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The EAI has been hosting the Korea-US alliance conference since 2007 to build a dialogue on the major issues facing the alliance in the 21st Century.

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An ROK-US Alliance for the 21st Century

November 3, 2009

The Lee Myung-bak administration's recent decision to deploy a Provincial Reconstruction Team and supporting troops to Afghanistan, the relocation of the U.S. forces to Pyeongtaek, and President Obama's visit to South Korea in November, 2009 sheds new light on the Republic Of Korea-United States (ROK-US) alliance in the post-9/11 world. With South Korea emerging as an influential player in political and economic terms at the international level, the redefinition of the ROK-US alliance remains a critical issue in the drastically changing security environment of the 21st century. The Obama administration's growing emphasis on multilateral approaches to many global issues, including climate change and counterterrorism is in contrast to the unilateralism of the Bush administration. Although the ROK-US alliance was initially a military response to the growing threats from Soviet forces in the 1950s, the ROK-US alliance now faces a new phase of expanding its functions to address transnational and nonmilitary issues, which in turn contributes to strengthening this bilateral alliance in East Asia.

What are the implications of strengthening the ROK-US alliance in East Asia? Do the other countries in the region perceive the continued presence of the U.S. military in South Korea as threatening or conflicting with their political interests? Is there any possibility that East Asia can establish any formal institutional framework to address common political, economic, or military challenges? To discuss such

pressing issues in East Asia, the East Asia Institute hosted the conference, "An ROK-US Alliance for the 21st Century", supported by the City of Pyeongtaek on November 3, 2009. Thomas Christensen (Princeton University) and Byung-Kook Kim (Korea University) were invited to give public lectures on the ROK-US alliance. Following this, two roundtable sessions were held on the topics of "Alliance System and Comprehensive Security in East Asia," and "Multilateralism: A Substitute or a Supplement?"

The following are the summary of the presentations and discussions of all participants.

PUBLIC LECTURES

Thomas J. Christensen

Christensen began his lecture by addressing the need to bolster the ROK-US alliance amid the changes in the international security environment of the 21st century. The relocation of U.S. Forces in Korea from Yongsan, Seoul to a new military base in Pyeongtaek serves this purpose. Since the inception of the ROK-US alliance during the Korean War, this bilateral military cooperation has remained strong to counter shared threats and address common challenges. While the ROK-US alliance was strictly confined to the military threat in the 1950s, it began to broaden the scope of the

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alliance to include shared values such as democracy, free markets, and capitalism in the 1980s. This bilateral alliance now faces another phase in strengthening its ties for the long term, which will require a careful assessment on how to achieve this common goal.

Christensen pointed out that making the U.S. military presence less controversial and adjusting conditions for military personnel to settle in the new host city of Pyeongtaek could generate positive effects on the ROK-US alliance. He maintained that Pyeongtaek is well suited to serve the military and their families to enhance their understanding of South Korean society as well as improve combat capabilities given the long-term U.S. commitment for security in South Korea. Additionally, the partnership between the two states should demonstrate joint efforts to address the uncertainty affecting the alliance after the relocation to Pyeongtaek.

In terms of strengthening the bilateral military alliance between the ROK and the U.S., Christensen emphasized the transformation of the alliance to address common challenges facing the 21st century. The fact that the alliance was initially established during the Korean War indicates that the alliance was global in nature from its onset largely due to the perception that the Korean War was an international war involving regional communist powers. The failure of the alliance in the Korean War would have had international implications. The efforts to challenge the Soviet forces made the ROK-US alliance already global when forged during the wartime in the 1950s. This global nature of the alliance is even more relevant today in tackling new types of challenges in the 21st century.

As indicated in the notion of “Global Korea” under the Lee Myung-bak administration,

South Korea will take on greater responsibilities at the international level to promote peace and stability. The South Korean government’s recent decision to rejoin the international reconstruction efforts in Afghanistan by dispatching Provincial Reconstruction Teams (PRT) reflects its strong commitment as a traditional U.S. ally. The Six-Party Talks are also critical in resolving the nuclear crisis on the Korean Peninsula, which has global as well as regional implications for security. Participation in the Proliferation Security Initiative (PSI) by the Lee administration reflects the resolution of the governments of South Korea to solve the challenge of global proliferation of Weapons of Mass Destruction (WMD) in the long term. Recent anti-piracy efforts also indicate the global partnership of the two states in the new era. Additionally, South Korea expects to bridge the difference between the developing and developed states on the issue of global warming. Other than security issues, maintaining financial stability adds to this joint effort to strengthen the ROK-US alliance. Christensen also specifically argued that protectionism during the financial crisis would further deteriorate global economy.

Lastly, Christensen strongly emphasized the importance of engaging China in the region. He noted that the continued U.S. presence in East Asia is critical to facilitate engagement with China. The U.S. should actively seek to cooperate with China as a part of its strategy. To pursue this goal of engaging China, the U.S. needs to take a moderate approach toward the region undercutting the hawkish arguments. Creating the perception that the U.S. is challenging China and competing with China for the dominant position in the region is strategically negative for the U.S. Also, the U.S. must cooperate with China

on various regional issues like nuclear proliferation to increase stability and reduce political uncertainty. Christensen reiterated the importance of inviting China to assume larger role in the international community. In his view, the bilateral U.S.-led alliances in East Asia are not in conflict with multilateral ties or engagement with China. Bilateral and multilateral approaches are mutually reinforcing.

ROUNDTABLE DISCUSSION

Session 1: Alliance System and Comprehensive Security in East Asia

U.S. Perspective: Victor Cha

U.S. Alliances and Regional Security Architecture

The ROK-US alliance has been characterized as a military relationship forged in wartime during the early 1950s. The dramatically changing landscape of the international community in the 21st century, however, requires the redefinition of the alliance between these two states. The ROK-US alliance is no longer fixed in the premise of security against external military threats. The nature of the alliance is not limited to a region in the 21st century; the alliance is now largely perceived as global in nature in the sense that the U.S. and ROK cooperate in different parts of the world sharing common values. This has been reinvigorated under the Obama administration in contrast to the Bush administration. We are witnessing the growing aspects of free trade and democracy in the ROK-US alliance in the 21st century as South Korea emerges as an in-

fluential player at the global level hosting the G-20 summit in 2010.

Victor Cha started his presentation by challenging the popular wisdom that the U.S. was unsuccessful in architectural thinking for Asia through its alliance system. He explained that regional security architecture is emerging and evolving and the U.S. alliances are strong, deep, and central in the region. However, Cha pointed out the problem with the inevitability of a security dilemma arising from the U.S. regional security architecture in Asia. U.S.-led bilateralism and multilateralism can be seen as containing China, which is at the center of the discussion at the international level. At the same time, the U.S. is often excluded from Asian-led multilateralism. The perception is that newly emerging multilateral cooperation among Asian states affects the existing power structure in the region, which adversely affects the states excluded, thus creating a zero-sum game. However, Cha maintained that non-zero sum outcomes are possible by ameliorating the security dilemma. The U.S. alliances should actively engage China rather than contain the new global power and the U.S., Japan, and China should find ways to cooperate despite the hostile historical background.

In consistent with theoretical and empirical assumptions on regional security architecture, Cha noted that no single umbrella institution could work in East Asia. What works in the region in terms of security is an institution formed around specific functions, as opposed to a process, in order to provide public goods to the region such as clean energy and development strategy. Also, Cha emphasized that multilateralism and bilateralism are not diametrically opposing concepts, they are mutually reinforcing concepts. For example, mul-

tilateral disaster relief efforts came from deep bilateral relations.

Also, Cha pointed out the basis of evolving architecture in the region. Asia-Pacific Economic Cooperation (APEC) and US-ASEAN (Association of Southeast Asian Nations, ASEAN) engagement reflects the U.S. interests to maintain constructive relationships with Asian countries through multilateral institutions. Networking or patchworking of U.S. allies is another strategy to develop regional security alliances, which uses bilateral ties to build multilateral relations or formal institutions in order to create norms and habits of cooperation in Asia. Cha specifically mentioned Trilateral Coordination and Oversight Group (TCOG), Trilateral Security Dialogue (TSD), U.S.-Japan-China relations, Quad, Six-Party Talks, Northeast Asia Peace and Security Mechanism (NEAPSM), and Asia Pacific Democracy Partnership (APDP) to demonstrate the U.S. efforts to connect dispersed allies in order to promote regional security and stability.

Cha concluded his presentation by suggesting areas for future cooperation. He emphasized the importance of trilateral dialogue in resolving regional problems. The US-Japan-China dialogue at the policy planning level provides an important base for regional security. The policy coordination of the U.S., China, and South Korea is also critical in dealing with North Korea's nuclear ambitions and potential regime instability in Pyongyang. Regarding the APDP, it is easier to discuss rule of law rather than religious freedom at the regional level.

Chinese Perspective: Qingguo Jia

The existing alliance system in East Asia is largely militaristic, which includes the alliances between the U.S. and Japan, U.S. and South Korea, and the U.S. and Australia and New Zealand. The concept of comprehensive security, however, goes beyond the military aspect to address military security, economic security, ecological security, and human security.

The current military alliance system in East Asia is perceived as the remnant of the Cold War; external threats from the Soviet Union facilitated the creation of the military alliance to counter the communist threat. Many argue that the alliances disappeared after the Cold War due to the disappearance of the perceived external threat from the Soviet Union. In contrast to this argument, the military alliances survived and some were even strengthened in the post-Cold War era.

Qingguo Jia provided four explanations for the persistence of military alliances in East Asia. First, the changing nature of military alliances, specifically the transformation from military alliances against external threats to security partnerships for peace and cooperation, contributed to their continued existence. Second, the U.S. wanted to maintain its dominant position and interests in the region through military alliances. Third, the alliance system has helped alleviate fear of uncertainty in the region to some extent. Lastly, North Korea's nuclear threat and Japan's concern over the rise of China may have prevented the dissolution of the alliances.

China has an ambiguous attitude toward the continued existence of the military alliance system in East Asia. In principle, China is opposed to military alliances in East Asia due to the shared perception that it is outdated, divisive, exclusive, and anti-China. In

practice, however, China credited the existing alliance system for the prevention of an arms race in the region, reemergence of Japan as a militaristic regime, and proliferation of weapons of mass destruction.

Contrary to Chinese ambiguity toward the current military alliance system in East Asia, China is in favor of developing a regional multilateral security mechanism that embodies mutual trust, mutual benefit, equality, and cooperation and ultimately a transition from the current military alliance system to a multilateral, inclusive East Asian security cooperation mechanism. Jia believed that the success of the Six-Party Talks could lead to such a transition. The Chinese government has expressed its willingness to promote comprehensive security based on mutual understanding and trust among states involved.

The development of a multilateral, inclusive East Asian security mechanism, which reflects interests that transcend traditional security-focused purpose to address comprehensive security, entails both challenges and opportunities. Although the lack of trust between major states such as Japan and China, different priorities, and the fear of uncertainty in terms of transition may pose obstacles in creating such multilateral mechanism, various opportunities still exist. These include the willingness to cooperate, good political relations among major powers, and support for the Six-Party Talks. Jia suggested several measures to promote the creation of the East Asian security mechanism, which are enhancing confidence, building trust, and ensuring a gradual and smooth transition from the current military alliance system to a multilateral cooperative security mechanism in East Asia. These measures do not imply the exclusion of the U.S., but the inclusion of all regional pow-

ers.

Japanese Perspective: Yoshihide Soeya

Yoshihide Soeya first touched upon how comprehensive security in Japan has evolved in the post-War era. Structural problems characterized the postwar Japanese experience in the sense that postwar politics constrained much of Japanese decision-making process. Détente and interdependence in the 1970s created conditions for Japan to initiate discussion of comprehensive security. In the 1980s, Japanese security was largely confined to economic and energy security. At this time there was opposition to Japan's disaster relief efforts beyond its borders. In the 1990s, however, Japan developed the concepts of environmental and human security, which facilitated the growth of the Official Development Assistance (ODA) for underdeveloped states and efforts to alleviate the 1997 Asian Financial Crisis. In 1999, Korean and Japan formed a joint leadership for human security, which eventually failed to be materialized.

Soeya pointed out that there was a shared view that an alliance was necessary between Japan and the U.S. for regional reassurance. Yet regional contingencies, on the other hand, which required military cooperation beyond its territory, were considered controversial due to a perceived high domestic cost in Japan in the 1970s. In this context, reaffirmation of the alliance gained an easier consensus than redefinition of the alliance. With the end of the Cold War, the concept of regional contingencies was addressed again and comprehensive security was largely accepted as a way to maintain the global order.

Finally, Soeya offered an analysis of alliance and comprehensive security under the

Democratic Party of Japan (DPJ) government. The recently emerged DPJ government has not been successful in the art of managing relationships with other states due to the lack of discourse on the substance about these interstate relationships. Soeya criticized Hatoyama's unattainable goal of alienating the U.S. in diplomacy. Instead, Soeya reiterated that the art of managing relations should be conducted in ways that do not threaten the U.S. The most critical elements in Japan's diplomacy are the cooperation between South Korea and Japan, and the U.S. and China. The alliance system should be also acceptable for China, Korea, and the U.S. and engage China actively. How the alliance is shaped in the region can change the landscape of East Asia as a whole.

South Korean Perspective: Chaesung Chun

Chaesung Chun sought a new strategic vision for Northeast Asian security architecture in a new era marked by the transformation of American. This is characterized by the emerging power transition triggered by the rise of China, changes in regional politics amid increasing economic interdependence, and the establishment of new leadership in each state. To accommodate these fundamental changes at regional and international level, Chun pointed out that the ROK-US alliance needs to address new challenges in the 21st century if it is to persist.

The ROK-US alliance has been centered on the mission of deterrence and defense against military threats from North Korea since its onset. Pyongyang's continued provocations and the repeated failure of the international community to denuclearize Pyongyang

has a destabilizing effect in East Asia, providing cause for an arms race in the region. Chun emphasized the importance of a comprehensive view toward North Korea's nuclear ambitions, which takes both nuclear problems and North Korean domestic problems into a comprehensive consideration to resolve the nuclear crisis. Additionally, it is critical for the ROK-US alliance to coordinate a long-term policy to deal with an uncertain North Korea, which faces succession problems and a failing economy.

Chun discussed the regional role of the ROK-US alliance in peacefully managing the power transition in the post-Cold War period. The end of the Cold War transformed much of the regional security environment and thus requires a redefinition of the role for the ROK-US alliance in the 21st century. Chun envisioned new strategic roles for this bilateral military alliance as the following. First, the U.S. and South Korea need to develop a common strategy toward the rise of China and ultimately cooperation with China. By strengthening the alliance with the U.S. and building cooperative relations with China, South Korea can achieve trilateral relations in its favor. Second, South Korea and Japan need to overcome nationalist tension over territorial disputes and history issues, and forge a common strategic vision for regional security, particularly toward nuclear-armed North Korea. Similarly, the ROK-US alliance can be further developed to include Japan, forming trilateral security cooperation in Northeast Asia. Third, South Korea should actively seek multilateralism; bilateral relationships alone are not sufficient to pursue national interests. Also, the development of the Northeast Asian regional security mechanism can ease the tension embedded in the balance of power, which in turn

can benefit South Korea, a relatively weak player in the region.

Considering the increasing influence of South Korea in terms of economy, democratization, and culture, Chun reemphasized the need for South Korea to devise its own global strategy as a global middle power to promote peace and stability at the international level. South Korea can then reach a public consensus in globalizing the ROK-US alliance under the changed security environment of the 21st century. Gradual and incremental efforts of South Korea to expand strategic dimensions will lead to the successful handling of comprehensive security at the global level. Additionally, the globalizing ROK-US alliance can only work if built upon common values, trust, norms, and public support.

Discussion

The Rise of China in the Alliance System in East Asia

The discussion began with the issue of China's increased military spending. Young-Sun Song posed a question on what has driven China's military budget increase. Jia, in his response, pointed out that the increase in the military spending was proportional to the overall growth of Gross Domestic Product (GDP) in China, as well as reflecting a higher price tag for maintaining its military. Given the fact that the overall national budget has increased with a rapidly growing economy, it is reasonable that the military demands are larger share in China. It is notable that the military budget per capita in South Korea is even higher than that of China. In addition, in the absence of

any military alliances, it can be argued in favor of increased military spending to ensure security against any external threats as well as provocations from Taiwan.

Sang-Ki Chung and Chan-Ki Kim agreed with Jia that the alliance system in East Asia generated the perception that China was excluded with their concern that the lack of trust among key players in the region (South Korea, Japan, and China) was not fully discussed. China's revival in economic, political, and military terms amid the lack of trust in the region has been perceived as threatening by neighboring states. The continued tension over history issues should also be resolved to overcome this trust problem among these three countries. Jia, on the other hand, expressed his view on the threat perception of China by neighboring states that the rise of China poses more opportunities rather than a threat in the region. China has tried to convince other players through various policies, rather than military might, and to honor international commitments as a newly emerging superpower at the global level.

Middle Power Diplomacy

Many discussants pointed out that we need to redefine the status of South Korea as a relatively weak power in East Asia where a rapidly rising China and a traditionally strong Japan dominate the region. Accordingly, the ROK-US military alliance is crucial for South Korea in pursuing its critical interests as a relatively weak power. Many South Koreans believe that Japan and China have competed to become a regional hegemon in the region throughout the history. Also, Soeya pointed out the possibility that an East Asian community would be

created in the long term. East Asian countries should initiate discussions on strategies to realize regionalism.

North Korea and the Six-Party Talks

The North Korean nuclear stalemate received the most attention from all discussants. Sang-Chan Gu pointed out that the economic sanctions against Pyongyang under the Obama administration are more intense compared to the Bush administration. The ban on the provision of luxury goods to Pyongyang has effectively increased pressure on the North Korean leadership, specifically the military elite, which is the core source of power in North Korean politics. Also, Gu was highly skeptical of a possibility that North Korea would return to the negotiating table of the Six-Party Talks given the North's underlying intention to extract concessions through bilateral talks with the U.S. and repeated tactics of brinkmanship. In his response to Gu's comments, Cha added the explanation that the sanctions effort led by the Obama administration were entirely mandated by United Nations Security Council Resolution 1874 as opposed to a weaker mandate under the Bush administration. Cha also agreed on the effectiveness of economic sanctions against a North Korea possessing a nuclear arsenal and maintained that the Obama administration would continue to utilize the international sanctions against the regime to mount pressure on North Korea's leadership regarding the denuclearization of the Korean Peninsula. Besides economic sanctions, Cha placed an emphasis on trilateral talks among the United States, South Korea, and China as a viable option in the region where the Six-Party Talks have been the sole

multilateral approach in dealing with Pyongyang. Also, it is notable that the South Korean government explicitly called for the inclusion in the trilateral talks in the region opposing the U.S.-Japan-China dialogue that marginalizes the role of South Korea.

Session 2: Multilateralism: A Substitute or a Supplement?

New Emerging Security Arrangements in East Asia – Shulong Chu

Shulong Chu opened his presentation by pointing out the lack of any visible, systematic East Asian multilateral security arrangements. Given this absence of institutionalized military multilateralism, there have been some efforts to form sub-regional security arrangements, which include ASEAN, Six-Party Talks in Northeast Asia, and the Shanghai Cooperation Organization (SCO) in Central Asia, Russia, and China.

The security arrangements in East Asia have largely been constrained to the U.S. bilateral security alliances with Japan, South Korea, Thailand, the Philippines, and Australia without any noticeable emergence of an alternative security arrangement in the region. The new security environment in the 21st century, Chu argued, creates favorable conditions to forge multilateral alliances instead of bilateral or unilateral approaches in a world that is more globalized, multilateral, and democratic. Unilateralism or bilateral relationships alone cannot solve global problems in this globalized, interdependent world. The ASEAN Regional Forum (ARF) has been the sole official multilateral security forum in East Asia,

whose wide-ranging members include North Korea, U.S., Russia, India, and the EU. Yet, the ARF has failed to make significant progress in much of the East Asian region due to lack of commitment from the major powers such as China and the U.S. However, as the example of APEC have shown, a multilateral mechanism can fundamentally contribute to defusing nationalism, unilateral domination, and bilateral rivalry in the form of non-zero sum game; a multilateral mechanism can provide equal opportunities for member states to play a leading role by alternating a chair state and thus avoid bilateral rivalries inherent in history and changing regional politics. Japan and China, as major regional powers, can find ways to fully cooperate rather than compete through a multilateral security mechanism.

Chu highly emphasized the importance of the Six-Party Talks as a steppingstone to build a multilateral security mechanism in East Asia in the near future. The joint efforts of East Asian states should fill the vacuum that exists in terms of lack of cooperation caused by the lack of tangible multilateralism among the countries. The Obama administration's emphasis on multilateral approaches in foreign policy reiterated multilateralism as a critical element in devising national policy. The Six-Party Talks also provide China with great incentives to assert leadership and assume greater responsibility as a global power in the international community. Unlike China's past skepticism toward multilateral institutions as infringing national sovereignty, China now seeks to utilize the Six-Party Talks to develop a more mature multilateral mechanism based on transparency, inclusion, and confidence building measures to address common challenges and pursue common interests. China's priority for multilateralism can also defuse

tensions generated by rival states concerning China's rapid economic and military transformation. Given the fact that the Six-Party Talks creates common ground for the involved states to discuss regional peace and stability, the region of Northeast Asia can be further integrated not only in military terms but in non-military areas as it promotes dialogue and engagement through multilateral measures in East Asia.

The SCO is another critical multilateral institution in the region that has potential to evolve into comprehensive systematic multilateralism. The SCO now seeks to share common challenges in global issues such as terrorism and extremism as well as non-military areas including trade, investment, and energy.

Although the ARF has not gone beyond a playground for discussion by politicians, it has a great potential to develop into an actual multilateral security institution. Although Chu was skeptical of the establishment of regional arrangement like the European Union in Asia as a whole, he still saw some hope in that ASEAN strives to reach its goal of establishing an economic community by the mid-2010s which envisions achieving closer relationship with the member states in terms of political, economic, and social ties. Chu reiterated that East Asia needs security arrangements beyond the parameters of military issues.

Security Implications of Financial Arrangements in East Asia – Yong-Wook Lee

Yong-Wook Lee's presentation mainly focused on the connection between the financial and security regionalism in East Asia. He first pointed out three main points of his argu-

ment; 1) regionalism essentially involves the constructivist politics of identity that defines insiders as opposed to outsiders (regional membership question) in defining regional boundaries, 2) the shared Asian resentment of the US-led International Monetary Fund (IMF) response to the 1997 Asian Financial Crisis generated a common sense of identity among Asian states as reflected in the exclusionary regionalism that excluded the U.S. from various forms of multilateral discussion in the region, and 3) by excluding and reducing the U.S. influence through exclusionary East Asian financial regionalism, East Asian states seek to minimize the U.S. influence over non-economic matters in Asia.

Lee specifically defined the East Asian financial regionalism as East Asian states' attempts to create frameworks to contain the financial crisis, to reduce currency volatility, and to develop local financial markets. These three goals of East Asia's exclusionary financial regionalism can be seen in the Chiang Mai Initiative (CMI) along with Asian Monetary Fund (AMF), Asian Currency Unit, and Asian Bond Market Initiative (ABMI). The exclusive monetary cooperation in East Asia at the regional level, however, does not indicate that Asian states overlook the overall workings of global financial development.

Lee examined the three objectives of East Asian states in detail within the framework of East Asian exclusionary financial regionalism. First and most importantly, he touched on the CMI and the AMF as East Asian multilateral mechanisms to contain and manage the financial crisis in the region opposing the US-led IMF financial regime. The CMI was first initiated by the dissatisfaction led by Japan with the US-led IMF bailout operation in Thailand and was conceptualized in 1999 to enhance a

self-help financial mechanism. In 2000, the CMI was formally recognized as East Asian states reached an agreement to establish bilateral swap arrangements among their central banks in times of financial crises. In 2007, the CMI was materialized and the total size of the CMI reached 90 billion dollars. The agreement on the financial contribution size (China and Japan 38.4 percent each, Korea 19.4 percent, ASEAN 23.8 percent) and voting rights (China and Japan 32 percent each, Korea 16 percent, ASEAN 20 percent) were also finalized among member states, excluding the U.S. and other Western powers. The evolution of the CMI into the AMF through multilateral efforts of member states indicated their intention to defend the Asian model of economic development against the US-led IMF's unilateral imposition of the neoliberal economic order. The AMF has yet to replace the IMF entirely during any financial crisis in East Asia in the near future. Despite the perceived obstacles in becoming operational without ties to the IMF, it has a great potential to develop into a regional monetary and financial mechanism to realize exclusionary regionalism in East Asia.

The ABMI was intended to develop regional financial markets for financial independence by triggering more money circulation and investment inside the East Asian region. Similar to the CMI and AMF, the ABMI was also proposed by Japan in 2002 and ASEAN Plus Three announced a new ABMI roadmap in 2008 to materialize the proposed concept at the regional level. The realization of the ABMI requires, Lee argued, the increase in demand of local currency-denominated bonds, improvement of regulatory framework, and development of infrastructure for the local bond markets.

Lastly, Lee explained the Asian Common Currency (ACU), a less developed concept compared to the CMI, AMF, and ABMI. Initially coined by Japan in 2002 to manage currency volatility for trade and investment given that current Asian currencies were pegged to the US dollar, the ACU was intended for monetary integration in East Asia. In 2006, ASEAN Plus Three accepted this idea and thus agreed to conduct a study of feasibility of developing the ACU. The de-dollarization effort by East Asian states reflects their efforts to reduce the role of US dollar as a reserve currency.

Lee concluded his presentation by discussing the security implications of East Asian exclusionary financial regionalism for the U.S. According to Lee, the development of several multilateral financial regulation and integration efforts by the member states might reduce the U.S. ability to utilize economic means to gain political or security benefits.

Security Implications of Free Trade Arrangements (FTAs) in East Asia – Min Gyo Koo

Koo sought to link presumably distinct areas of security and economics by analyzing the economics-security nexus in East Asia during the past few decades. As FTAs proliferated in East Asia, security-embedded FTAs have received much attention accordingly. It is widely believed that states join FTAs to pursue political security goals by exploiting economic strategic relationships as seen in the US-led FTAs and the ASEAN-China FTA (ACFTA).

Koo believed that it is hard to clearly define the relationship between economics and security, perceiving it as neither simple nor self-evident. The two competing arguments

have prevailed to explain the underlying aspects of the economics-security nexus: the debate on liberal peace embedded in economic interdependence, and the Kantian tripod of perpetual peace. First, proponents of interstate economic interactions argue that the increasing economic interdependence decreases incentives for military engagements with other states, reducing the likelihood of interstate conflict. According to this liberal peace theory, security policy subordinates to economic policy. In contrast, realists hold the assumption that economic interdependence rather causes interstate conflict by generating asymmetric dependence and inequality between trade partners. Therefore, security considerations overshadow economic interests in the Kantian view.

The East Asian economic-security nexus has undergone three different phases in the post-war period: security-embedded economic relations during the Cold War, de-securitization of the economy in the 1990s, and re-securitization of economic relations in the post-9/11 era. First, the Cold War tensions between the U.S. and the Soviet Union created advantageous conditions for the security-embedded economic relations during the Cold War in East Asia, which was considered a strategically critical area by the two superpowers alike. As codified in the San Francisco Treaty, the security-embedded economic relations offered East Asian allies an access to the U.S. market through bilateral security alliances with the U.S. East Asian support for the U.S. hegemony was exchanged for trade liberalization and financial stability.

A series of external shocks in the 1990s, specifically the end of the Cold War and the Asian financial crisis, reversed the trend in the Cold War period. Given the collapse of com-

munist blocks, economic policy driven by neoliberalism began to overshadow security concerns in the economics-security nexus in the post-Cold War environment. The de-securitization of the economy in the 1990s further advanced the process of globalization and trade liberalization, which identified the U.S. strategic goals in geo-economic terms as opposed to geo-strategic terms of the Cold War period. Additionally, the Asian financial crisis contributed to the Asian departure from the traditional loyalty toward the global financial institutions including the US-led IMF. East Asia's shared discontent with the IMF's unilateral and unfair approaches to the Asian financial crisis served as a catalyst for the development of regional financial cooperative mechanism in East Asia.

The drastically changed security environment in the post-9/11 world led to the return of the Kantian view in the economic-security nexus. The Bush administration explicitly endorsed the securitization of neoliberal economic relations with other states, reiterating the strong connection between security and economic cooperation, as indicated in bilateral, security-embedded FTAs in East Asia. Singapore and South Korea presented good examples of strategic security calculations in entering FTAs with the U.S. in 2003 and 2007 respectively. South Korea tried to maximize the grains from trade against the backdrop of continuing strategic and economic uncertainties on the Korean Peninsula while the U.S. holds critical interests in maintaining a strong strategic and economic foothold in the region. Political-security considerations have been a significant factor driving the development of regional FTAs in East Asia.

Koo added that the rise and decline of the U.S. hegemony could provide explanations for

varying degrees of the economic-security nexus in East Asia and also expressed his skepticism toward the perspective that the connection between economics and security in East Asia could not be more developed than at the present. It is highly likely that East Asian economic and security regionalism will move toward growing shared interests in regional club goods under the FTAs, swap agreements as reflected in the Chiang Mai Initiative, and security dialogue. Also, there should be more concerted research on the dynamics of economic and security regionalism to better understand the landscape of the economic-security nexus in East Asia. Lastly, Koo argued that the U.S. was capable, but not willing, to resecuritize economic and security policies during the 1990s. In the post-9/11 world, however, the U.S. is considered to lack capabilities to further the resecuritization of the economic-security nexus despite its political will.

Discussion

Multilateralism as a Substitute?

The discussion began with Yoshihide Soeya's observation that China and the U.S. held diverging views toward multilateralism. While China sees multilateralism as a substitute to a bilateral alliance system, the U.S. tends to view multilateral ties as a complement to its bilateral alliances in East Asia. Despite the explicit difference in perception toward multilateralism between these two major powers, both states clearly share common interests in maintaining stability in the denuclearization process of North Korea. Thomas Christensen

also added his comments that China has tremendously benefited from the bilateral alliances led by the U.S. in Asia and East Asia has strengthened economic interdependence to a very high level against this security backdrop. Additionally, he expressed his concern over the argument that multilateralism is being fostered by the U.S. and can replace bilateral alliances. He reemphasized that multilateralism and bilateralism is not a zero-sum equation. Cha shared this view explaining the depth of three US-led FTAs in Asia. Although the U.S. has only three free trade agreements in the region, the U.S. economic power cannot be considered weakening mainly due to the high quality of each agreement. These bilateral relations thus complement multilateralism led by the U.S.

Sook-Jong Lee added her question on China's specific views toward multilateralism. Considering China's perceived interests in mutual trust and procedural goals, with the lack of substantive goals, in enhancing multilateralism in East Asia, it is important to identify China's substantive goals and priority of functional areas in pursuing multilateralism. In his response, Shulong Chu maintained that in the Chinese perspective multilateralism is neither a substitute nor a supplement. China does not intend to weaken the U.S. power by forging multilateral relationships in the region; Chinese engagement is simply a supplement. The multilateral process is a complementary arrangement, not a substitute, which leads to the conclusion that multilateral and bilateral relations can work together and are mutually reinforcing. Additionally, in Chu's view China's priority is built around the ASEAN Plus Three and places more emphasis on economic issues, perceiving security as secondary. Moreover, China tries to pursue

security through multilateral ties as seen in the Six-Party Talks in East Asia.

Security-Embedded Bilateral Economic Cooperation

Regarding Koo's presentation, Christensen disagreed with his argument that the U.S. is not capable to further advance the resecuritization of economic-security nexus despite its willingness in the post-9/11 world. He explicitly pointed out that it is easier to convince democratic members of Congress than conservative members to ratify FTAs in the near future. The U.S. is considered both capable and willing. Cha, on the other hand, noted that although the U.S. reached an agreement on the securitization of the economy in the post-9/11 world, this agreement is yet to be realized given the failure in process.

In addition, Koo commented on Chinese FTAs considering the connection between security and bilateral economic cooperation in East Asia. China has been very active in promoting FTAs with Southeast Asian states, allowing its trade partners asymmetric access to the Chinese market. South Korea, however, is considered very cautious in initiating trade negotiations with China due to the potential opposition from the U.S. Given the linkage between security and economics, the FTAs have greater security implications in the region.

Financial Regionalism

Tae-Ho Bark pointed out the distinctive characteristics of FTAs in Asia; more than two thirds of the thirty-five FTAs in Asia are geographically dispersed FTAs, supporting the view that Asia is more open to other regions.

Also, as the EU indicates, East Asia cannot be optimistic about establishing any market-driven institutional framework among East Asian economies. East Asia is in the initial stage of introducing a formal institutional setting. Bark went on to say that we have many options with regionalism in East Asia, including Northeast ASEAN, ASEAN Plus Three or Six, and APEC. Japan will play a more active role in regionalism given that Japan now holds more unprecedented discussions on trade. Additionally, he pointed out that South Korea should actively seek diverse options in pursuing FTAs to diversify its economy as a small country, which justifies the need for the FTA with the U.S. Adding the comment on the U.S.-Korea FTA, Koo argued that there has been no discontinuity under the Obama administration despite the opposition. The issues surrounding beef and automobiles have been discussed since the late 1980s and these two commodities became a symbol of the FTA, and the gap between the administration and Congress worsened, which required more concrete efforts by the Obama administration to bridge the gap. He also noted that the willingness and capability of the U.S. Congress to ratify the FTA sends a strong signal on continuity between the Bush and Obama administrations.

Lee then commented on the feasibility of financial regionalism in East Asia. The concept of exclusionary financial regionalism remains a hypothesis and East Asia has not reached a stage of financial regionalism yet. In order to establish a regional financial mechanism, it is important to develop industries and control currency (or money flows), which leads to the stability in finance sectors and the operation of the economy. The economic management and governance still remain crit-

ical elements in financial regionalism.■

List of Participants

Public Lecture

Presenter

Thomas J. Christensen (Princeton University)
Byung-Kook Kim (Korea University)

Moderator

Chaesung Chun (Seoul National University)

Roundtable Discussion

Session 1

Presenter

Victor Cha (Georgetown University)
Qingguo Jia (Peking University)
Yoshihide Soeya (Keio University)
Chaesung Chun (Seoul National University)

Moderator

Sook-Jong Lee (East Asia Institute)

Session 2

Presenter

Shulong Chu (Tsinghua University)
Yong Wook Lee (Korea University)
Min Gyo Koo (Yonsei University)

Discussant

Sang-Chun Gu (Grand National Party)
Byung-Kook Kim (Korea University)
Chang-Gi Kim (Chosun Ilbo)
Sun-Young Park (Liberty Forward Party)
Tae-ho Park (Seoul National University)
Myung-Ho Song (Pyeongtaek City Mayor)
Young-Sun Song (Pro-Park Geun Hye Alliance)
Sook-Jong Lee (East Asia Institute)
Tae-Sik Lee (Former Ambassador to the U.S.)
Hong-Koo Lee (East Asia Institute)
Sang-Ki Chung (National Institute for International Education)
Thomas J. Christensen (Princeton University)
Young-Sun Ha (Seoul National University)
Jin-Ha Hwang (Grand National Party)