, juxtaposed to the egregious human rights conditions North Koreans face upon being repatriated, and also that China is a signatory to the 1951 Convention Relating to the Status of Refugees, Convention Against Torture and Universal Declaration of Human Rights are why North Korean defectors cannot be denied asylum status on the grounds that they are economic migrants.

*1951 Convention Relating to the Status of Refugees*

Even without the famines and economic warfare, North Koreans in China still have the right to refugee status. China is a signatory to the 1951 Convention Relating to the Status of Refugees and the 1967 Protocols. Article 31 states that:

The contracting states shall not impose penalties on account of their illegal entry or presence, on refugees who, coming directly from a territory where their life or freedom was threatened in the sense of article 1, enter or are present in their territory without authorization, provided they present themselves without delay to the authorities and show good cause for their illegal entry or presence.<sup>83</sup>

Even if North Korean defectors enter Chinese territory illegally, as a “contracting state,” China cannot lawfully repatriate them back to North Korea. As article 33 states,

No contracting state shall expel or return (“refouler”) a refugee in any manner whatsoever to the frontiers of territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion.<sup>84</sup>

As discussed above, North Korea has criminalized the act of exiting the state, even when the motives are purely for economical and survival purposes.<sup>85</sup> Kurlantzick and Mason explain that “the punishment of persons returned from China is both so severe and so closely related to one or more Convention grounds, that it clearly in itself gives rise to a refugee claim.” They explain the Convention grounds being political opinion, religious and racial as defection is considered

83 UN General Assembly, *Convention Relating to the Status of Refugees*.

84 *Ibid.*

85 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 22.

treasonous, persons coming in contact with Christians while in China receiving more severe punishments, and the forced abortions on pregnant women due to the presumptions that the babies they are carrying are Chinese.<sup>86</sup>

### *Convention Against Torture*

China is also a signatory to the Convention Against Torture. Article 1 defines torture as:

Any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person for such purposes as obtaining from or a third person information or a confession, punishing him for an act he or a third person has committed or is suspected of having committed, or intimidating or coercing him or a third person, or for any reason based on discrimination of any kind, when such pain or suffering is inflicted by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity. It does not include pain or suffering arising only from, inherent in or incidental to lawful sanctions.<sup>87</sup>

Article 3 goes on to state that:

No party shall expel, return (“refouler”) or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture.... For the purpose of determining whether there are such grounds, the competent authorities shall take into account all relevant considerations including, where applicable, the existence in the State concerned of a consistent pattern of gross, flagrant or mass violations of human rights.<sup>88</sup>

China, as a party to the Convention Against Torture, consequently has a duty to ensure that any foreigner it forcibly repatriates will not face torture for any extrajudicial reasons, such as searching for food. What is important to note here is that the onus of determining whether or not returned North Koreans face tor-

<sup>86</sup> Ibid., 44-45.

<sup>87</sup> UN General Assembly, *Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment*, December 10, 1984, <http://www.unhcr.org/refworld/docid/3b00f224.html> (accessed June 03, 2012).

<sup>88</sup> Ibid.

ture falls on China, the host country. Yet China routinely returns North Koreans without giving them any chance at all to make a claim for asylum.<sup>89</sup> China even offers rewards to those who turn in North Korean refugees and imposes fines against those found supporting illegal entrants.<sup>90</sup> Chinese authorities have consistently maintained since the famine of the mid-1990s that no North Koreans are refugees. As Kurlantzick and Mason bluntly put it, by considering all North Koreans economic migrants, China is “attempting to define the North Koreans out of the Convention.”<sup>91</sup>

### *Universal Declaration of Human Rights*

The Universal Declaration of Human Rights, though not binding, has been ratified by the United Nations General Assembly, of which China is a member and thus has an obligation to uphold. Article 14(1) clearly states that everyone has the right to seek asylum in other countries from persecution.<sup>92</sup> Also among these human rights deemed international by the UN are various rights that the Chinese government violates when it forcibly repatriates North Korean defectors without allowing them to apply for asylum status, such as article 3, which states that “everyone has the right to life, liberty and security of person;” article 5, which states that “no one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment;” article 7, which states that “all are equal before the law and are entitled without any discrimination to equal protection of the law;” article 9, which states that “no one shall be subjected to arbitrary arrest, detention or exile;” article 10, which states that “everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations;” article 11, which states that “everyone charged with a penal offence has the right to be presumed innocent until guilty according to law in a public trial at which he has all the guarantees necessary for his defence;” article 13, which states that “everyone has the right to freedom of movement and residence within the borders of each state. Everyone has the right to leave any country, including his own;” and article 28, which states that “everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.”<sup>93</sup>

89 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 19.

90 Tanaka, “North Korea: Understanding Migration to and from a Closed Country.”

91 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 37.

92 UN General Assembly, *Universal Declaration of Human Rights*, December 10, 1948, <http://www.unhcr.org/cgi-bin/texis/vtx/refworld/rwmain?page=search&docid=3ae6b3712c&skip=0&query=universal%20declaration%20of%20human%20rights> (accessed June 03, 2012).

93 Ibid.

## Saving Face

Both China and North Korea have more than their fair shares of human rights issues. China, as an emerging world leader and super power, is obligated at the very least to meet international standards with regards for human rights, if not raise the bar. China's response to human rights violations have always been that human rights are a domestic matter and that other states should not interfere with China's internal affairs. Indeed, China has a long standing policy itself "of not interfering with the internal affairs of other countries."<sup>94</sup> The United Nations Charter, however, claims as its purposes:

To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in the conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace; to develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace; to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion; and to be a center for harmonizing the actions of nations in the attainment of these common ends.<sup>95</sup>

By ratifying the UN Charter, China "can no longer claim that such matters are exclusively domestic."<sup>96</sup> The issue of human rights has been elevated to the international sphere and China thus is responsible for protecting human rights—outside as well as inside their borders. China cannot use its own sovereignty or North Korea's sovereignty as an excuse to not aid North Korean defectors crossing the border. To fail to do so constitutes a gross violation of human rights. Additionally, by crossing the border and pleading for help, the defectors are effectively inviting intervention, thus the principle of non-interference cannot be

94 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 50.

95 United Nations, *Charter of the United Nations*, October 24, 1945, [http://www.unhcr.org/refworld/topic\\_459d17822\\_459d179e2\\_3ae6b3930\\_0.html](http://www.unhcr.org/refworld/topic_459d17822_459d179e2_3ae6b3930_0.html) (accessed June 03, 2012).

96 Weiss, 17.

used as a sufficient excuse to ignore the very real dangers North Koreans face upon return.

China, however, has a long history of human rights abuses not only regarding North Korean defectors but also among its own people and often comes down hard on those who attempt to expose such abuses. Ni Yulan, a Chinese housing activist, was recently sentenced two years and eight months in prison.<sup>97</sup> Police beat her so severely in custody that she is now confined to a wheelchair.

Democracy activist Liu Xiaobo is serving an eleven-year prison sentence for subversion of state power, a charge that “came after he helped write a manifesto, called Charter 08, calling for political reforms.”<sup>98</sup> His wife, Liu Xia, is under house arrest despite never having been formally arrested, charged, or convicted of any crime.<sup>99</sup>

Woeser, a prominent Tibetan writer who has written critically against Chinese policies in Tibet, was also placed under house arrest in March of 2012. Though she has committed no crime, security officers were placed outside of her building to prevent her from receiving a prize from the Dutch embassy for her contribution to development and culture.<sup>100</sup>

Chen Guangchen, a blind, self-taught “barefoot” lawyer, served more than four years in prison for charges of disturbing public order. Chen has been an advocate for those with disabilities and has campaigned against forced abortions carried out to maintain China’s one-child policy. Upon being released from prison in 2010, he and his family were confined to their home where they were under surveillance 24 hours a day by plain-clothes guards who reportedly severely beat Chen and his family on multiple occasions.<sup>101</sup> Chen escaped house arrest, however, and made his way to the US embassy in Beijing in April 2012. After his escape, China ferociously cracked down on online media outlets and internet searches related to him were blocked in mainland China.<sup>102</sup> Chen subsequently pleaded to Hillary Clinton and the United States for help. China, not wanting the embarrassment of the US admitting a Chinese citizen on grounds of asylum, struck a deal with the US to allow Chen to travel to the United States

97 Josh Chin, “China Jails Housing Activist,” *The Wall Street Journal Asia*, April 11, 2012, 4.

98 Michael Bristow, “Liu Xiaobo: 20 years of activism,” *BBC*, December 09, 2010, <http://www.bbc.co.uk/news/world-asia-pacific-11492131> (accessed June 03, 2012)

99 Jeremy Page, “China Targets Detention Practices,” *The Asia Wall Street Journal*, March 11, 2012, 4.

100 Edward Wong, “House arrest for Tibetan writer in Beijing,” *International Herald Tribune*, March 02, 2012, 3.

101 Josh Chin, “Buzz Increases Chances Chen May Be Exiled,” *The Wall Street Journal Asia*, May 02, 2012, 5.

102 Josh Chin, “China Cracks Down After Chen Escape,” *The Wall Street Journal Asia*, April 30, 2012, 1.



and study at New York University.<sup>103</sup> The move was hailed as a “face-saving” solution for China.

Though these are but a handful of people with human rights grievances against China, the list could seemingly go on forever. Instead, I wish to point out that the common thread among all of these dissidents is that they were punished for shining a light on China’s proverbial skeletons and bringing awareness to the domestic and international communities. China prefers to keep these matters in house and considers them domestic, internal affairs that outsiders have no business discussing. In regards to the North Korean refugees, Chinese authorities have even gone so far as to express a desire for “relevant parties and individuals [to] stop discussing these issues.”<sup>104</sup> This, along with the fact that China guaranteed the safe passage of Chen Guangchen out of China and to the United States, suggests that China is not immune to pressure. Indeed, China even allowed a handful of North Korean refugees to defect after spending years holed up in South Korean consulates across China.<sup>105</sup> The decision came after a bilateral meeting between South Korean President Lee Myung-bak and Chinese president Hu Jintao.

## Conclusion

North Korea has continuously used poverty as a coercive mechanism on its people for several decades. Defectors crossing the border are doing so because they have no other options if they wish to survive. To deny them asylum status simply because they are “economic migrants” not only overlooks the fact that they are trying to improve from absolutely nothing, but is also, for all intents and purposes, a death sentence and ignores the reality that they are economic migrants as a result of economic warfare waged against them by their government. The defectors did not choose to have their entitlement rights stripped from them nor did they choose to be born in a country where the government constantly promotes economic policies that benefit the few at the expense of the many. This, along with the criminalization of exiting North Korea and the severe punishments dealt to those returned are factors that also must be taken into account by authorities when handling North Korean defectors.

Additionally, economic motivations do not alleviate the international com-

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103 Michael Wines and Jane Perlez, “China opens doors for dissident to study abroad,” *International Herald Tribune*, May 06, 2012, 1,5.

104 Ramstad, “Seoul Increase Heat On China Over Defectors,” 7.

105 Hee-jin Kim, “China to let 11 refugees in consulates to defect,” *Korea JoongAng Daily*, March 28, 2012, 1.

munity of its duties and responsibilities when refugees are treated as political refugees by the sending state and subject to punishment for defection upon return.<sup>106</sup> Under certain conditions, economic migrants must be granted asylum. Among these conditions is when states use poverty as a coercive mechanism against their peoples. Pyongyang's economic policies have done just this by targeting those deemed less deserving of food and other necessities. By deliberately being denied entitlement rights by their own government and by virtue of the criminalization of exiting North Korea, North Koreans are *prima facie* refugees as soon as they cross the border. It is China's best national interest to aid in the defection of North Korean refugees on Chinese soil. Neither the Chinese national community nor the face of the Communist Party of China is at risk from doing so. Though potential strained relations with North Korea and border instability are real possibilities, any sympathy felt for policy challenges faced by Beijing neither mitigates mistreatment of refugees in the countries to which they flee nor excuses China from its obligations under existing international agreements.<sup>107</sup>

Unless the public continues to raise awareness, however, China will not feel pressure to change its policies towards North Korean defectors. As Haggard and Noland suggest, the best means of persuading China to shift its stance is to "appeal to China's growing sense of responsibility in the international community."<sup>108</sup> If China wants to continue to project a positive image of world leadership then it must stand by its commitment made when becoming a signatory to the 1951 Convention, Convention Against Torture and other international documents. Though the West may be in relative decline, it is by no means disappearing and still carries both large sticks and large carrots. Critics may ask why China should do for these North Korean defectors what it does not do for its own people—that is, recognize their rights. This thought process is inherently flawed as it tacitly implies that two wrongs make a right. Just because I do not steal from my neighborhood church, does not mean I should not rob a bank. Denying the rights of one group is not a license to deny the rights of another. The international community, governments and citizens alike, should continue to challenge China's forced repatriation of North Korean refugees in public discourse, for as we have seen with the safe passage of Chen Guangchen to the United States and with the release of the 11 North Korean defectors after bilateral negotiations between Lee Myung-bak and Hu Jintao, both internal and

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106 Noland et al., *The North Korean Refugee Crisis: Human Rights and International Response*, 9.

107 *Ibid.*

108 *Ibid.*, 74.

external criticism increase the government's insecurity, and indicate that China is open to exploring face-saving options to correct its current lack of commitment to its international obligations. **YJIS**



# TRADE ARCHITECTURE IN EAST ASIA: US-CHINA COMPETITION?

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Kang-eun Jeong

*The recent FTA networking trend in East Asia is puzzling in terms of actors and timing. By analyzing four cases: the Korea-United States (KORUS) FTA, the Trans-Pacific Partnership (TPP), the China-Korea (CK) FTA and the China-Japan-Korea (CJK) FTA, this paper argues that trade architecture in East Asia is being shaped by competition between the US and China for spheres of influence. This argument is supported by the realist's approach on trade-security nexus because the US and China's strategic, as well as economic, interests allows them to compete in East Asia by promoting FTA networks that they pursue while attempting to exclude each other. The findings of this paper show that the KORUS FTA and the TPP are part of a US strategy to strategically contain China as well as to revive its economy, while the CK FTA and the CJK FTA are China's strategy to counter the spread of the US-led FTA networks in the region. The two different FTA networking attempts, one by the US and the other by China, prove that the current trade architecture in East Asia can be understood through a framework that has as its centerpiece a burgeoning US-China competitive relationship.*

## Introduction

With the Korea-United States (KORUS) free trade agreement (FTA) coming into effect on March 15, 2012, the US made its first FTA with a Northeast Asian partner, considering it as a model for trade agreements for the rest of the region and underscoring the US commitment to, and engagement in, the Asia-Pacific region.<sup>1</sup> In addition, the US is engaging in the Trans-Pacific Partnership (TPP) trade negotiations as a mechanism to improve linkages among many of the major Asia-Pacific economies since joining the TPP in March 2008.<sup>2</sup> Meanwhile,

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1 "South Korea Free Trade Agreement," US Department of State, <http://www.state.gov/e/eb/tpp/bta/fta/c26417.htm> (accessed March 9, 2012); "New Opportunities for US Exporters Under the US-Korea Trade Agreement," Office of the United States Trade Representative, <http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta> (accessed March 17, 2012).

2 Hillary Clinton, "Remarks on Regional Architecture in Asia: Principles and Priorities," US Department

East Asian economic powers such as China, Japan and Korea have promoted bilateral or trilateral FTAs under China's lead. Currently, a bilateral FTA between China and Korea is under negotiation while China, Japan and Korea are preparing for trilateral FTA negotiations to commence.

The recent FTA networking trend in East Asia is puzzling in terms of actors and timing even though most of the cases mentioned above are ongoing FTAs. Why has a vigorous proliferation of FTA networks emerged recently in East Asia? If the momentum occurred from specific critical junctures such as financial crises, why did the 1997 Asian financial crisis not bring about the same phenomenon as the 2008 global financial crisis? In addition, why does the US actively seek to extend its FTA networks in this region? The United Nations Conference on Trade and Development (UNCTAD) 2010 report states that "it is highly likely that trade policy will be placed on the back burner, and that there will be slower progress in FTAs involving the United States" given the fact that the priority of the Obama administration has been to rebuild the domestic economy after the 2008 global financial crisis and the subsequent recession.<sup>3</sup> Yet the direction of the US trade policy appears to have dramatically changed in light of the conclusion of the KORUS FTA and potential benefits of the TPP.

The basic objective of an FTA is to obtain economic benefits by promoting enhanced market access through free trade among member states. However, countries also seek to achieve their strategic goals through FTAs.<sup>4</sup> Thus, in order to gain a greater understanding of the proliferation of real and potential FTA networks in East Asia, this paper aims to investigate the economic and strategic interests of the US and China and their influence on the current form of trade architecture in East Asia. I posit that the trade architecture can be a multilateral, bilateral or unilateral form depending on US and Chinese interests. If they share interests, it might result in a peaceful multilateral trade architecture. However, if their interests are competing, the result would be a bilateral (or if one state's influence dominates power in the region, even unilateral) trade architecture. I argue that the current trade architecture in East Asia has been created by interest

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of State, January 12, 2010, <http://www.state.gov/secretary/rm/2010/01/135090.htm> (accessed April 3, 2012).

3 "International Trade After the Economic Crisis: Challenges and New Opportunities" UNCTAD, (United Nations Publication, 2010), [http://unctad.org/en/docs/ditctab20102\\_en.pdf](http://unctad.org/en/docs/ditctab20102_en.pdf) (accessed May 16, 2012).

4 Vinod K. Aggarwal and Min Gyo Koo, "Asia's new institutional architecture: evolving structures for managing trade, financial, and security relations", in *Asia's New Institutional Architecture: Evolving Structures for Managing Trade, Financial, and Security Relations*, eds. Vinod K. Aggarwal and Min Gyo Koo (New York, N.Y., Springer 2008), 1-34; Yul Sohn and Min Gyo Koo, "Securitizing Trade: The Case of the Korea-US Free Trade Agreement," *International Relations of the Asia-Pacific* 11 (2011), 433-460.

competition between the US and China.

To see whether the current trade architecture is a product of US-China competition, I will analyze four cases: the Korea-United States (KORUS) FTA, the Trans-Pacific Partnership (TPP), the China-Korea (CK) FTA and the China-Japan-Korea (CJK) FTA. Although two of the cases are not under negotiation at this moment (the CJK FTA is not under negotiation, and the TPP does not include Japan), this paper attempts to focus on the intentions behind them. The cases are divided into two parts: 1) the KORUS FTA and the TPP cases as US strategy and 2) the China-Japan-Korea (CJK) FTA and the China-Korea (CK) FTA as China's strategy.

By analyzing the four concluded or ongoing FTA case studies, I argue that trade architecture in East Asia is being shaped by competition between the US and China for spheres of influence. I attempt to support this argument by the realist's approach on trade-security nexus because the US and China's strategic, as well as economic, interests allows them to compete in East Asia by promoting FTA networks that they pursue respectively, while attempting to exclude each other. The findings of this study demonstrate that the KORUS FTA and the TPP are part of the US strategy to strategically contain China as well as to revive the US economy, while the CK FTA and the CJK FTA are part of China's strategy to counter the spread of US-led FTA networks in the region.

The next section provides a literature review on the trade-security nexus, since the concept is the main analytical tool to analyze the independent variables of this study. Realist, liberal and imperialist views on trade-security nexus will offer a framework in which to understand the intentions of the US and China. Part Three outlines the US and China's different interests in East Asia and their implication on direction of trade architecture in the region. Part Four examines the four FTA cases in the region by using theoretical frameworks of trade-security nexus. By using trade data and official statements by both the US and Chinese governments, I point out that the TPP and the CJK FTA are good examples that reflect the competition between the US and China and how this competition is based on their strategic interests. Lastly, Part Five provides a conclusion and future implications for the trade architecture in East Asia.

### **Literature Review on Trade-Security Nexus**

It might seem that trade is one thing and security is another. However, the two are interconnected and influence each other as previous literature on the trade-security nexus has demonstrated. A variety of theoretical views on the relationship between trade and security will offer a framework to understand the US

and China's intentions regarding trade architecture in East Asia.

The term "trade-security nexus" appears to be new in the field of international relations, given the fact that trade relationships and levels of interdependence among nations have become much more global and complex since the 1990s. Thus, numerous debates over trade interdependence and its political and security implications have grown since then.<sup>5</sup> However, attention to the relationship between trade and security is not new. Although full-fledged studies became widespread in the 1990s, most cases can be traced back to the early twentieth century or even further.

The previous literature takes various theoretical approaches in order to analyze the cases. In particular, Jon C. Pevehouse highlights the key theoretical arguments of both realists and liberals.<sup>6</sup> Yet, Pevehouse focuses only on the influence of trade on political relations and generalizes theoretical arguments based on relationship. I aim to explicate the opposite influence: the political and security influence on trade relations. Therefore, I will compare two different approaches and apply them theoretically.

First, liberal and imperialist theorists believe that economic and trade relations determine security. Although liberals and imperialists have some differences, both pay attention to trade and economic relations, such as trade interdependence, and analyze their political influence. Gallagher and Robinson analyze the British imperialism of free trade in the nineteenth century and argue that the willingness to limit the use of power to establish security for trade is the distinctive feature, in contrast to the mercantilist use of power.<sup>7</sup> They also suggest that the fundamental continuity of British expansion is only obscured when a sharp change in trade happens.<sup>8</sup> That is, a change in trade was the only determining factor that influenced British imperialism.

Liberals share a similar argument with imperialists by focusing on trade and economic influence, but they also consider democracy as another crucial factor.

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5 Jon C. Pevehouse, "Interdependence Theory and the Measurement of International Conflict," *The Journal of Politics* 66:1 (February 2004), 247.

6 Pevehouse, "Interdependence Theory," 248-251. He reviewed various literatures and drew four hypotheses. The four hypotheses are: H1: Increasing levels of trade dependence between states will result in increasing political cooperation among those states; H2: Higher levels of trade dependence between states will lessen the probability of political-military conflict; H3: Higher levels of trade dependence between states will lead to a greater probability of conflicts between those states; and H4: Trade has no systematic relationship with political-military conflict. The first two are liberals' and the latter two are realists' arguments respectively.

7 John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *The Economic History Review*, Second series 6:1 (1953).

8 Ibid.



The classical liberal philosopher Immanuel Kant argues that expanding political participation and increasing economic interdependence would promote peace among states.<sup>9</sup> The first pillar of his argument has been strongly supported by the democratic peace literature.<sup>10</sup> Since then, analyzing democratic peace has been revisited by international theorists with the addition of economic interdependence being factored in.<sup>11</sup> Oneal and Russett's work has developed these liberal arguments by using pooled-regression analyses for the Cold War era. Oneal and Russett take into account the relationship among democracy, trade interdependence and conflict, claiming that economic interdependence by trade reinforces structural constraints and liberal norms, which consequently encourages accommodation rather than conflict.<sup>12</sup>

Some differences exist among liberal and imperialist theories, even among liberals themselves. Some liberals argue that trade interdependence brings about political cooperation among states, while others contend that high levels of trade interdependence lessen the possibility of conflict.<sup>13</sup> Either way, both liberals and imperialists believe that political and security relations highly depend on trade and economic issues.

On the other hand, realists do not view trade interdependence as a source of peace or a deterrent to conflict. Rather, they pay more attention to power and security relations. Also, realist forms of international theories stress the importance of alliances and relative power, in contrast to liberals emphasizing absolute gain. Some realist literature points out the relationship between alliances and trade. These realists argue that free trade is more likely within, rather than across, political-military alliances. Since trade produces security externalities, power politics is a crucial element of international trade relations.<sup>14</sup>

Other theorists also emphasize trade as a source of power, although they have failed to regard alliance relations. Albert Hirschman analyzes how foreign trade can efficiently be used as an instrument of national power policy. He argues that the gains from trade may not be proportional across all states and that this disparity in relative gains can be a source of leverage of one state over

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9 Hyung Min Kim and David L Rousseau, "The Classical Liberals Were Half Right (or Half Wrong): New Tests of the 'Liberal Peace,' 1960-88", *Journal of Peace Research* 42: 5 (2005), 523-543.

10 Ibid.

11 John R. Oneal and Bruce M. Russett, "The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950-1985", *International Studies Quarterly* 41:2 (1997), 267-93.

12 Ibid., 267-93.

13 Gallagher and Robinson, "The Imperialism of Free Trade," 248-249.

14 Joanne Gowa and Edward Mansfield, "Power Politics and International Trade," *APSR* 87:2 (1993).

another.<sup>15</sup> Ripsman and Blanchard also prove that political and security-related concerns override the constraints of trade dependence by providing evidence from 1914 and 1936. In both years, trade dependence failed to deter war.<sup>16</sup>

### Realism and Trade Architecture in East Asia

All the aforementioned theoretical approaches have appeared to be correct when selectively choosing historical cases and time periods. Then which approach or argument is most applicable to the current situation in East Asia?

While both liberal and realist approaches are helpful to understand the current trade architecture in East Asia, this paper follows the realist approach to explain the current trade architecture in East Asia. This paper posits that economic interests cannot fully explain trade relations, particularly in East Asia where the US and an emerging China compete for influence.

Trade-security nexus analysis has been used when discussing a state's trade policy or trade relations between states. Since the East Asian region is an arena where proliferation of bilateral and multilateral free trade agreements are being created, the region is frequently analyzed by using the trade-security nexus. The "US Approaches to the Trade-Security Nexus in East Asia" by Min-gyo Koo (2010) is a good example. Koo explains the reasons why US approaches to the trade-security nexus in postwar East Asia have emerged in three critical stages: securitization, de-securitization, and re-securitization. The most recent book by Aggarwal and Lee (2012) also examines different types of East Asian countries' trade policies and American strategies.<sup>17</sup> Some other papers also analyze trade-security nexus when explaining the factors that catalyze a bilateral free trade agreement between two states. Sohn and Koo (2011) suggest that the KORUS FTA is a clear example to show how countries pursue both economic and strategic interests at the same time.<sup>18</sup> In particular, they emphasize security and strategic calculations that would catalyze or erode trade relations between states.<sup>19</sup>

### The US and China's Different Interests in East Asia

The different interests of the US and China encourage them to pursue differ-

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15 Albert Hirschman, *National Power and the Structure of Foreign Trade* (1945), pp. 3-40, 53-116, 143-51.

16 Norrin Ripsman and Jean-Marc Blanchard, "Commercial Liberalism Under Fire: Evidence From 1914 and 1936", *Security Studies* 6:2 (1997), 4-50.

17 Vinod K. Aggarwal and Seungjoo Lee, *Trade Policy in the Asia-Pacific: the Role of Ideas, Interests, and Domestic Institutions* (Springer 2012).

18 Sohn and Koo, "Securitizing Trade," 433-460.

19 Ibid.

ent strategies in East Asia, which result in the US-China competition in FTA networks. While the US prefers to be engaged and create a new architecture as a leader in Asia, China intends to create an Asian community that excludes the US.

US president Obama made his first trip to Asia in November 2009. As the first US president with an Asia-Pacific orientation, Obama wanted to send a message that the US intends to be a leader in the region in the twenty-first century on the full range of issues.<sup>20</sup> Although the visit did not include any specific visions for a regional architecture, it was an important signal that showed America's attention and interests were refocused on Asia.

In January 2010, the US engagement strategy in Asia became more specific with the Secretary of State, Hillary Clinton's remarks on "Regional Architecture in Asia: Principles and Priorities."<sup>21</sup> Clinton addressed five principles that would define America's continued engagement and leadership in the region by using the term "architecture." The key point is a multilateral approach, but with the US as a leader. Especially with its bilateral security allies like Korea and Japan, the US would like to play a key role in building a new regional architecture.

On October 28, 2010, Secretary Clinton specified the idea by stating tools and tracks for a US engagement in Asia. She highlighted three tools: 1) alliances; 2) emerging partnerships; and 3) cooperation with regional institutions.<sup>22</sup> According to Clinton, the US is using these tools to pursue forward-deployed diplomacy along with the three tracks: 1) shaping the future Asia-Pacific economy; 2) underwriting regional security; and 3) supporting stronger democratic institutions and the spread of universal human values.<sup>23</sup> Considering her use of the term "forward-deployed diplomacy," the implication is that the US regards alliance networks and FTAs as crucial parts to the US version of regional architecture.

Unlike the US, China has not clarified its visions and interests for "regional architecture" clearly. While the US enthusiastically addressed its principles and priorities for regional architecture, including security and economy in the Asia

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20 The White House Press Briefing, White House, November 9, 2009, <http://www.whitehouse.gov/the-press-office/briefing-conference-call-presidents-trip-asia> (accessed June 2, 2012).

21 Hillary Clinton, "Remarks on Regional Architecture in Asia: Principles and Priorities," US Department of State, January 12, 2010, <http://www.state.gov/secretary/rm/2010/01/135090.htm> (accessed June 13, 2012).

22 Hillary Clinton, "America's Engagement in the Asia-Pacific," US Department of State, October 28, 2010 <http://www.state.gov/secretary/rm/2010/10/150141.htm> (accessed June 13, 2012).

23 Ibid.

Pacific, China has not proposed anything similar in return. Rather, China underscores the importance of economic cooperation among Asian countries, and the leading mechanisms are multilateral institutions in the region such as ASEAN, ASEAN Plus Three, and China-Japan-Korea cooperation.<sup>24</sup> In other words, China tends not to deal with traditional security issues; it stresses economic and financial cooperation among Asian countries.<sup>25</sup> China underlined the role of ASEAN Plus Three for economic cooperation and the role of the Chiang Mai Initiatives for financial cooperation in the region,<sup>26</sup> implying that China prefers regional economic cooperation excluding the US.

This feature is well reflected in Chinese Foreign Minister Yang Jiechi's remark at the First Lanting Forum in December 2010. Yang addressed four principles on regional development so as to build the Asia-Pacific into a community: 1) cooperation as a basis; 2) development as a key; 3) a new security concept as a guarantee; and 4) respect for diversity.<sup>27</sup> Among the four principles, the fourth principle warrants more attention because it draws a clear distinction between the US and China

China does not regard itself as a leader; it emphasizes equality among countries, which is different from the US proposal to lead. This emphasis on equality is developed with the fourth principle on respect for diversity.

Respect for diversity is the premise. Diversity and complexity are a distinctive feature of the Asia Pacific. Countries in this region have diverse political and economic systems, histories, cultures and social development models, which have grown side by side over the long years of history. Diversity is a source of the unique strength and enduring vitality for the Asia Pacific. We need to uphold this tradition...so as to build the Asia Pacific into a community in which diverse nations and cultures live in peace and friendship.<sup>28</sup>

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24 Dai Bingguo, "Embrace New Opportunities for China-ASEAN Cooperation," Ministry of Foreign Affairs of the People's Republic of China, January 22, 2010, <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t653431.htm> (accessed May 10, 2012).

25 Wan Jiabao, "Remarks by H.E. Wen Jiabao Premier of the State Council of the People's Republic of China At the 13th ASEAN Plus Three Summit," Ministry of Foreign Affairs of the People's Republic of China, October 29, 2010, <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t765939.htm> (accessed May 13, 2012).

26 Ibid.

27 Yang Jiechi, "Shape the Future of Asia Pacific with Confidence and Cooperation," Ministry of Foreign Affairs of the People's Republic of China, December 1, 2010, <http://www.fmprc.gov.cn/eng/zxxx/t773516.htm> (accessed April 22, 2012).

28 Ibid.

The respect for diversity was also reemphasized by President Hu Jintao at the opening ceremony of the Boao Forum for Asia Annual conference 2011,<sup>29</sup> and seen as the key on China's white paper, *China's Peaceful Development 2011*.<sup>30</sup> The emphasis on diversity can be interpreted as the need for China's unique political and economic system to be protected.

### Case 1: US Strategy

Although East Asian countries have achieved more intra-regional trade since the 1997 Asian financial crisis,<sup>31</sup> the two cases of the KORUS FTA and TPP indicate how the United States is still playing an important role in the region. By creating free trade networks with its allies and partners, the US is increasing its influence in the region. Even though there are some differences in degree, both cases demonstrate the US strategic and economic interests in East Asia.

The cases of the KORUS FTA and TPP are key engines of America's regional engagement policy. The first product is the KORUS FTA, expecting a "domino effect."

An FTA with Korea would ensure that the United States had an institutional presence in East Asia. In addition, the KORUS FTA could generate a 'domino effect' that leads to other countries, such as Japan, entering into similar arrangements with the United States. All of this would come at a time when the discussions within the Asian-Pacific Economic Cooperation (APEC) Forum have stalemated.<sup>32</sup>

Although the report was released in 2006 before the actual negotiation process, it clearly represents the US goals regarding the KORUS FTA. This is repeated by US secretary of state, Clinton recently when the agreement entered into force.

Not only will the agreement provide a significant economic boost to

29 Hu Jintao, "Towards Common Development and a Harmonious Asia," *China News and Report*, April 15, 2011 [http://www.china.org.cn/report/2011-05/13/content\\_22560866.htm](http://www.china.org.cn/report/2011-05/13/content_22560866.htm) (accessed April 16, 2012).

30 "China's Peaceful Development," Information Office of the State Council of the People's Republic of China, September 6, 2011, [http://www.china.org.cn/government/whitepaper/node\\_7126562.htm](http://www.china.org.cn/government/whitepaper/node_7126562.htm) (accessed April 19, 2012).

31 Kent Calder, "Critical Junctures and the Contours of Northeast Asian Regionalism," in *East Asian Multilateralism: Prospects For Regional Stability*, eds. Kent F. Calder and Francis Fukuyama (The Johns Hopkins University Press, 2008), 24.

32 Mark Manyin and William Cooper, "The Proposed South Korea-US Free Trade Agreement," Congressional Research Service Report for Congress, May 24, 2006.

both of our economies, it will strengthen the US partnership with a key ally in a strategically important region. This is a powerful signal of America's commitment to the Asia Pacific and to securing and sustaining our role as a regional leader and Pacific power.<sup>33</sup>

She clearly declares the US interest and goals in the region, which can be achieved through the KORUS FTA. Now the domino effect is about to be seen by the Japan's joining into TPP. In April 2012, Japanese Prime Minister Noda and US president Obama had a meeting and released a Joint Statement. Although the Joint Statement deals with various issues such as alliance, regional security and trade and energy issues, the most relevant part was that it reaffirmed Japan's interest and intentions in participating in TPP negotiations. According to the Joint Statement:

We will continue to advance our ongoing bilateral consultations on the Trans-Pacific Partnership (TPP), and further explore how bilateral economic harmonization and the promotion of regional economic integration could be achieved.<sup>34</sup>

This was re-addressed by Prime Minister Noda on the same day at the Joint Conference. He emphasized bilateral economic ties through their promotion of economic integration in the Asia Pacific region.<sup>35</sup> To do that, he insisted that Japan should advance consultations with a view to participating in the TPP negotiations.<sup>36</sup>

In brief, both the KORUS FTA and the TPP can be regarded as part of the US strategy in East Asia. By using these tools, the United States wants to maintain its role as a leader and maintain good relations with its old allies, Korea and Japan. With the close economic and strategic relationship, the United States expects to cooperate with the allies in a regional trade architecture context, in which China is included as another actor.

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33 Hillary Clinton, "US-Korea Free Trade Agreement Takes Effect," US Department of State, March 15, 2012, <http://www.state.gov/secretary/rm/2012/03/185844.htm> (accessed May 11, 2012).

34 "United States-Japan Joint Statement: A Shared Vision for the Future", White House, April 30, 2012, <http://www.whitehouse.gov/the-press-office/2012/04/30/united-states-japan-joint-statement-shared-vision-future> (accessed April 26, 2012).

35 Yoshihiko Noda, "Remarks by President Obama and Prime Minister Noda of Japan at Joint Press Conference" White House, April 30, 2012, <http://www.whitehouse.gov/the-press-office/2012/04/30/remarks-president-obama-and-prime-minister-noda-japan-joint-press-confer> (accessed May 2, 2012).

36 Ibid.

*The KORUS (Korea-United States) FTA*

The FTA between the US and Korea is considered one of the most important FTAs for the two countries. In particular for the US, the KORUS FTA represents the United States' most commercially significant FTA in over a decade.<sup>37</sup> Strategically as well as commercially, the KORUS FTA is meaningful since the agreement indicates the changes in the US strategic interest in Asia. USTR (office of the United States Trade Representatives) clearly indicated those interests:

In addition to strengthening our economic partnership, the KORUS FTA would help to solidify the two countries' long-standing geostrategic alliance. As the first US FTA with a North Asian partner, the KORUS FTA could be a model for trade agreements for the rest of the region, and underscore the United States commitment to, and engagement in, the Asia-Pacific region.<sup>38</sup>

As seen above, the KORUS FTA is not only about trade, but also about US strategic policy. In fact, some scholars emphasize bilateral concerns as the impetus behind the agreement, arguing that FTAs did not become an important part of America's Asia policy until the announcement of the KORUS FTA talks.<sup>39</sup> That is, the KORUS FTA is the first FTA that is used as a part of America's Asia policy.

The Korean government also revealed the strategic implication of the KORUS FTA in terms of enhancing alliance relations. An article at *Korea.net* underscores these implications:

Overall, President Lee's latest US trip produced win-win results for both countries. The most meaningful outcome of the trip comes from the agreement between the two leaders to upgrade the 58-year-old Korea-US alliance by increasing its scope.... The two leaders also agreed to renew and upgrade the joint vision for the alliance between South

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37 "New Opportunities for US Exporters Under the US-Korea Trade Agreement," Office of the United States Trade Representatives, <http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta> (accessed October 25, 2012).

38 "South Korea Free Trade Agreement" US Department of State, <http://www.state.gov/e/eb/tpp/bta/fta/c26417.htm> (accessed May 8, 2012); "New Opportunities for US Exporters Under the US-Korea Trade Agreement," USTR, <http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta> (accessed May 8, 2012).

39 Aggarwal and Lee, *Trade Policy in the Asia-Pacific*.

Korea and the United States which they initially adopted at the Korea-US summit in June 2009 so that the two countries can work together to resolve challenges facing the international community, such as climate change, the global economic crisis, and poverty.<sup>40</sup>

Thus, the KORUS FTA shows how a trade relationship can be used to achieve security goals, as the realists argue. In particular, the realist argument seems to be far more plausible considering that it is a trade agreement between military allies.<sup>41</sup>

In conclusion, neither security concerns based on alliance relations nor the economic benefits of trade constituted the only stimulus for the agreement. The dynamic calculation regarding both economic and security benefits allowed the KORUS FTA to be concluded.

#### *The TPP (Trans-Pacific Partnership)*

The Trans-Pacific Partnership (TPP) was initially conceived in 2003 by Singapore, New Zealand, and Chile to promote trade liberalization in the Asia-Pacific region. It came into effect in 2006. With the US joining in March 2008, the role and status of this partnership has dramatically changed. Hillary Clinton's remark in January 2010 indicates that the US intends to use the TPP as a tool to promote cooperation in Asia. As of 2012, the TPP has nine members, including the members that are in the negotiation process (Singapore, New Zealand, Chile, Brunei, the US, Australia, Peru, Vietnam and Malaysia).

The TPP entered a new phase in November 2011 when Japanese Prime Minister Noda announced at the APEC meeting in Honolulu that Japan would enter into consultations toward participating in the Trans-Pacific Partnership negotiations with the countries concerned. The importance of this announcement can be explained by the size of Japan's economy compared to the other members' in TPP. Japan's economy is twice the size of the eight countries currently participating in TPP negotiations. As Table 1 indicates, the gap between the current GDP share of TPP members excluding Japan and the one including Japan is quite big. That is, the participation of Japan will make a huge difference in the status of the TPP.

40 Yoon Sojung, "President Lee's US visit brings fruitful outcome in free trade and alliance," Korea.net, October 18, 2011, <http://www.korea.net/NewsFocus/Policies/view?articleId=89323> (accessed October 24, 2012).

41 Joanne Gowa and Edward Mansfield, "Power Politics and International Trade," *American Political Science Review* 87:2 (1993), 408-420.



**TABLE 1 GDP SHARE OF GLOBAL FREE TRADE AGREEMENTS**

	% GDP	% of the members
CJK FTA	19.6	3
ASEAN +3	27.4	13
TPP (excluding Japan)	26.7	9
TPP (including Japan)	35.3	10
EU	25.7	27
NAFTA	27.1	3

Source: *Global Insight (2010)*

Considering their economic size and the trade volume between the US and Japan, the TPP can be regarded as a US-Japan bilateral FTA. Japan and the United States comprise about 30 percent of world GDP in 2011. In fact, Japan's GDP is about two and a half times greater than the combined GDP of the other eight TPP partners (excluding the US).<sup>42</sup> In addition, the US-Japan two-way trade relationship, which is about \$250 billion, is greater than the sum of the other TPP countries.<sup>43</sup>

The question of whether Japan should join the TPP negotiations has often been front-page news in Japan and has generated enormous political controversy since serious discussions began in 2009 and 2010.<sup>44</sup> Both the ruling Democratic Party of Japan (DPJ) and the largest opposition party, the Liberal Democratic Party (LDP) are split over the TPP issue.<sup>45</sup> Prime Minister Noda's basic reasoning is based on the economic effect of the TPP. Noda mentioned that, "Japan should tap into the growing power of the Asia-Pacific region to hand down to future generations the affluence our country has built up as a trading nation."<sup>46</sup> It seems to make sense regarding Japan's long economic depression while China

42 Wendy Cutler's remark at the conference, "Japan and the Trans-Pacific Partnership" The Brookings Institute, December 2, 2011, Washington, DC.

43 Ibid.

44 William H. Cooper and Mark E. Manyin, "Japan's Possible Entry Into the Trans-Pacific Partnership and Its Implications," *Congressional Research Service*, August 24, 2012, 14.

45 Ibid., 14.

46 Natsuko Fukue, "Japan will join TPP dialogue, Noda decides", *The Japan Times*, November 12, 2011, <http://www.japantimes.co.jp/text/nn20111112a1.html> (accessed April 18, 2012).

and Korea have kept economic growth by promoting more trade.

For the US, Japan's possible entry into the TPP is largely viewed as an important step in forming a wider Asia-Pacific regional trade arrangement.<sup>47</sup> On the other hand, the absence of Japan could undermine the credibility of the TPP as a viable regional trade arrangement and a setback for Asia-Pacific economic integration.<sup>48</sup> Consequently, Japan's potential entry into the TPP agreement has become not only a focal point of US-Japan relations and East Asian regional architecture.

### Case 2: China's Strategy

The incentive for China to pursue regional economic cooperation became more imperative after the 2008 global financial crisis.<sup>49</sup> Neither cases of the CK FTA or the CJK have been concluded. Nonetheless, the two cases indicate how China is attempting to increase its influence in the region by creating free trade networks with neighboring countries. Even though the CK FTA is under negotiation and the CJK FTA is just under consideration, the recent activities by the three governments hint that these FTAs have implications for the regional trade architecture in East Asia. China is the most passionate actor, and its actions can be understood within a realist framework because economic interest itself cannot fully explain the reasons why China is eager for FTAs.

Some liberals such as Oneal and Russett would disagree with this by arguing that trade interdependence among three countries would allow the three to have better political relations. However, their interdependence is not symmetric but asymmetric, so pure economic interests cannot fully explain the cooperation among them because asymmetric trade dependence produces security externalities by enhancing the potential power of the trading partners.<sup>50</sup> Also, thinking of the close relationship of Korea and Japan with the United States in terms of security and economy for more than half of the century, economic interests cannot fully explain the trend of the CK and the CJK FTA.

Therefore, a realist approach is more appropriate to understand both cases despite the lack of military alliance relationships and a number of historical disputes among China, Japan and Korea. China's strategic and economic inter-

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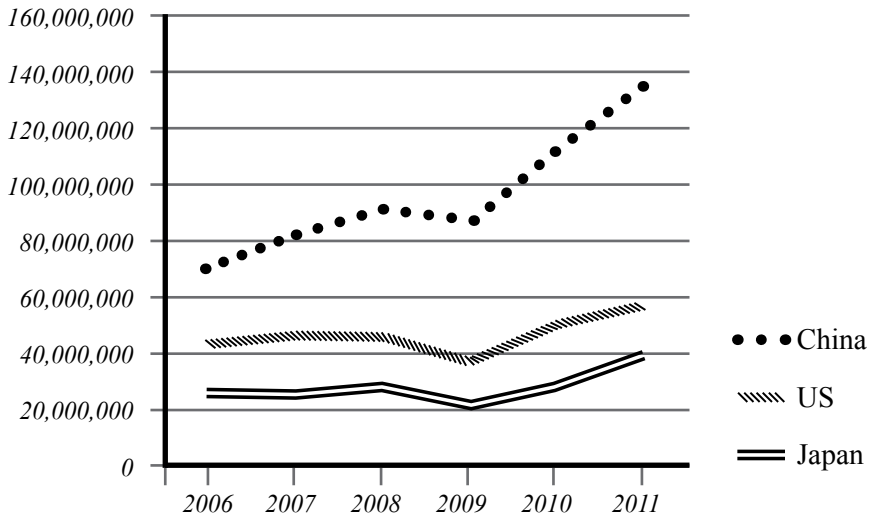
47 Cooper and Manyin, "Japan's Possible Entry," 18.

48 Ibid., 18.

49 "Sino-Korea FTA a win-win arrangement for both countries," Ministry of Commerce, People's Republic of China, June 20, 2012, <http://english.mofcom.gov.cn/aarticle/newsrelease/counselorsoffice/westernasiaandaficareport/201206/20120608189518.html> (accessed June 3, 2012).

50 Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (1945), 3-12.

**TABLE 2 KOREA'S EXPORT PATTERNS (THOUSANDS OF US\$)**



Source: Korean International Trade Association (KITA)

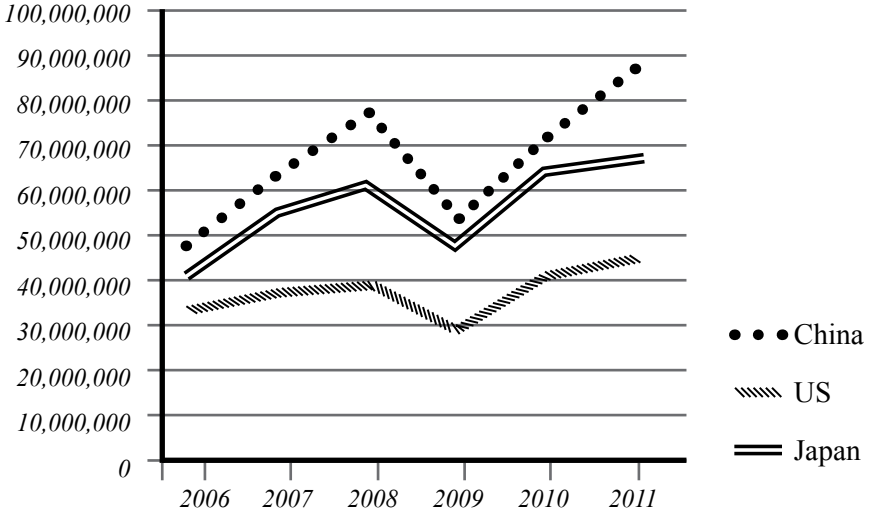
ests encourage China to pursue the CK and CJK FTA as a means of balancing against the spreading US-led FTA networks in the region. The timing of both cases should also be analyzed through the realist approach. The Chinese government began to consider the FTA with Korea after the KORUS FTA was finalized in 2007. The CJK FTA also started to move to the next step by the time the US joined the TPP. In other words, the CK and the CJK FTA can be regarded as China’s strategy to balance against the US.

*The CK FTA*

China and Korea have an important and growing trade relationship. China is Korea’s number one export market and the main source of imports, as Table 2 and Table 3 indicate. Furthermore, Korea’s exports to China have rapidly increased since the 2008 global financial crisis. This rapid increase has not been observed in Korea’s exports to the US or Japan.

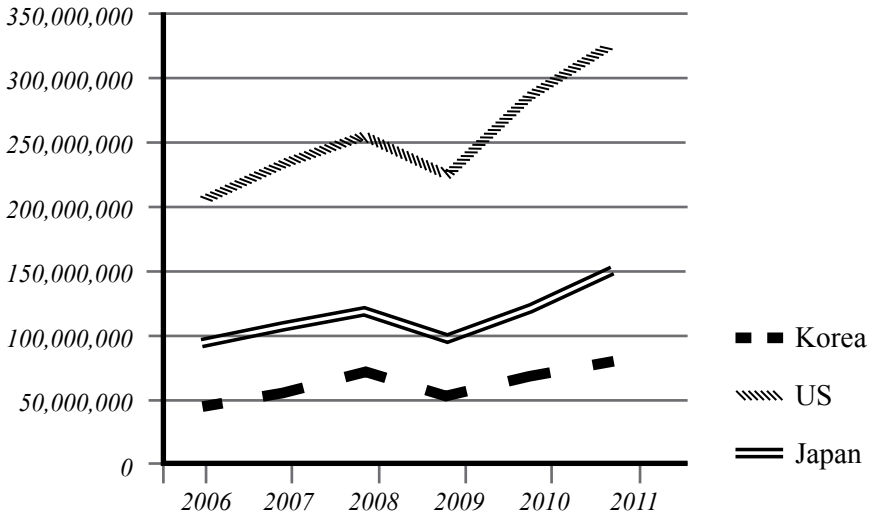
For China, however, Korea is just one of the important trading partners in the region. Compared to other major trading partners such as the US and Japan, the Korean market does not seem to be the best choice for China, as seen in

TABLE 3 KOREA'S IMPORT PATTERNS (THOUSANDS OF US\$)



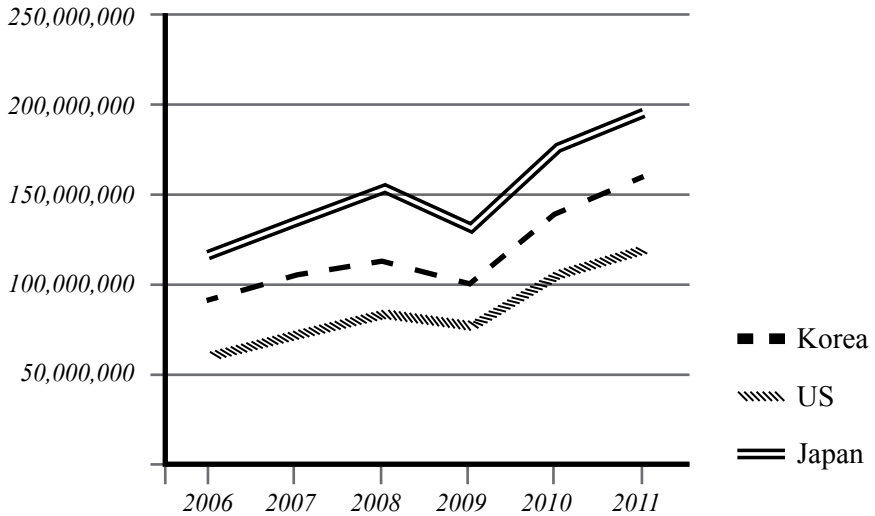
Source: Korean International Trade Association (KITA)

TABLE 4 CHINA'S EXPORT PATTERNS (THOUSANDS OF US\$)



Source: Korean International Trade Association (KITA)

TABLE 5 CHINA'S IMPORT PATTERNS (THOUSANDS OF US\$)



Source: Korean International Trade Association (KITA)

Table 4 and Table 5. Moreover, no drastic change is seen in Chinese exports to Korea or imports from Korea.

Nevertheless, China has immediately begun seeking an FTA with Korea in April 2007, only days after the signing of the initial KORUS agreement. Although China and Korea agreed on an official feasibility study of an FTA in November 2006, the actual step was made after the finalization of the KORUS FTA. Chinese Prime Minister Wen Jiabao called for an early start to FTA negotiations so that an agreement could be reached as soon as possible.<sup>51</sup>

Regarding the fact that there is no drastic change in China's economic benefits out of the trade with Korea, we should consider the strategic implication of China's decision to pursue the CK FTA. A *Chosun Ilbo* news article pointed out China's desire to check US influence in the region, which is expected to grow with the KORUS FTA.<sup>52</sup> Since Korea is at the mid-point between these

51 "Should Korea Rush Into Free-Trade Talks With China?" *Chosun Ilbo*, April 9, 2007, [http://english.chosun.com/site/data/html\\_dir/2007/04/09/2007040961008.html](http://english.chosun.com/site/data/html_dir/2007/04/09/2007040961008.html) (accessed June 20, 2012).

52 Ibid.

two economic spheres, China has no choice but to push for an FTA.<sup>53</sup> In fact, the urgency in reaching the CK FTA decreased with the delay in the ratification of the KORUS FTA, but it gained renewed momentum after the KORUS FTA entered into force in March 2012. Accordingly, China has become more assertive in pursuing the CK FTA, which can be understood as a balancing mechanism against the KORUS FTA.

Chinese analysts said that the planned CK FTA is expected to spur the integration of East Asia's three major economic powers, China, Korea and Japan.<sup>54</sup> According to Dong Yan, a research fellow at Chinese Academy of Social Sciences (CASS), "After the China-ASEAN FTA and the Korea-ASEAN FTA being signed, if the CK FTA is to be reached as planned, the bilateral trade pact is highly likely to develop into the three-way agreement among China, South Korea and Japan, leading to the East Asia Free Trade Agreement (EAFTA)."<sup>55</sup>

### *The CJK FTA*

Since the first summit meeting in 2008, a Chinese-Japanese-Korean summit has been conducted every year and finally produced an outcome. The leaders of China, Japan and Korea agreed to begin FTA negotiations by the end of 2012. If it were concluded, the CJK FTA would account for about 20 percent of global GDP (Table 1). It can be compared with 27.1 percent for NAFTA, which includes the US, Canada and Mexico, and 25.7 percent for the EU. Therefore, the effort to forge greater cooperation among China, Japan, and Korea itself has a lot of economic implications, even though the three countries have not even commenced FTA negotiations.

The case of the CJK FTA also has strategic implications. Korea and Japan, two of the most successful military allies of the US, now trade more with China. This change in trade is meaningful in that Korea and Japan's number one trading partner used to be the US. As a result, this change in trade has enabled China to be more assertive in FTA networking competition in East Asia.

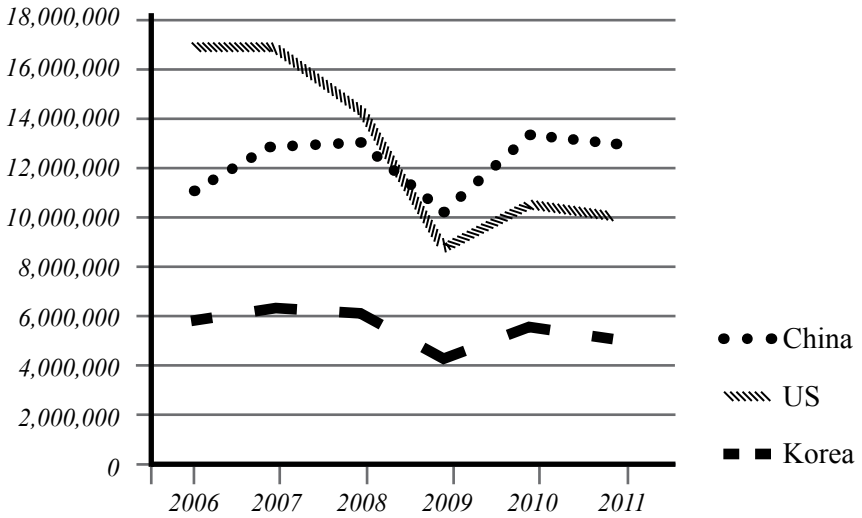
Some might be skeptical about the CJK FTA, since this agreement includes old regional rivals: Japan and China. Greg Corning, a professor at Santa Clara University, argues in his article that bilateral FTAs are a more important force in East Asia than negotiations for a CJK FTA due to the strategic nature of FTA

53 Ibid.

54 "Sino-Korea FTA a win-win arrangement for both countries," Ministry of Commerce, People's Republic of China, June 20, 2012, <http://english.mofcom.gov.cn/aarticle/newsrelease/counselorsoffice/westernasiaandfricareport/201206/20120608189518.html> (accessed June 29, 2012).

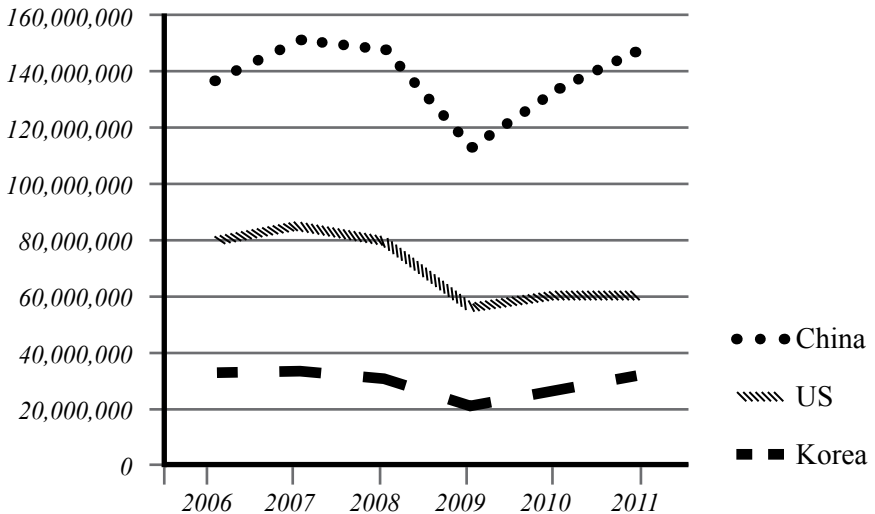
55 Ibid.

**TABLE 6 JAPAN'S EXPORT PATTERNS (THOUSANDS OF US\$)**



Source: Korean International Trade Association (KITA)

**TABLE 7 JAPAN'S IMPORT PATTERNS (THOUSANDS OF US\$)**



Source: Korean International Trade Association (KITA)

competition in Asia.<sup>56</sup> If this argument is correct, why has the CJK FTA developed recently? It can be understood by Chinese intentions. An article from the Ministry of Commerce of the People's Republic of China states:

If the CK FTA is implemented as planned and the pact develops into the EAFTA (East Asian FTA) in the end, the deepening regional cooperation can increase China's influence in Asia against the Trans-Pacific Partnership (TPP), which is viewed as a de-facto free trade pact between the US and Japan.<sup>57</sup>

From the article, we can infer that China regards the TPP as a de facto FTA between the US and Japan. Accordingly, the first thing China has to do is to embrace Japan with an alternative FTA pact, which is the CJK FTA.

Considering the economic relationship, Japan might consider the CJK FTA more positively. As seen in Table 6, Japan's number one export destination changed from the US to China after the 2008 global financial crisis. This is a remarkable change for Japan, considering that the US has maintained the number position, with China as a distant second, until the outbreak of the crisis.

This allowed China to be more assertive and confident about pursuing the CJK FTA.

## Conclusion

The current proliferation of FTA networks in East Asia has evolved since the 2008 global financial crisis. With the relative decline of the US economy and the rise of China's economy, East Asia has faced changes in terms of their respective trade relations. Since the US became dominant in both security and the economy in East Asia during and after the Cold War, the rise of China as a leading economic power yields new implications for the region.

The US and China's FTA patterns are very similar. In general, they seek bilateral FTAs first and then multilateral agreements later. The KORUS FTA recently entered into effect in March 2012, and now the US seeks other like-minded states, like Japan, to participate in the TPP. Similarly, China is also promoting the CK FTA more than before, which is expected to help propel the

56 Gregory P. Corning, "Trade Regionalism in a Realist East Asia: Rival Visions and Competitive Bilateralism," *Asian Perspective* 35 (2011), 259–286.

57 "Sino-Korea FTA a win-win arrangement for both countries," Ministry of Commerce, People's Republic of China, June 20, 2012, <http://english.mofcom.gov.cn/aarticle/newsrelease/counseloroffice/westernasiaandfricareport/201206/20120608189518.html> (accessed June 29, 2012).



CJK FTA.

The four cases in this paper suggest that the US and China are competing in East Asia for spheres of influence by promoting their respective FTA networks, while attempting to exclude each other. The KORUS FTA and the CK FTA can be compared as a first round of competition between the US and China, and the TPP and the CJK FTA are the second round of competition between them. The findings indicate that this competitive trend in East Asia cannot fully be explained by economic logic. Beside the economic interests, the strategic interests of both the US and China encourage them to pursue separate FTA strategies in the region.

Lastly, both cases of the China-led and the US-led FTA networks include Japan and Korea. As the most successful US allies, Japan and Korea have maintained a stable economic and security relationships with the US since the end of World War II. With the rise of China, however, the prestige that the US has traditionally had is being challenged. Korea and Japan have become more and more dependent on China economically. Particularly after the global financial crisis in 2008, Korea and Japan's asymmetric trade dependence on China increased further.<sup>58</sup> This indicates that the future of trade architecture in East Asia is highly dependent on embracing Japan and Korea. Considering the nature of complex interdependence in the region, however, neither China nor the US can easily do that. Thus, the current pattern of competition between the US and China is likely to remain for the time being. **YJIS**

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58 Yul Sohn, "Uigi Eehu Segye Muyeokjilseoui Byeonhwa," EAI National Security Panel Working Papers (East Asia Institute, February 2011) [http://www.eai.or.kr/data/bbs/kor\\_report/2011022311241147.pdf](http://www.eai.or.kr/data/bbs/kor_report/2011022311241147.pdf).