Introduction: Cross-Taiwan Straits Relations Since 1979

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The cross-Taiwan Straits issue is a major challenge that is facing decision makers on both sides of the Taiwan Straits today. While cross-Taiwan Straits relations before 1979 were antagonistic, confrontational and rigid without any contact between the two sides, decision making was relatively simplified for both Beijing and Taipei at the time. However, relations across the Taiwan Straits in general have gradually been relaxed since 1979 with expanding economic ties and rising non-governmental exchanges in various areas, and the cross-Taiwan Straits issue has become more complex as a result of dramatic changes in both mainland China and Taiwan as well as in the broader global and regional settings. Consequently, decision making has become increasingly complicated for political leaders across the Straits, imposing a huge challenge in their policy making regarding cross-Straits relations. The complexity of cross-Straits relations and policy making has been even
more evidenced since Ma Ying-jeou came into office in Taiwan on 20 May 2008.

As such, this volume is designed to provide a balanced examination of the evolution of cross-Taiwan Straits relations and policy adjustment across the Straits since 1979 from both Beijing’s and Taipei’s perspectives so as to provide a better understanding of the cross-Taiwan Straits issue for policy deliberation on both sides of the Taiwan Straits.

1. THE EVOLUTION OF CROSS-TAIWAN STRAITS RELATIONS AND POLICY ADJUSTMENT SINCE 1979

Cross-Taiwan Straits relations have undergone a dramatic transformation since the end of the 1970s as a result of substantial policy adjustment on both sides of the Taiwan Straits. After decades of hostility and antagonism without any contact or exchanges across the Taiwan Straits, Beijing and Taipei started to relax their respective cross-Straits policies in the late 1970s and early 1980s in response to domestic changes as well as changes in politics, security and economics in the East Asian region and beyond.

The post-Mao Chinese communist leadership first started to modify its Taiwan policy in 1979, switching from its previous policy of “liberation of Taiwan” to a new policy of “peaceful reunification of the motherland.” Beijing’s Taiwan policy adjustment occurred in the context of the economic reform initiated by Deng Xiaoping, and can be seen as part of the new orientation of the overall policy of the post-Mao Chinese communist leadership. As the new communist leaders identified modernization as the top priority of the nation, they moved away from Mao’s ideology- and revolution-oriented policy and began to adopt new pragmatic policy measures that would help achieve the nation’s primary objective of modernization. To pursue this objective, Beijing not only opened its economy to the outside world, but also strived to create a stable and favorable global and regional environment for its economic development. Beijing’s adjustment of Taiwan policy, therefore, can be seen as being in support
of this new overall policy in the post-Mao era. Politically, a more reconciliatory Taiwan policy would help stabilize cross-Taiwan Straits relations and create a more stable regional environment. Economically, economic exchanges with Taiwan would be helpful in support of Beijing’s opening-up policy. In a further analysis, post-Mao pragmatic Chinese leaders also recognized that the previous policy of “liberation of Taiwan” would no longer be in line with the reality of the time. It is important to note that Washington’s switch of diplomatic recognition from Taipei to Beijing on 1 January 1979 also made Beijing more confident in dealing with Taiwan. Under such circumstances, it was logical that the post-Mao communist leaders began to adopt a range of reconciliatory policies to relax cross-Straits relations and put forward a series of flexible proposals to Taipei, while at the same time continuing to exert political and military pressures on the island as a deterrence against its possible move toward independence.

Beijing’s adjustment of its Taiwan policy was later followed by Taipei, which began to relax the ban on commercial and cultural exchanges with mainland China in the mid-1980s, although it was required that these exchanges be conducted indirectly. In late 1987, Taipei lifted the ban for Taiwan’s residents to visit their families and relatives in the mainland, while at the same time continuing to maintain the “three no’s” policy (i.e. no negotiation, no contact and no compromise with the mainland). On 1 May 1991, the Kuomintang (KMT) government officially ended its hostility toward mainland China by terminating its 40-year-long martial law, the Temporary Articles for the Period of Mobilization for the Suppression of the Communist Rebellion. Like that of Beijing, Taipei’s mainland policy adjustment occurred in the context of fundamental changes in both the domestic and external settings. Domestically, by the second half of the 1980s, the economic success had been accompanied by a rising sense of Taiwanese identity and a growing pressure for democracy on the island. In the meantime, with changed economic conditions on the island, particularly rising costs of labor and land, there was an urgent need for economic restructuring by moving upward into technologically more advanced and high-value-added industries and
service sectors while relocating the declining labor-intensive and low-value-added industries offshore so as to continue to maintain the competitiveness of the Taiwanese economy in the global competition. Externally, the end of the Cold War led to a relaxed atmosphere in international and regional relations as well as the rising importance of geo-economics. It was under such circumstances that the mainland’s economic liberalization and opening up to the outside world provided a particularly good opportunity for Taiwan to establish economic ties with the mainland, not only to relax relations with the mainland but also to help Taiwan achieve its economic restructuring by relocating the declining industries from the island to the mainland.

As a consequence, policy adjustment on both sides of the Taiwan Straits led to a rapid expansion of economic ties, movement of people and a range of other exchanges across the Straits, which could hardly be imagined before the 1980s. It is particularly significant that, in order to handle economic, political, security and other issues derived from rising cross-Straits contact and exchanges, a semi-official liaison structure was established across the Straits. The Straits Exchange Foundation (SEF) was founded in Taiwan on 21 November 1990; this was followed by the Association for Relations Across the Taiwan Straits (ARATS), which was formed in the mainland on 16 December 1991. As a result, both sides entered into a period of positive (albeit semi-official, tacit and difficult) interactions.

In the process of adjustment of its mainland policy, Taipei’s attitude toward cross-Straits relations in general and the “one China” concept in particular gradually changed. In 1991, the KMT government under Lee Teng-hui — who came into office in 1988 after the death of Chiang Ching-kuo — adopted the Guidelines for National Unification (GNU), the most important document of the KMT government regarding Taipei’s mainland policy. The final objective of the GNU was the unification of China under the principles of freedom, democracy and equality in the distribution of social wealth. While pursuing unification with mainland China as the objective, the GNU emphasized the use of peaceful means rather than force, respect for the rights of Taiwanese people as a precondition of unification, and unification as a staged process without a timetable. By 1994, however,
Taipei formally dropped its long-time policy of competing with Beijing for the right to “represent China” in a policy document of the Mainland Affairs Council, “Explanations Regarding Relations Across the Taiwan Straits.” As a result, Taipei began to accept the concept of “two Chinas” or “one China one Taiwan” and cross-recognition of the Republic of China (ROC) and the People’s Republic of China (PRC). On 8 April 1995, Lee Teng-hui publicized his six-point statement, claiming (1) to pursue the unification of China on the basis of the reality that the country had been separated; (2) to promote cross-Strait exchanges on the basis of Chinese culture; (3) to promote economic exchanges and develop complementary economic relations; (4) to join international organizations jointly on the basis of equality; (5) to pursue unification through peaceful means by both sides; and (6) to jointly help maintain the prosperity of Hong Kong and Macao and promote democracy there by both sides. Finally, by 1999, Lee Teng-hui openly overturned the KMT’s long-time “one China” policy by claiming the ROC and the PRC as “special relations between two states.”

The election of the Democratic Progressive Party (DPP)’s Chen Shui-bian to the presidency in 2000 changed Taipei’s mainland policy further. Despite his promise of “four nots and one no” in his inauguration address, Chen Shui-bian openly identified cross-Strait relations as “one state on each side (of the Straits)” on 3 August 2002. In the meantime, the Chen Shui-bian administration adopted a range of policy measures to delink Taiwan from China. Consequently, cross-Strait relations further deteriorated. Not only did all semi-official contact between Beijing and Taipei through the ARATS and the SEF come to a complete halt, but there was also rising tension and hostility across the Taiwan Straits.

Facing such challenges from Taiwan’s pro-independence leaders, Beijing simply responded with escalating verbal criticism and warning of Taipei as well as increasing military pressure on Taiwan by strengthening its military presence across the Straits. In particular, Chen Shui-bian’s series of provocative policies and consequent escalating tensions across the Straits eventually led to Beijing’s introduction of the Anti-Secession Law on 14 March 2005, which formally legalized
the use of non-peaceful means in case of Taiwan’s independence. Such a high-profile policy in response to Taiwan’s pro-independence leaders triggered widespread resentment among the Taiwanese people against Beijing, which Chen Shui-bian quickly made full use of to bring political gains for himself and for the DPP. Largely because of Chen Shui-bian’s brinkmanship policy in pushing Taiwan toward independence, Beijing lost all trust in Chen Shui-bian. Consequently, even though in his late years of presidency Chen Shui-bian showed some willingness to establish contact with Beijing, hoping to continue to manipulate domestic politics, Beijing simply ignored it.6

On the other hand, learning from its experience with Lee Teng-hui and Chen Shui-bian, Beijing seems to have gradually gained more understanding of the complexity of the cross-Taiwan Straits issue as well as the rising sense of Taiwanese identity of the Taiwanese people over time. This has forced Beijing to rethink its relations with Taiwan and continuously adjust its Taiwan policy. As early as 15 January 1997, Wang Daohan explicitly showed flexibility on several occasions regarding Beijing’s “one China” concept, indicating that “one China” did not refer to either the PRC or the ROC, but rather to a China that was divided and subject to eventual unification.7 Later, the “one China” concept was further modified to mean that there was one China in the world: both the mainland and Taiwan belonged to one China, and China’s sovereignty and territorial integrity could not be split.8 At the same time, Beijing also indicated that Beijing and Taipei were of equal status during negotiations and that everything could be put on the negotiation table under the “one China” principle, including the issue of the formal ending of hostility across the Straits, Taiwan’s international space and the political status of Taiwan. After Hu Jintao came into office, Beijing moved to oppose Taiwan independence as the primary policy objective for the short term and directly appealed to Taiwanese people, adopting a series of favorable policies toward Taiwan.

It is important to note that, despite the rising political tension between Beijing and Taipei after the mid-1990s, the economic ties and other non-governmental exchanges across the Straits continued to expand, largely driven by the market forces and the forces of
globalization beyond the control of the government. Moreover, the expansion of economic, cultural and other non-political exchanges was deliberately used by Beijing as a strategic approach to tie the island to the mainland and pave the way for eventual national reunification across the Taiwan Straits.

It was against such a background of cross-Straits relations that, in early 2008, the KMT won an overwhelming victory in Taiwan’s legislative and presidential elections, which showed, among other things, the desire of the majority of the Taiwanese people to establish and maintain stable relations with the mainland in the context of rising Chinese power and influence. Particularly, in the context of rising global competition, there was an urgent need to develop closer economic ties with a rising China so as to help the island survive the global competition and improve its competitiveness in the world economy. With a clear mandate from the Taiwanese people to pursue a new course of policy for the island, Ma Ying-jeou acted swiftly in moving toward a more stable relationship with the mainland soon after taking office on 20 May 2008, pledging to ease military tensions and forge closer economic ties with mainland China. Consequently, the inauguration of Ma Ying-jeou on 20 May 2008 dramatically changed the political environment on the island and across the Taiwan Straits.

As the KMT has a very different perception of cross-Taiwan Straits relations as compared with that of the DPP, Ma’s taking of office has brought a significant impact on cross-Taiwan Straits relations. Specifically, as Ma Ying-jeou openly acknowledged the “one China” concept under the ROC Constitution after his inauguration, some preliminary political trust has therefore been re-established between Beijing and Taipei. Both sides immediately adjusted their policies toward each other and started a process of rapprochement that could hardly be imagined before 20 May 2008 under the DPP administration. As a result, semi-official talks between the chiefs of the ARATS and the SEF, Chen Yunlin and Chiang Pin-kung, were resumed on 12 June 2008 after a nine-year hiatus. The historic second round of Chen–Chiang talks in Taipei on 3–7 November 2008 was not only the first high-level talks held in Taiwan, but also the first
time ever that such a high-ranking Chinese official had visited Taiwan in 60 years. The third and fourth rounds of talks were respectively held in Nanjing on 26 April 2009 and in Taichung on 21–25 December 2009. Within just two years after Ma Ying-jeou took office, there was a rapid improvement in cross-Straits relations with high-profile achievements, with four rounds of talks leading to the signing of 12 agreements and one consensus that helped establish three links (direct postal, transportation and trade links), food safety, finance and other functional areas. After several rounds of negotiations, Beijing and Taipei finally signed the Economic Cooperation Framework Agreement (ECFA) on 29 June 2010.

2. CHALLENGES IN THE RECONFIGURATION OF CROSS-STRAITS RELATIONS

While cross-Straits relations have substantially stabilized and improved as a result of the inauguration of the Ma Ying-jeou administration, the fundamental problems in cross-Straits relations remain unchanged. As such, the two sides will face huge challenges ahead when moving forward in an attempt to establish an institutionalized relationship and achieve a political settlement across the Taiwan Straits in the coming years.

For Taiwan, despite Ma Ying-jeou’s efforts to stabilize cross-Straits relations, the KMT government’s mainland policy will inevitably face challenges from both inside the island as well as across the Straits. Internally, Taiwanese society is highly divided on the issue of cross-Straits relations. While the Blue Camp led by the KMT accepts the “one China” concept under the ROC Constitution, the pro-Taiwan independence Green Camp dominated by the DPP absolutely rejects the “one China” notion that would link Taiwan with the mainland. As Taiwan’s democracy is still young and far from mature, such conflicting views on the island’s status and future have frequently evolved into hostile and violent confrontations between the politicians and supporters of the two camps, and this has become a most divisive issue in Taiwan’s politics and society. Under such circumstances, any move taken by the KMT government to improve
relations with the mainland would only bring violent responses from the opposition party, as is clearly illustrated by the violent protests organized by the DPP during the ARATS chief Chen Yunlin’s two landmark visits to Taiwan on 3–7 November 2008 and 21–25 December 2009. Thus, cross-Strait relations are still subject to changes in Taiwan’s domestic politics, and a change in government could bring substantial changes to Taipei’s mainland policy.

On the other hand, while the KMT government insists on the sovereignty of Taiwan under the ROC Constitution, Beijing still seems to be reluctant to officially recognize the existence of the ROC for fear that this would be seen as the recognition of “two Chinas” or Taiwan’s independence. As such, although Beijing explicitly claims that Taipei and Beijing are of equal status in negotiations on cross-Strait relations, Beijing is still far from prepared to make concessions on what Taipei cares most about, including the recognition of Taiwan as a sovereign state, its international space, the withdrawal of 1,500 or so Chinese missiles that are targeted at Taiwan across the Straits and so forth. Without clear commitment from Beijing to the settlement of these crucial issues for Taiwan, it is unlikely that the KMT government will be able to sell well its mainland China policy to the Taiwanese people.

In a further analysis, Taiwan’s mainland policy, no matter which party is in office, would be inevitably constrained by both external and domestic conditions. On the one hand, the rising Chinese power and Beijing’s zero tolerance of Taiwan’s independence have clearly set a limit that any Taiwan independence policy could hardly move beyond, which is well explained by Chen Shui-bian’s failed brinkmanship mainland China policy for the period 2000–08. On the other hand, however, a more reconciliatory policy toward the mainland that would possibly lead to closer relations (or even eventual unification) with the mainland would obviously be constrained by the strong resistance of the pro-independence political parties, which artfully manipulate a rising sense of Taiwanese identity. Under such circumstances, Taiwan’s mainland policy will inevitably move between these two limits in the foreseeable future, that is, between the formal independence of the island on the one hand and the island’s unification with the mainland on the other.
On the part of mainland China, whilst Chen Shui-bian’s brinkmanship policy caused hostility and instability across the Taiwan Straits, it actually simplified Beijing’s Taiwan policy to focus solely on anti-Taiwan independence. However, while Ma Ying-jeou’s new reconciliatory mainland policy is providing opportunities for Beijing to develop a more stable relationship with Taiwan under what Beijing insists on as the “one China” principle, it has actually brought challenges for Beijing, assuming such a stable cross-Straits relationship is going to be based on equal status across the Straits as Beijing has promised. Beijing has to face the following three unavoidable issues regarding respect, international space and security that are so crucial for Taiwan in the eyes of the Taiwanese.

Firstly, while Ma Ying-jeou acknowledges the “one China” concept under the ROC Constitution, proposing that neither Beijing nor Taipei should at least reject the existence of the other, then what does Beijing’s “one China” principle mean with respect to Taiwan’s status, if Beijing continuously refuses to recognize the existence of the ROC? Obviously, while the 1992 Consensus of “one China with respective interpretations” is good enough to provide the minimum basis for starting talks across the Straits, the concept has to be clarified when negotiations on political relations between Beijing and Taipei eventually start. Beijing has to address the status of the ROC in some way sooner or later if a political settlement is to be finally achieved. Secondly, a related issue is how Beijing will allow Taiwan to have more international space in such international organizations as the World Health Organization (WHO), the International Monetary Fund (IMF), the United Nations (UN) and so forth, while the “one China” principle is still upheld. The third issue is when Beijing will be prepared to withdraw its 1,500 or so missiles that are targeted at the island from across the Straits, which put the Taiwanese under a constant sense of fear and being threatened.

It seems that there are policy debates going on within the decision-making body and think tanks in mainland China on how to effectively address the above issues and other related issues. While the policy adjustment is still under way, Beijing has already shown many signs of goodwill to the Ma Ying-jeou administration.
For example, the ARATS chief Chen Yunlin’s visit to Taiwan in November 2008 and again in December 2009 was widely interpreted as Beijing’s switch from “not recognizing” to “not negating” the existence of the ROC. It is also reported that, in response to Ma Ying-jeou’s call for a diplomatic truce across the Straits, Beijing has politely rejected some Latin American countries that expressed an interest in switching diplomatic recognition from Taipei to Beijing. This could hardly be imagined before Ma’s taking of office, when Beijing tried every means possible to lure Taiwan’s diplomatic allies to switch to establish diplomatic relations with Beijing. One more example is that Beijing agreed to let Lien Chan, KMT Honorary Chairman and Taiwan’s former Vice President, attend the Asia-Pacific Economic Cooperation (APEC) summit on behalf of Ma Ying-jeou for three consecutive years in 2008–10, whereas in the past Beijing was strongly opposed to any representative with a political background from Taiwan for such an occasion.

However, in showing its more reconciliatory posture toward the Ma Ying-jeou administration, Beijing clearly seems to be in a dilemma in the sense that it is still not sure of what might happen after Ma’s presidency. What concerns Beijing the most is that, if it were to make formal concessions on all of these substantial and other issues to Ma Ying-jeou’s government, they could hardly be taken back if a pro-independence DPP government comes back after Ma and pushes the island toward independence again. With such a fear, Beijing is currently still very cautious in making more concessions. Even if Beijing has to make some concessions after deliberation, it seems to prefer an informal arrangement rather than a formal commitment so as to make it more flexible in case the political environment is reversed in Taiwan after Ma Ying-jeou’s presidency ends.

While cross-Straits relations have stabilized since Ma Ying-jeou took office in May 2008, it is no easy job to find a prescription for the cross-Taiwan Straits issue, given the complexity of the issue and the conflicting interests involved on both sides of the Straits. For Taiwan, starting from Japan’s annexation of the island in 1895 and continuing with the separation of the island from the mainland as a result of the
civil war in 1946–49, Taiwan has developed independently from the mainland for more than a century and has gradually evolved into a quite different society from that of the mainland. The result is the emergence and development of a sense of Taiwanese identity among the majority of the island’s population over time, although they continue to share the same cultural heritage with the Chinese in the mainland. Consequently, once politics became liberalized after 1986, there was a rising force on the island that promoted Taiwanese identity and independence. The election of the pro-independence DPP leader Chen Shui-bian to the presidency in 2000 reflected such a rising sense of Taiwanese identity and a decreasing enthusiasm for unification with the mainland.

But for Beijing, the Taiwan issue is regarded as representing China’s core national interests, not only because it involves such important issues of state sovereignty and territorial integrity that Beijing still values so highly, but also because it touches the very nerve of the Chinese nation. With a continuing bitter memory of humiliation by Western and Japanese imperialist powers from the Opium War in the 19th century through the first half of the 20th century, the Taiwan issue has become a matter of national honor and pride for the Chinese people. Due to this strong nationalist feeling and deep traditional sense of national unity, Beijing could hardly afford the loss of Taiwan on its hands; rather, it has become a source of legitimacy for the Chinese government. As such, mainland China’s relations with Taiwan are always top on Beijing’s national policy agenda, with zero tolerance of Taiwan independence.

The conflict in perceived interests between the two sides aside, an equally insurmountable obstacle is the difference in political systems across the Straits, which further complicates cross-Straits relations with respect to the future direction. Probably because of this huge obstacle, Beijing has offered a so-called “one country, two systems” formula for Taiwan, under which Taiwan would enjoy substantial autonomy in a unified China; this would include keeping its own military forces and political system, among other things. Moreover, Beijing has even hinted that if Taipei agrees to negotiate under the “one China” principle, everything could be put on the
table for negotiation, including the official name for a unified China, the national flag, the national anthem and so forth. However, Beijing’s “one country, two systems” formula has been rejected by Taiwan for fear that, under such unification, the island would be absorbed by the mainland and Taiwan would become a “region” of China (like Hong Kong).

Probably because of the difficulty in compromising over the above key issues in cross-Straits relations, there seems to be a consensus between Beijing and Taipei that at the current stage they are focusing on dealing with less sensitive cross-Straits economic issues and other non-political issues to establish and expand formal economic ties and other non-governmental links. Once the conditions are ready, they will move on to more sensitive political issues. The policy of peaceful development across the Taiwan Straits that Beijing is currently pursuing clearly follows this line of thinking. This approach seems to be in line with the ideas of integration theory, which was first constructed on the basis of the experience of European integration. According to integration theory, functional cooperation among regional players, without the final objective being first identified, would automatically bring spillover effects from one functional area after the other and eventually into politically sensitive areas.

For such an approach to work, it is essential not only to cultivate “a common fate” between the two sides of the Straits, as George W. Tsai aptly suggests in Chapter 5 of this volume, but also to make sure that the Taiwanese people as well as political parties will become a true stakeholder and have a real voice in whatever form of future political arrangement that involves the mainland and the island. This would help the Taiwanese overcome the deep-rooted psychological feeling of being absorbed by the mainland, given the huge gap in capacities between the two sides. It is in this sense that the process of moving toward such a political arrangement across the Taiwan Straits will eventually occur alongside the process of democratization in the mainland, with the two processes dynamically reinforcing each other along the way.
Obviously, a peaceful win-win settlement of the complex Taiwan issue requires the wisdom as well as imagination of the political leaders and their advisors on both sides of the Taiwan Straits.

3. THE ORGANIZATION OF THE BOOK

In order to help better understand the complex cross-Taiwan Straits issue, this volume attempts to provide a balanced discussion of cross-Taiwan Straits relations and policy adjustment from the perspectives of both Beijing and Taipei. As such, three scholars from each side of the Taiwan Straits respectively address cross-Strait relations and policy adjustment since 1979 on both sides of the Taiwan Straits. In the meantime, two scholars in North America explore the institutional aspect of cross-Strait relations and policy making in both mainland China and Taiwan.

It is important to point out, however, that while the contributions of the scholars from both mainland China and Taiwan in this volume are respectively grouped under the two parts on cross-Taiwan Straits relations from Beijing’s perspective and from Taiwan’s perspective, there is indeed no unified perspective on cross-Strait relations in either mainland China or Taiwan. There are different views among mainland Chinese politicians and scholars on what should be a more effective approach that could be adopted to achieve their shared objective of national reunification. As for Taiwan, the different views of politicians and scholars, particularly between the Blue Camp and the Green Camp, are more about the fundamental issues of how to define Taiwan’s relations with mainland China and the future direction of Taiwan. Thus, the views of the scholars in this volume can only be seen as representing some of the important voices on both the mainland and the island with respect to cross-Strait relations and policies.

Moreover, this work examines cross-Strait relations primarily from the perspectives of both sides of the Taiwan Straits, but the cross-Taiwan Straits issue is far from a simple issue that is subject only to the policies of Beijing and Taipei. External players are also influential on
the cross-Taiwan Straits issue in varying degrees. In particular, as a sole global superpower that has vested strategic and other interests in the region, the US has been the single most significant external player that frequently influences the direction of cross-Straits relations. President Obama’s decision to sell US$6.4 billion worth of military equipment to Taiwan is a most recent example. While the American factor is consistently lingering over cross-Straits relations, this work primarily focuses on how Beijing and Taipei have been pursuing their respective cross-Straits policies as the parties that are directly involved in the issue (albeit in the global context of the US influence). Obviously, while Taiwan prefers to see the continuing involvement of external players — especially the US — in cross-Taiwan Straits relations, Beijing does not. From the perspective of pure power politics, a smaller and weaker player usually likes to invite external forces into the game so as to strengthen its bargaining position vis-à-vis a bigger player, whereas a bigger and stronger player would be in a better position to dominate the process of bargaining if it is dealing with a smaller player on a bilateral basis. As such, the promotion of internationalization of the cross-Taiwan Straits issue is inevitably an important policy measure for Taiwan, which could be used to help strengthen its position in dealing with mainland China.

With these thoughts in mind, the book, after this introductory chapter, is organized into three parts. Part I contains three chapters, contributed by three scholars from mainland China, that address cross-Straits relations from Beijing’s perspective. Chapter 2 by Yan Anlin explores Beijing’s Taiwan policy adjustment since 1979 in the context of changing conditions across the Taiwan Straits and the international environment. Yan not only clearly explains Beijing’s view on cross-Taiwan Straits relations, but also provides a detailed examination of how Beijing’s Taiwan policy has evolved since early 1979 in response to the changing conditions across the Straits.

Chapter 3 by Sun Shengliang examines economic relations across the Taiwan Straits and Beijing’s policy adjustment. Sun argues that growing economic ties across the Taiwan Straits have been the most dynamic element in cross-Straits relations, playing the role of a
“locomotive” in the development of overall cross-Straits relations. Sun also notes that, while rising cross-Straits economic ties have largely been driven by economic forces, they are also the result of a deliberate policy adopted by Beijing to help pave the way for eventual peaceful reunification across the Straits.

Chapter 4 by Yang Jian examines non-governmental exchanges across the Taiwan Straits and Beijing’s policy since the 1980s. According to Yang, despite the political deadlock in cross-Straits relations, there has been a rapid expansion of non-governmental exchanges across the Straits since the 1980s. Yang argues that expanding flows of personnel and production factors across the Straits have helped enhance stability and peace in cross-Straits relations, and have been seen by Beijing as very important for helping to create favorable conditions and pave the way for eventual national reunification. As such, Beijing has adopted a range of policy measures to promote the expansion of non-governmental exchanges across the Straits since 1979.

The three chapters by three scholars from Taiwan in Part II address cross-Taiwan Straits relations from Taipei’s perspective. Chapter 5 by George W. Tsai provides a comprehensive examination of cross-Straits relations since 1949, with a focus on the period since Ma Ying-jeou took office of the ROC presidency on 20 May 2008. The chapter specifically explores Ma’s adjustment of Taipei’s mainland policy and its prospects. According to Tsai, although Taipei and Beijing have greatly improved their relations since Ma came into office, there are still huge difficulties and problems at various levels that are influencing the future direction of cross-Straits relations, of which domestic political development on the island is most decisive and most unpredictable. Consequently, the road ahead will inevitably be bumpy for Taipei and Beijing in the coming years, given that a number of major conflicting forces are pushing cross-Straits relations into two opposite directions.

Chapter 6 by Liou To-hai examines the growing economic integration across the Taiwan Straits. According to Liou, the intimate economic relations have dramatically transformed Taiwan politics from an anti-China sentiment to engaging with China. The
election of Ma Ying-jeou as Taiwan’s President in March 2008 is a salient example of this transformation. As a result, unlike the previous administration, the Ma Ying-jeou administration regards mainland China policy as the first priority (ahead of overall foreign policy) and has actively improved its relations with Beijing, especially economic relations. In particular, the chapter intensively analyzes the Economic Cooperation Framework Agreement (ECFA) and explains why the ECFA is so important for Taiwan. On the basis of the discussion of the ECFA, Liou provides a number of policy recommendations.

In Chapter 7, Lee Ming examines the diplomatic aspect of cross-Taiwan Straits relations with a focus on Ma Ying-jeou’s policy of diplomatic truce, an issue that is particularly important for Taiwan in Taipei’s eyes. The chapter explains how Taipei and Beijing have long been involved in diplomatic competition, as international recognition is seen by both sides of the Straits as a sign of legitimacy of their respective states. As such, this has long been seen as a zero-sum competition. In the context of overall improvement of cross-Straits relations after Ma Ying-jeou came into office, however, Ma’s diplomatic truce proposal seems to have received a positive response from Beijing (albeit in a tacit fashion).

Part III contains two chapters that respectively examine the institutional structure of decision making on both sides of the Taiwan Straits. Chapter 8 by Kevin G. Cai examines the evolution of the institutional structure of Beijing’s Taiwan policy making since the late 1970s. The chapter explains the background of Beijing’s Taiwan policy adjustment and the gradual construction of an institutional structure of policy making in support of its new Taiwan policy, which has become increasingly institutionalized, bureaucratic, pragmatic and professional-based. This organizational change has in turn led Beijing’s Taiwan policy to be more pragmatic, predictable and responsive to the new circumstances, although Beijing’s decision-making process is still far from transparent.

Chapter 9 by Vincent Wei-cheng Wang examines the evolution of the institutional structure of Taipei’s mainland policy making
since the 1980s. According to Wang, as Taipei began to change its previous defensive policy regarding the mainland in the late 1980s, a new institutional structure of mainland policy making and implementation was gradually established in response to the changing conditions of cross-Straits relations. In particular, Wang pinpoints that compared to Beijing’s Taiwan policy-making structure, which is dominated by the Chinese Communist Party (CCP) and is guided by a clear and unwavering objective of unification, Taiwan’s mainland policy-making structure works satisfactorily at the working level but suffers from a lack of bipartisan consensus at the strategic level with respect to the country’s future relationship with the mainland. Despite that, however, the author argues that Taipei’s mainland policy is now more realistic and pragmatic.

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The diplomatic situation between Japan and China over the Senkaku/Diaoyu Islands has become increasingly precarious over the past decade. Weak diplomatic ties and lack of trust between the two nations has made a clash not only more likely, but also unlikely to be effectively contained. This article compares the events and management of three diplomatic crises concerning the islands, including the deportation of Chinese activists who landed on the islands in 2004, the detention of a Chinese fishing boat captain who collided with a Japan Coast Guard vessel in 2010, and the 2012 nationalization of three of the islands by the Japanese central government. These case studies reveal the lack of reliable high-level communication mechanisms between Tokyo and Beijing, diminishing back-channel diplomacy and the asymmetrical influence of each respective Foreign Ministry as just a few of the structural barriers to effective Sino-Japanese crisis management.

The precarious East China Sea

Though both China and Japan have expressed the explicit desire to avoid a conflict over the Senkaku/Diaoyu Islands, the evolving reality in the disputed area has caused a steep rise in the likelihood of an accidental clash, creating a situation in which the greatest danger lies in unintended escalation. For this reason, the efficacy of crisis management efforts between the two nations is likely to be the crucial factor in the maintenance of peaceful engagement on the issue. Unfortunately, a combination of factors has made a clash not only more likely since the
nationalization of the islands by Japan in September 2012, but also unlikely to be effectively contained.

Beijing’s retaliation to the nationalization of three of the islands included the formal declaration of territorial baselines around the disputed waters. This has brought the activities of the Japanese and Chinese air and naval forces into dangerously close proximity. Additionally, the law enforcement units now acting in overlapping sea and airspace have less vested interest in preventing or containing crises than the governments they represent. These actors are able to operate with a certain degree of autonomy, particularly on the Chinese side, increasing the threat of individual actors making independent or aggressive decisions. It is also these actors that have a monopoly on the information that Tokyo and Beijing must rely on in situations of emergency decisionmaking.1 Beijing’s announcement of an Air Defense Identification Zone (ADIZ) over the area in November 2013 has compounded this issue, particularly since conflicts in the air tend to be more fast-moving and difficult to manage than those precipitated at sea.

The situation has therefore become more volatile and dangerous than ever, with virtually no formalized lines of communication capable of containing a conflict if it broke out. The primary reason for this is the lack of effective communication between the governments of Japan and China. This is the result of a number of factors, including the rapid changing of leadership in Japan, the apparent low priority of foreign affairs to the governing body of China, and the gradual erosion of back channels of communication between the two governments. Diplomatic maneuverability on both sides is further constrained by domestic political considerations and increasing nationalism, particularly in China.

This article compares the events and management of three Sino-Japanese diplomatic crises concerning the islands occurring over the past ten years, and uses these findings as a foundation for evaluating the factors affecting or preventing effective crisis management over the issue in the future. The three case studies include the deportation of Chinese activists who landed on the islands in 2004, the detention of a Chinese fishing boat captain who collided with a Japan Coast Guard vessel in 2010, and the 2012 nationalization of three of the islands by the Japanese central government.

The case studies span useful variances in nature and context that allow for the evaluation of the relative importance of various factors, including decisionmaking structures, the roles of individuals, and domestic political contexts. The 2004 and 2010 incidents, for example, both involve crises sparked by independent, non-governmental actors, but differ in several important respects, particularly given that the Japanese Prime Minister in 2004, Junichiro Koizumi, diplomatically offended China so severely with his visits to Yasukuni Shrine that bilateral relations were considered to be at an all-time low. Conversely, the 2010 incident
occurred shortly after the historic victory of the relatively pro-China Democratic Party of Japan (DPJ) over the party that had dominated Japanese governance for an unbroken 50 years. The 2012 incident, on the other hand, was instigated by the right-wing nationalist governor of Tokyo, allegedly forcing the hand of the Japanese government to pursue nationalizing a handful of the islands that were privately owned. The incident-specific sections will aim to discern the relative importance of such incident-specific factors, including the roles of individual actors or decisions compared with the role of ongoing or structural factors like the nationalism and ineffective Sino-Japanese diplomatic communication.

The 2004 Chinese activists incident

In March 2004 a group of Chinese activists, led by civil-servant-turned-businessman-turned-activist Tong Zeng, succeeded in landing on Uotsurishima Island, becoming the first Chinese nationals to be arrested by Japanese authorities for landing on the disputed islands. The landing and subsequent arrest sparked a brief diplomatic struggle between China and Japan. The activists, who were deported 48 hours after their capture, were part of a group that had tried to orchestrate similar landings the previous October and then again in January during which they failed to reach the islands before being expelled by the Japanese Coast Guard. This potential crisis was handled quickly and quietly compared to the incidents in 2010 and 2012 despite a lack of pro-China leadership in Japan and an already chilly state of affairs between the nations.

As a minor incident that was handled both quickly and with a minimum of notable diplomatic fallout, the 2004 activist deportation serves as an excellent case against which to judge more consequential incidents in the following decade. A number of themes that will be important in the following case studies emerge in this examination. The explained rationale for the deportation, for example, seems to oscillate between legal and diplomatic, based on convenience. Though the rhetoric about handling the situation in accordance with domestic law existed, the Koizumi administration did not make a show of distancing the process from the central government, and the involvement of the Prime Minister’s office was both widely reported and never denied. This approach, implicitly and in some cases explicitly acknowledging the diplomatic aspects of the issue, stands in stark contrast to the approach taken in 2010 when the issue was complicated by the inclusion of a criminal act.

Prime Minister Koizumi manages the crisis

By 2004 Sino-Japanese relations had been precipitously deteriorating for nearly a decade. Against the backdrop of the steady, systematic growth of Chinese military capabilities and the expansion of the role of the Japan Self-Defense Forces (JSDF),
tension grew as the two countries took different positions on a number of key issues.\textsuperscript{7} In addition, leadership exchanges between the two countries had been halted since 2001 over the issue of Prime Minister Koizumi’s visits to the controversial Yasukuni Shrine.\textsuperscript{8}

One of the most important factors distinguishing this crisis from later ones is the role of Koizumi, who at the time was unique in being the only prime minister of Japan to last more than two years since 1987, and more significantly the only premier to last more than roughly one year in the decade following. Koizumi thus represents the one exception to the trend of the revolving door of short-lived, ineffective Japanese premiers with little executive power or influence. Koizumi’s decisive leadership on the issue despite his history of coolness toward Chinese appeasement is unique among the three cases, as Koizumi immediately asserted ownership over the decisionmaking process rather than ostensibly relegateing the responsibility to the local authorities as in the 2010 issue or, as in the 2012 issue, obviously being driven by the actions of a third party.\textsuperscript{9} Koizumi’s leadership may have minimized the impact of Land Minister Nobuteru Ishihara’s assertions that the government should build a lighthouse on the islands to demonstrate Japanese sovereignty shortly after the incident, which elicited little outcry.\textsuperscript{10} It is also clear that his office heavily advised the Diet on the issue of the Senkaku security resolution adopted within a month of the landing to keep it as unprovocative as possible. The resolution was carefully crafted to deal only with increasing security around the islands and fortifying efforts to prevent illegal landings, so as to avoid acknowledging the existence of the territorial dispute, and senior party officials were instructed not to assert a claim of sovereignty.\textsuperscript{11}

Another theme of 2004 is that despite ample opportunity, there was little in the way of diplomatic repercussions to the incident. Canceled maritime talks were rescheduled for within the same month, and Wen Jiabao met with Foreign Minister Yoriko Kawaguchi just days after the incident rather than canceling the meeting that had widely been hoped to facilitate the reestablishment of high-level exchanges.\textsuperscript{12,13,14} Protests were minor but also well-contained, as was news of the incident in China which was controlled by the official Xinhua News Agency.\textsuperscript{15,16} Both Chinese and Japanese authorities also took steps to stop activist groups from sailing to the islands. This theme of Chinese authorities trying to control not only anti-Japanese sentiments in times of crisis, but also the diplomatic provocations in the first place is an important aspect of Chinese crisis-management decisionmaking. It is unclear, for example, if Tong Zeng’s assertion that the Chinese Foreign Ministry warned Japan of their first three attempts is accurate, though the fact that authorities did not approve his application to lease the islands indicates that he was not actively supported in his efforts by Beijing.\textsuperscript{17} It is noteworthy that the executive director of the China Institute for Marine Affairs, Gao Zhiguo, who helped draft the regulation introduced by the
Chinese central government in July 2003 allowing individuals to lease uninhabited islands, expressed that the law had been established to emphasize protection of the islands rather than development, and that the government would never approve such activist applications.\(^\text{18}\)

Though observers were quick to conclude that this outcome was due to diplomatic considerations with China, the law invoked stipulates that illegal aliens be sent to immigration authorities unless they are suspected of committing other crimes.\(^\text{19}\) This distinction will become relevant in the discussion of the 2010 crisis, which was considered to be handled more ineptly than 2004 but included a criminal act as a complicating factor.

### The 2010 fishing trawler incident

On September 7, 2010 an incident involving a Chinese fishing trawler deliberately ramming two Japan Coast Guard (JCG) ships caused rippling consequences in the Sino-Japanese relationship. While the 2004 incident was the first in which a foreign national was arrested over the island dispute, this incident represented the first arrest that involved a criminal action, which put Japan in a considerably more difficult position. Instead of deporting the captain within 48 hours as the activists were in 2004, he was detained for a 10-day period at the end of which the detention was extended for a further 10 days. The Naha Public Prosecutors Office decided to release captain five days before the end of the detention term, though without yet coming to a conclusion on whether or not to indict him.\(^\text{20}\)

The decision came with wide speculation regarding possible interference by government officials, specifically Chief Cabinet Secretary Yoshito Sengoku and Prime Minister Naoto Kan, both of whom rigorously denied involvement.

Unlike the 2004 incident, this 2010 incident caused a major diplomatic rift that resulted in multiple cancelled negotiations, the suspension of high-level talks, and a series of tangential issues that were widely interpreted as deliberately retaliatory measures taken by the Chinese in protest of the arrest. These alleged retaliations include the shipment of Chinese drilling equipment to the area, the arrest of four Japanese employees of Fujita Corporation, and the halt of rare earths shipments. In addition, the 2010 incident was also notable for the massive scale of protests it precipitated. The Kan administration denied its involvement in the decision throughout the process, despite widespread doubt among the public and in both the ruling and opposition parties.\(^\text{21}\)

Initially the protests in Beijing were comparable to those in 2004, with a demonstration of about 40 Chinese activists in front of the Japanese Embassy in Beijing.\(^\text{22}\) As the incident unfolded, however, the fervor got to the point of generating acts of anti-Japanese violence including the attack of a Japanese international school which was carefully denounced by the Chinese Foreign
Ministry. In denouncing the violence, Beijing’s rhetoric about the East China Sea became more conciliatory than ever after Japanese retailers based in Chinese provincial capitals were stormed and vandalized by angry protestors. The anti-Japan protests in China on October 16 were the largest since April 2005.

The fact that both the 2004 and 2010 incidents were precipitated by the actions of nongovernmental actors at sea and were in fact dealt with identically up to the point of arrest make the two crises useful for comparison. Factors that potentially elucidate the differences in outcome include the drastically different domestic political contexts in Japan and a Japanese leadership strategy that was much more distancing than the tactic used by Koizumi, who took ownership of the 2004 crisis immediately.

Japanese domestic politics and the DPJ upheaval of 2009

One of the major differences between the 2004 and 2010 incidents is one of context. Three years into the six year reign of Junichiro Koizumi, the 2004 activists incident took place during a time of remarkable Japanese political stability. By 2010, however, not only had Japanese politics already reverted to its revolving door model of premiership, Japan was adjusting to a revolutionary and historic political upheaval that had the Liberal Democratic Party (LDP) losing control of the Diet for the first time after 50 years of unbroken rule to the opposition party, the Democratic Party of Japan (DPJ). The Prime Minister at the time, Naoto Kan, had been in office for only four months after being selected to replace Yukio Hatoyama who resigned in June. To make matters more confusing, the events of the incident spanned a DPJ leadership election, which Kan won, and the reorganization of intimately involved cabinet and ministry officials like Seiji Maehara, who moved from Transport Minister to Foreign Minister during a crisis that involved both offices.

One of the key ideological differences between the parties is that the LDP is relatively pro-American while the DPJ supports closer ties with Asia and particularly China. The resignation of Prime Minister Hatoyama, only 10 months after becoming the first prime minister of the modern DPJ, caused observers to be concerned about the party’s lack of practical experience in running the country. The issue that Hatoyama cited in his resignation was his failure to secure the relocation of the controversial American Futenma Airbase located in Okinawa, a central campaign promise that allowed for the historic party victory in August 2009. Observers accused Hatoyama of souring his relationship with Japan’s crucial US ally by clumsily handling the issue with President Obama. It was in this context that the nascent, comparatively pro-China DPJ government faced this diplomatic issue with Beijing.
**Subtle escalation since 2008**

Another factor that differentiated the international context of the 2010 crisis from the 2004 crisis was a minor incident that occurred in 2008 and, more importantly, its medium-term incremental ramifications. In December 2008, two Chinese government ships of the China Marine Surveillance entered the territorial waters of the Senkaku Islands for the first time. Japan immediately lodged strong formal protests through diplomatic channels while the JCG continued to instruct the vessels to leave the area. Despite this, the vessels remained in the disputed waters for about nine hours.

Japanese leadership viewed this as a significant escalation, with one prominent statesman calling the incident a “qualitative change,” referring to the involvement of government rather than civilian ships in the incursion. Japan responded by announcing plans in February 2009 to deploy a helicopter patrol ship (a larger and more capable Coast Guard vessel) to the area and calling upon the United States to reaffirm its alliance commitments. This deployment was followed by others the following year, including planned stationing of troops on Yonaguni Island, one of the closest islands to the Senkaku Islands. China responded with alarm, reinforcing its maritime control in parallel. In March 2009, the US government repeated its treaty commitment to defend territory under Japanese administration. This minor incident, though lacking in the drama and theater of those in 2004, 2010, and 2012, thus established a pattern that was to repeat and escalate at an alarming rate almost yearly, culminating in an environment in 2010 that was much more tense than six years prior.

**Deterioration of diplomatic relations**

The immediate aftermath of the arrest saw the usual flurry of highly formalized exchanges of diplomatic protests, significant only in that they signify the mutual strategies the two sides intended to employ. In Tokyo, for example, director general of the Foreign Ministry’s Asian and Oceanic Affairs Bureau Akitaka Saiki phoned Chinese Ambassador to Japan Cheng Yonghua, telling him that Japan intended to handle the incident in accordance with domestic law, the same strategy followed by the Koizumi administration in 2004. Notably, while there is evidence that this strategy was agreed upon at a meeting of high-level decisionmakers in 2004, it is not apparent that Kan arranged a similar meeting, and this strategy may have represented a continuation of the policy implemented in 2004. The question of whether or not either side has “altered the status quo” is an ongoing theme in the dispute, and the emphasis on applying domestic law may have been in part made to preserve a continuity of approach. The complicating factor, of course, is that in this case applying domestic law was not as straightforwardly consistent with simple deportation as it was in
2004 because the trawler captain actually committed a crime that there was sufficient evidence to support, a matter complicated when JCG footage of the incident clearly showing the deliberate collision was leaked on YouTube. Ultimately, Japan stuck to the claims that the incident would be handled “in line with domestic law,” that the Senkaku Islands were “inherent territory of Japan,” that Japan “exercises valid control” over them, and that “no sovereignty dispute exists.” One notable difference between Japan and China’s formal statements on the matter is that Chinese statements tended to include assertions about the will of the Chinese people to protect the sovereignty of the islands, drawing the public into the affair and in many ways inviting Chinese protest on the matter.

China’s handling of the issue also betrayed Beijing’s priorities. China reacted almost immediately by canceling talks, as Chief Cabinet Secretary Sengoku pointed out, putting development negotiation and the arrest of a civilian on the same level. The day after the trawler’s crew members were released, China at the last minute cancelled a planned trip to Japan by the vice-chairman of the Standing Committee of the National People’s Congress, Li Jianguo, and a delegation, vaguely citing “a range of reasons.” This decision taken in tandem with the cancelation of East China Sea talks four days earlier lends credibility to the assertion that China was setting the tone for how serious the bilateral deterioration would be after the detention, quite clearly responding to the 10-day detention with unilateral cancelations of sweeping scope in terms of their implications for broader Sino-Japanese relations. The inability of the talks to move forward in light of the arrest suggests the primacy of nationalism and identity over the practical matter of energy resource development to this issue. The day the captain’s detention was extended for a second time, China retaliated by officially suspending all high-level exchanges. In addition, China halted intergovernmental talks on coal and increasing civil flights and expanding aviation.

Of course, the 10-day detention itself was considered an escalation because though the cases were different in the details, it was with this detention that the Japanese handling of the case first departed from its handling of the activists in 2004. This kind of tactic was not repeated in 2012, again indicating that there may have been less mismanagement in 2012 on the part of Tokyo. Overtures to repair the relationship were also made almost exclusively by the Japanese side, indicating that deteriorating ties in multiple arenas were a smaller concern to Beijing’s leadership than bettering China’s position on the East China Sea issue. It is also possible that Beijing’s stringent countermeasures were meant to test Japan’s limits.

**Alleged Chinese retaliatory measures**

One of the first issues to come up after the arrest concerned the movement of equipment into the disputed gas field in the East China Sea known as the Shirakaba in Japanese and the Chunxiao in Chinese. Aerial photos taken by the JSDF
revealed Chinese vessels transporting what appeared to be drilling equipment to an offshore facility that was under development. Up until this point China had refrained from any unilateral exploration of the gas field and had been pursuing talks with Japan on joint-development. The latest rounds of these talks, however, had been postponed unilaterally by China the week before the drilling equipment was sighted, and the timing suggested that the move was meant as retaliation for the arrest of the fishing trawler captain. There was some speculation that the workers were engaging in activity that seemed to be preparations for drilling which was especially significant in light of the fact that Foreign Minister Katsuya Okada had conveyed in January to his Chinese counterpart Yang Jiechi that any unilateral gas extraction procedures embarked on by China would result in Japan taking countermeasures.38

The deterioration of ties was further exacerbated by the so-called Fujita Incident, in which four employees of the Japanese construction company Fujita Corporation were arrested and detained by Chinese authorities for allegedly entering a military zone without authorization and for videotaping military targets four days before the captain was released.39 The timing led to widespread speculation that the detentions were meant as a Chinese retaliation against the extension of captain Zhan’s detention announced the day before. The next day Chinese Foreign Ministry spokeswoman Jiang Yu denied there was any connection.40 While Sengoku made clear that he did not believe that the detentions were related to the territorial dispute, Prime Minister Kan told reporters that the connection was unclear, and that he had himself only first heard about the detention through media reports.41 Despite this official position, a DPJ lawmaker directly involved in working to secure the release of the Fujita employees expressed in personal interviews that it was considered obvious that the Fujita case was related.42

The primary economic question related to the incident was whether or not the halt of exports of rare earths from September 23 to November 19, crucial for the manufacture of Japanese high-technology products and hybrid cars, was in fact a retaliatory measure from Beijing as was widely interpreted.43,44 On September 22 the New York Times reported that China had completely halted shipments of rare earth minerals to Japan. At this time Japanese officials were trying to confirm if such an embargo existed through diplomatic channels. A Chinese Commerce Ministry Spokesman denied that the Times story had any basis. In fact China had made clear in July intentions to reduce export quotas for rare earths in 2010 by 40% from the previous year.45 The fact that even before the incident Japan had been urging China to ease stringent export controls on rare earths further muddles the issue of the ban as a retaliatory measure for the detained captain.46

Chinese explanations for these supposed countermeasures are plausible but the timings particularly of the rare earths ban, a halt that had been a long time planned but took effect only at the height of the diplomatic struggle, seems
deliberate. It would be questionable to what end these measures might be, but examining these events next to 2012 it does seem that changing the status quo in China’s favor is an important goal for Beijing. That is to say, in 2010 China’s so-called over-reaction was dubious, but in light of 2012 it seems more like the early stages of a long-term, reactive strategy that was refined. Beijing seems to value crisis management very little and redefining the status quo in China’s favor much more.

**Lessons from mismanagement in 2010**

The Japanese handling of the 2010 incident had a larger cast of characters than it did in 2004, thereby complicating the matter of culpability for the immensely damaging impact on Sino-Japanese relations and contributing to the widespread perception of mismanagement on the part of the nascent DPJ government. Where in 2004 the role of the government was coordinated immediately, decision-making during the 2010 incident was marked with disagreement and distancing tactics, whereby members of the government, particularly Prime Minister Kan and Chief Cabinet Secretary Sengoku, repeatedly denied the direct involvement of the government in the prosecution’s decision. In addition, the incident and its fallout spanned a complicated time of political reorganization for Japan, not only in the broad sense of new DPJ policies but also in specifics with the reelection of Kan and the move of Seiji Maehara from Transport Minister to Foreign Minister.

Maehara, the single figure most associated with antagonizing China over the course of the affair, seems to have been a primary player. Maehara, who was the Minister of Land, Infrastructure, Transport and Tourism at the time of the collision (and thereby had jurisdiction over the Coast Guard), reportedly called the Coast Guard Commandant, Suzuki Hisayasu, immediately after the incident occurred and told him the captain of the boat must be arrested. He also called Sengoku urging that the best course of action was to “persist resolutely against China.” Maehara also reportedly told close aides that the prime minister’s office was “hesitant” and that he “had to make the decision to arrest the captain.”47 It therefore appears that Maehara took matters into his own hands with this decision, though it is important to note that at this point the simple arrest of the captain by the JCG mirrored the handling of the activists in 2004. Maehara’s potentially rogue decision alone, therefore, is unlikely to be a sufficient explanation for the widely divergent consequences of 2004 and 2010. Nevertheless, his conduct and statements over the course of the unfolding situation may have contributed to the tenacity of the diplomatic fallout.

Blatantly disingenuous attempts by Japanese officials like Chief Cabinet Secretary Yoshito Sengoku, another prominent player in the 2010 issue, to downplay the diplomatic significance of the arrest especially in contrast with Maehara’s
more straightforward approach may have enhanced the perception of Japanese mismanagement on the issue.\textsuperscript{48} Sengoku was largely responsible for setting and maintaining the Kan administration’s distancing tone. On September 8 he told reporters at a press conference that the case would be handled based on domestic law and repeated Japan’s position on the nonexistence of a territorial dispute. He also initially denied that the case involved any diplomatic considerations concerning China.\textsuperscript{49} Sengoku’s statements perhaps more than Kan’s contributed to the image of the Kan administration’s handling of the affair as weak in the face of China, particularly in contrast to Maehara’s more assertive stance. Sengoku’s diplomatic tone may have been appropriate, since he, more than Maehara, was in a position to work actively to repair Sino-Japanese ties, culminating with a successful Kan-Wen meeting on October 4. The apparent success of his efforts may explain his reluctance to criticize Beijing or tie any of the concurrent developments like the Fujita Incident or the rare earths ban to the incident.

It is not surprising that Kan’s approach was interpreted as being weak, inept and soft on China, nor the fact that his administration’s approval rating dropped nearly 17 percentage points by mid-October.\textsuperscript{50} The Naha Public Prosecutor’s decision came while Prime Minister Kan was in New York for UN meetings. In response to questions about worsening Sino-Japanese ties, Kan stated, “Various people are now making efforts (to improve the situation). For a little longer, I will be watching how these efforts will develop.”\textsuperscript{51} Kan’s language regarding the release of the captain highlighted his distancing tactic, stating, “I am aware that prosecutors made a judgment based on domestic law, while thinking about the nature of the incident comprehensively.”\textsuperscript{52}

Kan’s weak handling of the incident was used as the baseline negative example for Noda’s approach to the nationalization crisis in 2012, which was probably managed as successfully as possible but still could not avoid potentially disastrous consequences. This is because the stakes of the nationalization crisis were higher and had to do with the fundamental status quo regarding the islands. The consequences of the 2010 crisis, on the other hand, probably could have been avoided with stronger central leadership and an immediate deportation under any of a number of possible premises. The argument that the 2010 issue was handled consistently with 2004 given the crimes of the trawler captain is not technically untrue, but Tokyo would have been in a better position in the long term finding an equally plausible premise to deport the captain immediately.

The clumsy handling of the 2010 crisis and its consequences illuminate the relative significance of various factors in managing crises that may erupt in the future. As an episode sparked by the actions of a private individual, the incident occurred for similar stakes as the 2004 incident. Though the captain’s criminal activity complicated the matter, legally excluding the use of the same statute that allowed for the 2004 activists to be deported within 48 hours, the ultimate
deportation of the captain before the decision about pressing charges was made indicated to the world that the detention was not strictly necessary, opening the door to interpretations centered on strengthening Japan’s claim to the disputed islands or sending a signal to Beijing about the ownership of the islands. The fact that the prosecutors cited the future of the Sino-Japanese relationship in their decision to release the captain weakens the ‘in line with domestic law’ argument further. In addition, the evidence indicates that Japan’s failure to deal with the issue quickly and neatly may have been a matter of personality in Tokyo’s leadership, from Maehara’s overt desire to send a message to Kan’s strategy of shifting the responsibility for the issue off of the central government. It is therefore unsurprising that China’s leadership chose to take such strong retaliatory measures against the detention.

The 2012 nationalization crisis

In April 2012, nationalist Tokyo Governor Shintaro Ishihara forced another crisis with the surprise announcement that the Tokyo metropolitan government was going to buy three of the Senkaku Islands from their current owners in order to protect them. The central government was ultimately compelled to buy the islands as a precaution against Ishihara using the purchase to build structures on the islands and aggressively antagonize China. In addition, if Prime Minister Yoshihiko Noda had failed to stop the purchase one way or another, his administration would have been criticized for weakness and ineffectual diplomacy just as Prime Minister Kan was in 2010. In light of the criticism against Kan’s handling of the 2010 incident, Noda’s approach to this crisis had a much more decisive tone, and his administration managed the issue with a higher degree of apparent coordination than Kan’s in 2010.

Though Noda and his administration tried to coordinate with China on the problem, the central government underestimated China’s reaction to its decision to nationalize the islands rather than let them go to Ishihara. China’s response to the purchase in September 2012 was assertive and swift, resulting in a dangerous shift in the status quo into one of precarious stability. The crisis also spanned a major leadership transition in Beijing, and the Noda administration calculated that it would be best to act before the leadership change and repair ties with Beijing’s new leaders after they took power.

The nationalization resulted in major protests breaking out across China, sometimes involving tens of thousands of protestors. As in 2010, these demonstrations turned violent, resulting in hundreds of millions of dollars of property damage to Japanese owned stores and factories, a much larger scale of destruction than in 2010. Once again the issue disrupted diplomatic ties, and the sale of Japanese goods and products in China suffered. Most significantly, Beijing responded
to the nationalization by beginning the regular dispatch of Maritime Surveillance Agency (MSA) ships into the waters surrounding the disputed area with People’s Liberation Army Navy (PLAN) forces deployed nearby as well.\textsuperscript{56} In September Beijing declared territorial baselines around the islands, increasing the number and length of law enforcement patrols, effectively formalizing a policy that had Chinese law enforcement activity in the disputed area rising since the incident in 2010.\textsuperscript{57,58} It was this response in particular that created a persistently dangerous situation in the disputed waters, unlike the crises of 2004 or 2010 even in their worst days.

The 2012 nationalization crisis therefore created a shift that has precipitated an ongoing situation of precarious stability in the East China Sea. The election of Shinzo Abe in December 2012 as the head of the LDP-led government shifted the tone of Japanese politics to the right, as Abe sharply criticized the Noda administration for its weak handling of the crisis.\textsuperscript{59} As a result, the East China Sea has been left in a dangerous state with Japanese and Chinese forces with little incentive to contain crises working in close proximity representing governments with no apparent means or intentions for negotiation.

**Comparing the nationalization crisis with 2004 and 2010**

The nationalization crisis, unlike the incidents of 2004 and 2010, was slow-moving and its implications were of a much larger scale. It is perhaps for this reason that Beijing took such a different strategy in addressing the problem, though it may also have been the international backlash that the Chinese leadership faced for its aggressive handling of the 2010 incident. While in 2010 every major juncture of the crisis was accompanied by a retaliation from Beijing, high-level communications were never suspended over this issue. Even on the heels of Noda’s July 7 announcement that the islands would be nationalized there was a meeting between Japan and China’s Foreign Ministers, and ties were never suspended. Despite consistent dialogue, however, the consequences of the nationalization were extremely grave. The military situation in the disputed waters has become perilous and the capacity of Beijing and Tokyo to manage a crisis effectively in the event of a clash is limited.

While the situation in the disputed waters has become undoubtedly more precarious, the relative stability of communications and diplomatic relations throughout the crisis suggests that Tokyo’s management of the crisis was not lacking, and the outcome was inevitable or pre-planned on the part of Beijing. This is particularly likely given that the increase of Chinese patrols around the disputed waters had begun to rise in 2008. It is not unlikely that the nationalization was used as a pretense to formalize the baselines around the islands to increase the length and frequency of patrols, most likely as a strategy to contest Japanese administration
of the island chain in the case that the issue ever made it to the International Court of Justice (ICJ).

The handling of an August 15 landing by Hong Kong activists on the islands also suggests that the Noda administration did not mismanage the issue, as it mirrored the handling of nearly the same incident in 2004. Though the 48-hour arrest and deportation corresponded to an uptick in Chinese popular protest, the major part of the demonstrations occurred after the nationalization was finalized in September. Within this context, the reaction to the handling of the Hong Kong activists was relatively tame as it was handled quickly and neatly.

The outcome of the nationalization crisis as sparked by nationalist governor Shintaro Ishihara elucidates the structural barriers to effective crisis management between China and Japan at different levels. The difference in outcome between the 2004 and 2010 crises can be reasonably attributed to mismanagement on the part of Japanese decisionmakers because they involved legal action taken against private citizens. Particularly given the neat handling of the Hong Kong activists issue in August 2012, the evidence suggests that at this scale the competence of individual decisionmakers and strategy has a huge impact. The 2012 incident, on the other hand, involved higher stakes from the outset because of the role of the Tokyo Metropolitan Government. The consequences of the issue were ultimately less reactive than the 2004 and 2010 crises and more tactical and strategic, suggesting that the role of individuals is not as important as the strategic goals of the two sides of the dispute.

Barriers to effective crisis management in the East China Sea

Measures taken by Beijing in an apparent effort to challenge Japanese “effective control” of the islands, including the declaration of territorial baselines in September 2012 and an air defense identification zone (ADIZ) over the disputed area in November 2013, have been widely interpreted as signs of Chinese aggression and proof of intent to challenge the status quo. On a practical level, these measures have also brought the operational zones of Japan, China and even the US into unprecedented proximity, particularly given the resistance the US and Japan have shown by openly defying the terms of the ADIZ almost immediately upon its announcement. This rising tension in combination with overlapping operational zones and a dearth of reliable Sino-Japanese communication channels have led to a situation where a possible clash at sea and particularly by air is growing increasingly likely in an environment where there would be no reliable mechanism to contain it.

Meanwhile, taken as a continuation of the conflict that began in 2012, the current tension has spanned leadership transitions in both Japan and China.
Japanese Prime Minister Abe took office amid the conflict in late December 2012. Tokyo’s stance is that the door to dialogue is open, but the preference is for China to take the initiative. The 2012 incident has left more doubt about the perception of Beijing’s consistency on the matter than at any other point, as China’s focus has shifted from demanding Japan repeal the land deal to “recognition of the existence of a territorial dispute” and “joint administration by the two countries.” Recent power struggles inside the CCP have made disincentives for Xi Jinping to compromise more potent than ever. Meanwhile, the economic toll of the confrontation is beginning to be felt in the relationship, particularly with the decline in Japanese investment in China.60

Japan has no intention or incentive to recognize the dispute, given that it would likely give way to China eventually demanding “territorial negotiations,” which would see the situation deteriorate further.61 Possible negotiation is further hampered by mutual mistrust that runs deeper than initial suspicion toward nascent administrations and increasing nationalism in both countries, including a spike in the percentage of Japanese citizens reporting an unfavorable view of China.62 These same barriers toward negotiation along with increasing tension have also hampered all efforts to establish reliable Sino-Japanese crisis management mechanisms in the interest of preventing escalation in the event of an increasingly likely accidental clash.

Nationalism and domestic politics diminish incentives

One of the crucial themes of the ongoing East China Sea dispute is the relationship between nationalistic sentiments on both sides and diplomatic maneuverability. On the Japanese side, the issue concerns a sense of international relative decline, and the need to show strength in the face of perceived Chinese bullying or independence from the United States. The role of nationalism, however, is more potent and complex on the Chinese side, where the perceived link between the sovereignty disagreement over the islands and militarism in Japan stokes nationalistic fervor, which in turn fosters potential domestic instability in China. This is in part because Chinese nationalism, often based in anti-Japanese sentiment, is being encouraged by the ruling Chinese Communist Party (CCP) through state-owned media outlets and used for ideological legitimacy as a replacement for the abandoned tenants of communism.63 The potentially dire consequences for internal legitimacy given this continued domestic nationalistic fervor plays a large role in diminishing incentives for China to negotiate. The danger that popular criticism of Japanese actions could transition to popular criticism of the CCP’s handling of Japanese provocations and eventually be turned against the ruling party itself severely limits Beijing’s diplomatic maneuverability on its position on the East China Sea.
**Eroding back-channels of diplomacy**

Dating back to the time of Zhou Enlai, the East China Sea dispute had historically been handled by a strong and effective tradition of back-channel diplomacy between influential high-level officials that has, unfortunately, since waned. The positions of these individuals at the centers of Japanese and Chinese decisionmaking facilitated the reliable and effective flow of communications up the chain of command. The informality of these back-channel relationships allowed for more discussion of sensitive topics outside the influence of public pressure and allowed for more diplomatic maneuvering and moderate policies. The last such channel lasted from the late 1990s until 2008 between former Japanese Chief Cabinet Secretary Hiromu Nonaka and a former Politburo Standing Committee member and Vice President of China, Zeng Qinghong. Nonaka was a close advisor to Prime Minister Keizo Obuchi and an influential player in the LDP’s largest faction while Zeng was a trusted protégé of Jiang Zemin who remained a well-connected liaison between CCP factions after Jiang retired. The link was known to work well and was called upon “anytime there was trouble” in the interest of maintaining stability in the bilateral relationship until 2008 when Zeng retired from public office. As Beijing became more assertive, particularly as a maritime power, back-channel diplomacy became less effective, though it did not disappear.

Attempts at reestablishing the link were derailed by escalatory behavior and the power shift in 2009 when the DPJ defeated the LDP after decades of unbroken rule. According to a DPJ official, the reason these back-channels were so effective was that the Japanese would compromise, but there was no possible compromise on the issue of Senkaku territorial sovereignty, and for this reason efforts at back-channel negotiation that did take place in 2012 failed. Of course, as a method of crisis management dependent on individuals and vulnerable to politics, back-channel diplomacy has inherent limitations. While these links could serve as more reliable means of communicating up the ranks, the effectiveness of this kind of diplomacy is still subject to the will of top leaders to prioritize the stability of bilateral relations over political gain from the outcome of a single dispute. Nonaka, for example, was unsuccessful in preventing Prime Minister Koizumi’s Yasukuni Shrine visits.

Despite these limitations, it is likely that had a link like this been in effect during the 2010 and 2012 crises there could have been more opportunity to avoid misunderstandings and foster trust. On the other hand, while these personal links have the advantage of the human touch, personal ties cannot change national objectives. If, indeed, China’s national priorities have shifted such that “shelving the dispute” is no longer considered advantageous then the disappearance of such back-channels can be interpreted as a symptom rather than a cause indicating the complete lack of trust that exists in the Sino-Japanese relationship.
Mismatching institutions

A crucial factor in the fraught communications and crisis management between China and Japan is the relative weakness of the Chinese Foreign Ministry against its Japanese counterpart, which is the only official and, more importantly, the only reliable line of communication open between Beijing and Tokyo. Formal communication between China and Japan relies on regular contact with the Chinese embassy in Tokyo and Japanese embassy in Beijing, and these lines are used on a daily basis. Apart from these regular diplomatic channels, there are contacts at the director general level, organizing consultations and meetings more infrequently. More rarely there is contact at the vice-minister level.

Formally the Chinese Foreign Ministry is responsible for the formulation and execution of foreign policy, but as a consequence of China’s rising global influence many traditionally domestic policy-oriented agencies have acquired foreign policy responsibilities that have resulted in the gradual erosion of the authority and leadership role of the ministry. As a result, Chinese foreign policymaking is becoming increasingly fragmented.

The problem extends to information sharing, with the result that the foreign ministry is often left out of the intelligence loop on issues with foreign policy implications that primarily involve other agencies. This happened with the USNS Impeccable incident in 2009, when five Chinese vessels surrounded the unarmed ocean surveillance ship resulting in the dispatch of a US guided-missile destroyer to the area, an incident the Chinese foreign ministry learned about from a western embassy rather than its own navy, and again in January 2013 when the ministry learned of an alleged radar-locking incident through the media seven days after the fact. In a similarly embarrassing episode, the ministry was reportedly neither consulted nor informed when Hainan province announced new maritime security regulations in November 2012 that included provisions allowing provincial border police to board and search foreign vessels. The ministry was unprepared to deal with foreign diplomats seeking information on the policy.

Another problem the foreign ministry faces is that the relative low priority of foreign affairs compared to domestic concerns like economic growth and political stability in Chinese decisionmaking has structurally kept the institutional influence and authority of the ministry very low, creating a powerful and significant mismatch with the relatively influential Japanese Foreign Ministry. While in Japan the foreign ministry division chief overseeing China policy briefs the prime minister directly, the highest ranking official in charge of foreign affairs in China is not even a member of the CCP’s 25 member Politburo, the second highest level of Beijing’s decisionmaking structure after the Politburo Standing Committee. Even this official is a state councilor, who is actually one rank
above the foreign minister. These issues are compounded by the fact that the foreign ministry is routinely used as a convenient scapegoat for problems that arise in Chinese foreign affairs even if the ministry is not at fault.

One consequence of this mismatch is that diplomats discussing issues like Japan’s plan to purchase the islands have no way of confirming that their messages reach the higher levels of Beijing’s authority structure. This gives credibility to the Japanese claim that the signals they were receiving from the Chinese side indicated if not approval, certainly understanding of Japanese intentions over the purchase issue that was entirely contradicted in Beijing’s aggressive reaction and public statements of surprise at the move. Japan used the ministerial link to begin informing China of its intention to purchase the islands out from under Ishihara in June and reportedly there was no indication of the reaction that followed. After the purchase, ministerial communication was reduced to formulaic exchanges of official stances.

*Japan’s revolving door of prime ministers and lack of decisive leadership*

Japan’s lack of consistent leadership in the past 20 years has made in nearly impossible for the leadership in Beijing to build trust or form strong personal ties with Tokyo. The one notable exception, Prime Minister Koizumi who presided from 2001-2006, was the only Japanese premier to last more than about one year in this period, and his administration was characterized by sustained tension and frozen exchanges with China due to his visits to the controversial Yasukuni Shrine. Since then there have been seven prime ministers from 2006-2013. The 2004 crisis presided over by Koizumi was also the only one of the three detailed in this paper to have been characterized by strong leadership from the prime minister’s office, and was incidentally also the most smoothly-handled crisis despite the general coolness that characterized the overall Sino-Japanese relationship.

It is possible that Koizumi’s relatively stable position after three years in an office usually vacated after one combined with his decisive style allowed him to take such an active tone on the issue, though whether or not this was a factor in the neat resolution of the incident is unclear. Prime Minister Kan, however, dealt with the 2010 incident with distancing tactics, and this complicated both the handling and the precedent of the crisis and may have had a hand in the escalatory nature of the aftermath. Similarly, the nationalization crisis has been framed as a reactionary measure taken in response to an uncontrollable landowner in need of money. Though it is unclear what the effect of these different tactics has been, Koizumi’s precedent has brought into sharp relief the distanced, indecisive leadership role taken by the prime minister’s office on the issue since the end of his tenure.
DPJ reforms and the role of expertise

In addition to the obstacle of short executive tenures interrupting any opportunities for Japanese leaders to build stable personal ties with Chinese counterparts, the 2009 political upset when the Democratic Party of Japan (DPJ) defeated the Liberal Democratic Party (LDP) after four decades of nearly unbroken rule created the same problem at the party level. Many party-to-party ties that had been built up in the nearly 40 years were interrupted and a lack of faith in the new arrangement kept Chinese officials from jumping to invest energy in new relationships that might not last. Though Prime Minister Hatoyama represented an immediate expression of the DPJ’s comparatively pro-China bend, Beijing did not take the opportunity to pursue a more friendly relationship, and reportedly started drilling in the Chunxiao oil field in the disputed waters in January 2010. As a result, pro-US DPJ member Seiji Maehara was brought into the critical foreign policy circle, which Chinese analysts interpreted as a signal that Japanese leaders could not be trusted and were operating as an extension of the will of the US.83

The event also precipitated a shift in foreign policy that included minimizing the role of the bureaucracy, which dissenters characterized as the shunting aside of those in the government with the most expertise in Chinese affairs. These DPJ reforms curbing the influence of the bureaucracy compounded this preexisting problem. The central government is not compelled to consult the Foreign Ministry’s expertise, which plays an advisory role in decisionmaking leaving a lot up to the politicians. A telling example of the consequence of this unclear role is the firm and completely opposing stances of the Principal Deputy Director of the China Division of the Foreign Ministry and the National Security Advisor for the DPJ on the relevance of the CCP 18th Party Congress on the decisions made during the nationalization crisis. The ministerial stance was that the Party Congress was irrelevant in Tokyo’s calculus as the entire incident was being precipitated by the actions of Ishihara, while government sources indicate that one of the goals was to complete the transaction before the initiation of the new leadership.84,85 As the foreign ministry official said, “The decision had nothing to do with the CCP Party Congress—the reason is that the private owner decided to sell the islands. We had been in contact with the owner and were negotiating but it was not easy because he was also talking to Ishihara and as soon as the owner agreed to sell the islands to the Japanese government they announced it on 11 September. They did not consider any other options. We could not delay because then he would sell the islands to Ishihara.”86

Conclusion

The primary cause for concern over the state of Sino-Japanese crisis management is the dearth of reliable high-level communication mechanisms between Beijing
and Tokyo, which is the result of a number of factors. Back-channel diplomacy, which relied on personal relationships between highly influential and trusted intermediaries, has all but vanished, and has not been successfully reestablished in an environment of increasing mutual suspicion and the political upheaval caused by the victory of the inexperienced DPJ, which lacked old ties to Beijing. Ministry-to-ministry ties, which are the most reliable, suffer from an asymmetry in influence which makes the transfer of important communication from Tokyo meant for the upper levels of the Politburo highly unreliable. Efforts at establishing a hotline between the leaders of Japan and China have also been consistently stalled, leaving little in the way of lines of communication that can be relied upon in the case of a fast-moving emergency.

It is alarming how much difficulty the two countries had in navigating the slow-moving crisis of 2012, for which there was ample warning. Five months passed between the nationalist governor Ishihara’s announcement of his plan to have Tokyo purchase the islands and the official nationalization by the central government. Compared to a potential clash at sea or worse, in the air, the nationalization issue should have provided willing parties the chance to understand each other and negotiate. The failure of the relevant players to prevent the situation from becoming so delicate indicates either an inability or an unwillingness to communicate, both of which are credible possibilities.

One troubling reality that suggests an unwillingness to communicate is Beijing’s apparent lack of prioritization of crisis management over the islands. This is especially apparent in light of the consistent use of the tactic of suspending ministerial and other high level ties and canceling sometimes long-planned meetings often expressly designed to mitigate the dangers surrounding the islands. More significant is the substantial ground on the Chinese claim the CCP government has gained particularly in its deft response to the latest crisis. China’s response to the nationalization involved a series of apparently pre-planned actions that not only shifted the status quo in China’s favor, but also imply that crisis prevention is not a priority. After months of apparently ineffectual diplomatic communication on the issue, Beijing’s aggressive response to the official nationalization was carried out within the month, creating a reasonable challenge to Japan’s uncontested administration of the disputed waters at the expense of stability and peace.

It is at least as credible, however, that effective communication is already so crippled by structural factors that willingness has become irrelevant. The primacy of domestic policy is evident in the power structure of the Chinese government, in which the absolute highest authorities on foreign policy do not penetrate the highest circles of Chinese decisionmaking. The Chinese Foreign Ministry, for example, has very little influence in decisionmaking, especially when compared with the relatively powerful Foreign Ministry of Japan. This in turn causes a
problem for Sino-Japanese communication, as it is uncertain at best whether or not communications made through official channels ever make it to the top-tiers of the Politburo, particularly as ministerial ties are the main line of diplomatic communication between Japan and China, and the only reliable one.

The current environment provides incentives for both sides to escalate tension without the safety net of effective mechanisms to manage a potential crisis if the situation gets pushed past the brink. Appearing weak on the issue risks the alienation of the public and exploitation by political rivals. Beijing’s declaration of an ADIZ over the islands has demonstrated conclusively that the game of chicken is not over, increasing the possibility of an unwanted military clash of some kind caught in a spiral of unmanageable escalation. To quote Thomas Berger, “While on the one hand, Japan does not wish to escalate, if there is no possibility for escalation, it is impossible to deter an opponent. And the same logic operates in reverse for the Chinese: without the threat of escalation, there can be no effective coercion.”

It is possible that if Japan were able to find a diplomatic solution that recognized the issue without formally recognizing the dispute, some balance could be achieved on the principle of the “three no’s”—no stationing of personnel on the islands, no construction of permanent structures on the islands and no scientific research on the islands or in the surrounding waters. If Tokyo could make a more explicit commitment to the principles it has already tacitly been following, it might be possible to secure a set of rules on procedures with Beijing that could help reduce the risk of confrontation in the area. Such an agreement could constitute a first step toward deepening trust and further coordination, particularly on the relatively straightforward joint resource development issues that have been routinely hampered by the conflict. Achieving this kind of agreement, however, might depend on a mutual trust that does not exist. Until ties of reliable communication are repaired, it may be impossible to affect any meaningful change in the precarious state of the East China Sea.

Notes


“700 ask to join voyage to Diaoyu Islands; Campaigners are to select 20 people to take part in their second sailing this year.” South China Morning Post. (March 18, 2004): 448 words. LexisNexis Academic. Web. Date Accessed: 2013/06/17.


“Japanese prosecutors to free detained Chinese boat captain.” BBC Monitoring Asia Pacific - Political Supplied by BBC Worldwide Monitoring.


“Conditions were ripe for an escalating dispute with China.” *Asahi Shimbun*, (September 29, 2010). Via: [http://japanfocus.org/-Peter-Lee/3431](http://japanfocus.org/-Peter-Lee/3431).


Ibid


There is evidence that while Chinese propaganda generally encourages anti-Japanese nationalism, this rhetoric is deliberately toned down in times of crisis.

“Profile of Chief Cabinet Secretary Hiromu Nonaka,” Ministry of Foreign Affairs of Japan website: www.mofa.go.jp/about/hq/profile/nonaka.html.


This refers to a link that appeared to be established between former LDP Secretary-General Hidenao Nakagawa, and Wang Jiarui, director of the International Department of the Central Committee of the CCP.

A former high-level China-school diplomat was dispatched to Beijing in late 2012 to open up communication channels through his old contacts. Crisis Group interview, Beijing, November 2012. Former Chinese Foreign Minister Tang Jiaxuan, a Japan hand, invited a Japanese delegation led by former Prime Minister Tomiichi Murayama to visit Beijing. “Murayama’s fence-mending delegation greeted by former Chinese official”, Kyodo, January 29, 2013.


Ibid.

Ibid.

Ibid.

Ibid.


Ibid.

Tang Jiaxuan, a Japan hand, invited a Japanese delegation led by former Prime Minister Tomiichi Murayama to visit Beijing. “Murayama’s fence-mending delegation greeted by former Chinese official”, Kyodo, January 29, 2013.


Ibid.

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Games, Changes and Fears: Exploring Taiwan’s Cross-Strait Dilemma in the Twenty-first Century

Michael Intal Magcamit

Abstract
This article examines Taiwan’s cross-strait relations with China by analyzing the linkages between their respective security interests and free trade objectives in the twenty-first century. It argues that these entanglements induce a scenario akin to the prisoner’s dilemma that compels Taiwanese leaders and policymakers to preserve the Chinese-dominated cross-strait status quo. To enhance their political appeals during general elections, the major political parties in Taiwan are being forced to cooperate with each other, albeit artificially. By adopting a parallel, watered-down approach to sensitive political issues, particularly with respect to Taiwan’s sovereignty status, the omnipresent China factor is being legitimized further. Such an approach homogenizes the parties’ political agendas with respect to Taiwanese autonomy which leads to the island’s perpetual entrapment within the One-China trajectory. Using original and secondary sources in the empirical analysis of the security–trade nexus mainly from the Taiwanese perspective, the article highlights the slow yet steady co-optation of Taiwan’s sovereign interests within China’s sinicization project.

Keywords
Taiwan, China, cross-strait dilemma, security–trade nexus, political parties

Games, changes and fears...
When will they go from here?
When will they stop?

Macy Gray, 1999

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Introduction

In the traditional version of the prisoner’s dilemma, an arresting police officer interrogates two suspects in separate rooms. They have two options: either implicate each other by confessing or cooperate with each other by remaining silent. Regardless of how the other reacts, each party improves his own position through confession. In the event that one of them confesses, then it will be in the best interest of the other party to confess as well to avoid greater penalty. However, if the other decides to remain silent, the one who confesses is rewarded with less punishment. Confession, therefore, becomes the dominant strategy for both suspects. Yet ironically, when the two parties decide to confess, the punishment is worse for both than when both keep quiet.1

The concept of prisoner’s dilemma has some practical applications to Taiwan’s cross-strait relations with China in the twenty-first century. Consider the two major political parties in Taiwan: the Kuomintang Party (KMT) and the Democratic Progressive Party (DPP). Each party is looking for ways to enhance its relative political appeal in order to win over the electoral masses. Both parties are expected to decide on, and announce their respective cross-strait policies and strategies towards China. If the KMT accuses the DPP of pursuing a pro-independence policy that can potentially destabilize the relatively peaceful and stable cross-strait environment, the former wins over the voters at the expense of the latter. Similarly, if the DPP accuses the KMT of supporting the One-China principle which Taiwanese voters may view as an assault to Taiwan’s sovereignty, the former wins over the electorates at the expense of the latter. Here, the ‘accusation strategy’ is akin to the prisoner’s confession, while the ‘agreement strategy’ is parallel to the prisoner’s silence in the prisoner’s dilemma story. Suppose that the former is labelled as ‘cheating’, while the latter is labelled as ‘cooperation’. Cheating, therefore, becomes the parties’ dominant electoral strategy. However, the outcome when both parties cheat is worse for each party than the outcome when both parties cooperate. Such considerations are compelling the two parties to adopt a parallel, watered-down approach to handling difficult political issues—particularly the Taiwanese sovereignty—to minimize electoral risks. This dilemma further strengthens the prevailing status quo, which in turn, results in the continued imprisonment of Taiwan inside the ‘dragon’s den’.

In light of this, the article critically examines the process through which Taiwanese officials and policymakers have contributed to the continuation of Taiwan’s politico-diplomatic ‘imprisonment’ within the ever-progressing sinicization project.2 The underlying assumption is that the preservation of the cross-strait status quo continues to imprison the Republic of China (ROC) within the People’s Republic of China (PRC’s) One-China trajectory. At the heart of the problem are uncertainties with regard to the real impact of cross-strait economic relations on Taiwan’s de facto sovereignty. On the one hand, the KMT believes that in order to protect Taiwan’s remaining political freedom the government must facilitate closer economic cooperation with China (Chow, 2011; Lee, 2010; Wang, Chen & Keng, 2010; Zhao & Liu, 2010). On the other hand, the DPP argues that such a strategy inevitably pulls Taiwan towards political unification with China (Clark & Tan, 2010, 2012; Hsieh, 2011; Rigger, 2010).
Meanwhile, from the point of view of non-state actors—from the elite business sectors worrying about their profits, to grassroots civil societies fearing for their jobs—revisionist policies are welfare-threatening. As such, political parties promoting a rather extreme approach to managing cross-strait relations that subverts the status quo are at risk of losing their electoral support base (Clark & Tan, 2010, 2012; Kastner, 2006, 2013). Taiwanese parties, therefore, tend to veer away from the debates and dialogues that require them to give direct comments about Taiwan’s de jure independence. Instead, a watered-down version of cross-strait rhetoric stripped of One-China or ‘Two Chinas’ undertone is preferred. Yet by doing so, Taiwan is perpetually ensnaring itself within the Chinese politico-diplomatic confinements.

Beyond the domestic level, it may be well argued that although there is a strong desire on the part of Taiwanese political parties to break Chinese stranglehold, certain structural limits in the international system prevent them from doing so. Hence, the article also explores some of the external factors that restrain Taiwan’s action, along with their possible consequences and ramifications to Taiwanese domestic politics.

The article attempts to answer the following sets of question. First, how do the entanglements between Taiwan’s security considerations, on the one hand, and free trade objectives, on the other, affect its cross-strait relations with China? Do they reinforce or weaken Taiwan’s quasi-sovereignty status in the international system? Second, what factors—both internal and external—influence Taiwan’s political and economic engagement strategies with respect to China? How do they affect Taiwan’s capacity for escaping Beijing’s One-China trajectory?

To answer these questions the paper analyzes Taiwan’s security and trade entanglements with China. The idea is to empirically explain the decision of Taiwanese leaders and policymakers to retain the island’s quasi-independent status instead of pursuing de jure sovereignty. Taiwan’s unique geo-political status compels its leaders to resign themselves to the uncertainties and vicissitudes of the established cross-strait environment in the hope of preserving its left-over sovereign space underpinning its de facto autonomy. However, such a decision further reinforces the status quo, forcing state managers to strategically balance the country’s geo-political strategies with its geo-economic interests. The Taiwanese dilemma, therefore, is two-directional. On the one hand, recalibrating the current arrangement by promoting either political unification or de jure independence invariably reduces Taiwan’s sovereign space given China’s aggressive promotion of One-China policy. On the other, pursuing either ‘warm’ or ‘cold’ economic relations with China also inevitably results to shrinking sovereign space given the likelihood of overdependence.

The article is divided into four sections. The second section discusses the results from key informant interviews (KIIs) conducted with three Taiwanese officials that focused on the paper’s three main themes: national security, free trade and the nexus between the two. The goal is to provide a general understanding of first, how Taiwan’s security interests and trade objectives are being linked together; and second, how these linkages determine the government’s political and economic engagement strategies with respect to China. The third section is
divided into two subsections and investigates the internal and external factors influencing the Taiwanese dilemma respectively. The goal is to assess the potential consequences and ramifications of these factors to Taiwan’s domestic politics, on the one hand, and examine the country’s capacity to escape from China’s politico-diplomatic entrapment, on the other. The fourth section summarizes the article’s main points and concludes that Taiwan is trapped in what appears to be a perpetual prisoner’s dilemma.

**Understanding Taiwan’s Security–Trade Nexus: Views from the Top**

**Table 1. Summary of Key Informant Interviews***

<table>
<thead>
<tr>
<th>Informant</th>
<th>On National Security</th>
<th>On Free Trade</th>
<th>On Security-Trade Nexus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informant 1 Taiwan WTO and RTA Center (Deputy Director)</td>
<td>Three ‘Ds’ in cross-strait relations (distrust, disengagement, distance) threaten national security</td>
<td>Trade is both politically and economically motivated</td>
<td>Free trade agreements must promote peace with China, integration with the US, and friendship with Japan</td>
</tr>
<tr>
<td>Informant 2 Chung-Hua Institution for Economic Research (CIER) (Associate Research Fellow)</td>
<td>Economic insecurity is a threat to national security</td>
<td>Trade is key to ‘normalization’ of cross-strait relations</td>
<td>Trade is tool for resolving Taiwan’s excessive dependence on China</td>
</tr>
<tr>
<td>Informant 3 Democratic Progressive Party (DPP) (Director of Department of China Affairs)</td>
<td>Free trade agreements must promote peace with China, integration with the US, and friendship with Japan</td>
<td>International trade is a national security issue that can be more effectively addressed through WTO than regional/transregional FTAs</td>
<td>The One-China policy is both an impetus and a constraint for Taiwan’s trade diplomacy agendas</td>
</tr>
</tbody>
</table>

*Source: Author’s first-hand interviews with key informants.

*Note: Representatives from three different sectors participated in the interviews to provide comments and insights on the article’s three main themes, namely: national security, trade liberalization and security–trade linkages in Taiwan. These are the following: (a) Deputy Director at Taiwan WTO and RTA Center (hereafter, Informant 1); (b) Associate Research Fellow at CIER or Chung-Hua Institution for Economic Research (hereafter, Informant 2); and (c) Director of Department of China Affairs at DPP or Democratic Progressive Party (hereafter, Informant 3). In the first part of the interviews, the participants discussed their general views on the concept of national security in Taiwan. In the second part, they discussed this security concept in relation to the country’s participation in various free trade activities. And in the third part, the informants discussed the linkages between the country’s security considerations and free trade objectives.
On Taiwan’s National Security

Three key points emerged from the discussions concerning Taiwan’s national security: the cause of insecurity, the effect of insecurity and the goal of security. Prior to 2008, Taiwan adopted a number of politically sensitive programs that deviated from the general principles of the One-China policy. The segregating effect of the physical distance between Taiwan and China was aggravated by psychological barriers resulting in mutual distrust and disengagement. These three ‘Ds’—distance, distrust and disengagement—significantly contributed to the paranoia being felt by both the Taiwanese and Chinese officials due to behavioural uncertainties emanating from both sides of the Taiwan Strait. This mutual paranoia and suspicion have had a tremendous influence on the PRC’s attitude towards the ROC’s economic activities which the former sees as ‘sovereignty-upgrading’ mechanisms (Magcamit & Tan, 2015). As Informant 1 pointed out:

The Taiwanese government believes that the country must enjoy its freedom to pursue regional economic integration with other countries. The Chinese government, however, felt that a dialogue with Taiwan will be a necessary preliminary step. While Taiwan argues that it is not obliged to seek for permission from China regarding this issue, nonetheless, it recognizes the importance of accommodating the latter’s concerns with respect to One-China policy. Taiwan, therefore, makes the case that its pursuit of preferential trade, for example, must not be interpreted as rejection of One-China policy, and the best way to prove this is to show by example. The idea of ‘normalization’ of cross-strait relations is a non-political label that neither challenges nor accepts the One-China policy.3

Hence, Taiwan’s insecurity is largely induced by fears over cross-strait interactions. Taipei’s foreign economic policies are believed to be hijacked by Beijing to force the former to comply with the latter’s One-China doctrine thereby preventing the emergence of Two Chinas. Critics argue that such forceful exertion of Chinese influence over Taiwan’s foreign affairs in general threatens the latter’s national security. Accordingly, for most Taiwanese officials and policymakers, the China factor remains a serious impediment to Taiwan’s economic policymaking procedures. As Informant 2 stated:

China’s meteoric economic rise has made it difficult for other countries to conduct any type of business with Taiwan as they are now facing an ‘either–or’ situation—either they are with China or with Taiwan. The reluctance of third countries to engage Taiwan demonstrates the extent to which the Chinese economic influence is altering the former’s foreign economic policy options while simultaneously constraining the latter’s.4

Obviously, the way out for Taiwan is both challenging and difficult given China’s seemingly uncompromising views towards cross-strait management. While the island’s economic statecraft is designed to limit its excessive dependence on the Mainland to the extent of offering asymmetric concessions to prospective partners other than China, nevertheless, Beijing’s overwhelming presence significantly
undermines Taipei’s freedom to navigate its own diplomatic space. In the words of Informant 3:

Liberty and freedom are the ultimate expressions of national security. The freedom and liberty to choose instead of being dictated by external forces can only be achieved through democratization of the political processes in the country. Taiwan is governed by law, by constitution. The DPP as a liberal party upholds liberal values and principles. It pushes the government to observe and implement the fundamental covenants of the United Nations including civil and political rights, as well as economic, social and cultural rights. The present government, however, is side-tracking the goal of achieving sovereignty from China.5

Overall, based on the statements made by the Taiwanese officials, China’s expanding zone of influence is contracting Taiwan’s de facto sovereign space. Taipei’s failure to pursue its political and economic agendas independently threatens the foundations of its national security. Securing Taiwan’s sovereign space, therefore, becomes crucial to achieving the freedom and liberty to realize its national objectives without the interference of other states particularly China.

On Taiwan’s Free Trade Activities

As argued earlier, China’s encroachment of Taiwan’s sovereign space poses significant threats to the latter’s national security. And for Taiwanese officials, free trade has been increasingly viewed as a key strategy for cultivating diplomatic relations with other countries and mitigating the island’s overdependence on the Mainland. The freedom to engage with prospective partners other than the PRC in various types of trade arrangement is deemed crucial for the expansion of Taiwan’s sovereign space. Based on the interviews conducted, free trade performs three important functions: as a platform for regional economic and political integration; as a key to cross-strait normalization; and as a tool for minimizing overdependence on China. These functions underline free trade’s reinforcement effects with respect to Taipei’s sovereign space amid threats being induced by the One-China policy. With regard to trade’s role as a platform for regional economic and political integration, Informant 1 commented that:

Economic integration must be differentiated from political integration. With respect to free trade agreements (FTAs), for example, some may be politically motivated, while others are economically motivated. In the case of China, FTAs being negotiated and concluded are designed to achieve political and strategic objectives rather than economic ones. In that sense, all Chinese FTAs are meant to serve political objectives, after all, everything is meant to protect the political agenda. In the case of Taiwan, however, this is not necessarily true. For instance, under the proposed US–Taiwan FTA, the US is only asking Taiwan to match its tariff rates. In doing so, Taiwan needs to harmonize its regulatory regimes to improve transparency necessary for maximizing its benefits, while minimizing the costs of concessions. The Taiwanese policymaking circles have agreed that although external political pressures play a crucial role in the inception of
US–Taiwan FTA, however, expected economic benefits justify the need to enforce the said trade agreement. Taiwan’s chief economists and political analysts are very optimistic about China’s relaxation of its policies in relation to Taiwan in light of Hong Kong’s successful conclusions of bilateral FTA with Chile and New Zealand.6

In other words, limiting bilateral trade with China is similar to putting too many eggs in one basket which inevitably creates dependency problem for Taiwan. The risk of being captured by China in economic sense is quite high. Informant 1 further highlighted Taiwan’s unique case by comparing it with Mexico’s bilateral trade relations with the US:

In the case of US–Mexico bilateral trade, although eighty per cent of Mexico’s total export goes to the US, the absence of geo-political tension between the two makes it less risky. The opposite is true in the case of Taiwan and China since we have to prepare for the rainy days. We clearly need to reduce the high level of dependency on China by diversifying, that is, joining more bilateral and plurilateral FTAs.7

Meanwhile, the role of free trade in normalization of cross-strait relations is viewed in the context of Taiwan’s WTO membership. Prior to the country’s accession, much of Taiwan’s economic insecurities emanated from the most-favoured-nation (MFN) status accorded by WTO members to one another. The Taiwanese government, therefore, has deemed free trade as a national security issue that could be effectively addressed through WTO membership. During the negotiations, several trade experts had expressed scepticism towards the WTO, citing discouraging results from various econometric simulations. Yet 10 years after its controversial entry in the WTO in 2002 as a separate customs territory, new empirical studies have shown free trade’s positive impacts on the Taiwanese political economy.8 Similar to other countries that have adopted neoliberal economic policies, however, not all sectors in Taiwan have experienced positive growth including agriculture.9 Nevertheless, Informant 2 asserted that Taiwan’s acceptance to the WTO was a significant milestone in the country’s foreign affairs history, especially when viewed in the context of Beijing tight grip on Taipei’s diplomatic manoeuvrings:

On the one hand, Taiwan’s accession to the WTO facilitated the normalization of cross-strait relations. But while the WTO is aware of Taiwan’s discriminatory practices against China’s products, the latter does not file complaints to the Dispute Settlement Mechanism (DSM) since doing so would implicitly validate Taiwan’s claim as a legitimate sovereign state. On the other, the intensification of East Asia’s desire for establishing regional economic integration via FTAs, has given China a new tool for further isolating Taiwan from vital political and economic activities in the region. At the same time, the implementation of Economic Cooperation Framework Agreement (EFCA) between the two countries has resulted to overdependence on China.10

While multilateralism is still largely viewed as the optimal tool for economic statecraft, Taiwan’s relatively small size, however, substantially limits its influence over trade negotiations at the multilateral level. The second-best option for Taiwanese policymakers, therefore, is to engage more in bilateral and plurilateral FTAs. But the ubiquitous Chinese influence in the region has once again derailed
Taiwan’s bids for preferential FTAs with other prospective partners. As Informant 2 (2013) claimed further:

Taiwanese officials expected that the passage of ECFA would pave the way for more FTAs with different countries but failed to materialize immediately due to the ambiguity surrounding its sovereign status. In short, sovereignty still matters. Attempting to establish diplomatic relations with other countries seems futile when a powerful neighbour opposes it. WTO is becoming less and less of an issue when compared with preferential FTAs.

Within Taiwan’s policy circles, the general consensus is that the country must continue to engage China while it attempts to establish its own FTAs with neighbouring countries. Although cross-strait relations have significantly improved after the restoration of three direct links in 2008—postal, transportation and trade—however, this should not give Taiwanese leaders a false sense of security. As Informant 3 (2013) stressed:

While the DPP does not oppose normalization of cross-state relations, nonetheless, it wants to establish relations with other states other than China. Although the US is adhering to One-China policy, however, it does not have a Once China principle since it does not support Taiwan’s unification with China for some politico-strategic reasons.

Overall, based on these comments made by Taiwanese officials, free trade is a critical element of Taiwanese statecraft. Beyond classical economic considerations, FTAs are fuelled by vital politico-strategic motives that help broaden and deepen Taiwan’s sovereign space. To this extent, the whole process of free trade acquires a new ‘utility function’, that is, as a ‘sovereignty-upgrading’ mechanism (Magcamit & Tan, 2015). The last section of the interviews discusses the policy positions being endorsed by these various institutions with regard to Taiwan’s efforts at linking security issues and FTAs within the national security agenda.

On Taiwan’s Security–Trade Nexus

Informant 3 argued that in order to preserve Taiwan’s national security, cross-strait dialogues must promote peace with China, closer integration with the US, and friendship with Japan. Taiwanese think tanks believe that one way to reach these conditions is to vigorously incorporate the world’s three biggest economies when crafting ROC’s foreign trade policies both at the multilateral and regional levels. Informant 1 made a case for Taiwan’s active involvement in WTO processes vis-à-vis the need for serious partners to establish preferential trade with:

There are two types of WTO members: rule makers and rule followers. This has always been the unwritten rule. Taiwan is definitely not a rule making country. Rules are drafted by the G8 countries. Since Taiwan depends on trade with the rule making countries, the objective is to make money instead of distorting the money-making process. Therefore, it is a systematic issue and not a trade issue per se for as long as subsidies are kept
at minimum. With respect to regional FTAs, it will be more advantageous to join the Trans-Pacific Partnership (TPP) than ASEAN since we should always aim high in order to facilitate domestic reforms. High standards must be used as benchmarks to solve for inefficiencies. In terms of coverage, ASEAN+N and TPP are almost the same. The passage of an East Asia free trade will undermine Taiwan’s need to join ASEAN+N. Despite the proliferation of regional and trans-regional FTAs, the WTO still remains as the optimum choice. It is important to note that the Doha impasse does not mean the death of WTO.\textsuperscript{15}

Meanwhile, Informant 2 maintained that policy recommendations need to identify who the real stakeholders are. In the case of the Economic Cooperation Framework Agreement (ECFA), the communication between the government and the public has been unsuccessful as evidenced by contrasting views and lack of consensus about its significance across different sectors.\textsuperscript{16} Informant 2 also hinted about the influence of economic, as well as strategic incentives being derived from trade agreements with respect to the prevailing political climate in Taiwan:

For members of the opposition, ECFA is a politically sensitive topic affecting the country’s national security. For the local farmers, it is an economic issue threatening their livelihoods due to lack of capacity to compete with imported products. For ordinary citizens, it is a looming social concern that vindicates their distrust toward China. Although in general, the concern about China’s aggressive policy stance toward Taiwan has considerably declined over the past few years, the return of Democratic Progressive Party (DPP) to power might once again, aggravate cross-strait relations due to their explicit rejection of One-China policy. Despite President Ma’s declining popularity, the likelihood of DPP replacing KMT as the dominant political party in Taiwan remains slim given the significant strategic and economic considerations at stake.\textsuperscript{17}

Informant 3, however, questioned such statements and claimed that the party now has a strong chance of replacing KMT considering the significant decline in the incumbent president’s popularity.\textsuperscript{18} Informant 3 argued that One-China policy is both an impetus and a constraint for Taiwan’s trade diplomacy agendas. As such, DPP is framing policies that are more amicable and less defiant towards the PRC, contrary to popular beliefs that it is espousing radical anti-Sino principles. Moreover, the DPP, according to Informant 3 espouses a human-centric security:

Human security in the domestic context is the security in income, gender equality, and labour rights. It puts more emphasis on the rights of the people and the communities. It places more attention on equality issues between men and women. The biggest security concern among Taiwanese is still economic insecurity, although relatively speaking they have better social security system as opposed to other countries. The continuous decline in government tax revenues adversely affects different sectors of the population.\textsuperscript{19}

Overall, based on the comments provided by the informants, security considerations and trade agendas are fundamentally interlinked to each other. This is particularly relevant in the case of Taiwan given the geo-political context in which the country’s domestic and international political economy is embedded. The
overarching China factor significantly restrains Taiwan’s de facto sovereign space, and in doing so, is undermining the latter’s national security. Harnessing the geo-political and geo-economic powers of FTAs, therefore, becomes a crucial element of Taiwan’s foreign policymaking. However, the One-China framework governing cross-strait relations can simultaneously stimulate and constrain Taiwan’s sovereign space. On the one hand, it can motivate Taiwan to enhance its diplomatic ties with other countries through FTA creation that minimizes dependence on China. On the other, China’s wherewithal to effectively employ ‘diplomatic blackmail’ against any country that violates its One-China principle by establishing state-to-state relations with Taiwan, implies that Taiwan’s foreign policies can only be applied exclusively in Chinese terms. This is the dilemma that is confronting Taiwanese political parties at present and the reason why they tend to have a homogenous stand on the sovereignty issue, that is, the freezing of Taiwan’s de jure independence.

Internal and External Factors Influencing the Taiwanese Dilemma

Several factors influence the capacity of Taiwanese political parties and their respective leaders for thawing the politico-diplomatic barriers induced by Beijing’s One-China policy. These are: popularity of nationalist objectives, viability of political unification, level of economic interdependence and atmosphere in the multilateral environment. The first and second factors represent internal constraints sustaining the Taiwanese dilemma, while the third and fourth factors deal with the external constraints reinforcing it. It is worth noting, however, that these factors are all interconnected and therefore tend to overlap. Together, they help explain the limits to the ROC’s political and economic engagement strategies with respect to the PRC that undermine its attempts to escape from the ever-progressing One-China trajectory.

Internal Factors

Popularity of Nationalist Objectives

Defending ROC’s political and economic autonomy against the backdrop of preponderant Chinese power demands a heightened sense of Taiwanese nationalism based on collective idea of civic commonality as opposed to ethnic, religious or linguistic ties (Drover & Leung, 2001). This notion became the basis of the ‘New Taiwanese’ rhetoric introduced by ROC’s former president, Lee Teng-hui in 1988 that symbolized the government’s reconciliatory efforts towards the mainland (Brown, 2004; Clark & Tan, 2010, 2012; Rigger, 1999). The new Taiwanese according to Lee is a ‘living community in which all the people commonly living in Taiwan struggled for and [were] dedicated to Taiwan and the Republic of China, irrespective of the time of coming to Taiwan, languages or regions’ (Drover & Leung, 2001, p. 22).
At the heart of the doctrine is the amalgamation of politics, ethnicity and economics manifested in the convergence between nationalist ideals and free trade objectives (Drover & Leung, 2001). But while free trade has been instrumental for reviving nationalist aspirations in Taiwan, at the same time, however, it significantly boosted China’s influence over the country’s internal and external affairs (Bolt, 2001; Clark, 2009; Clark & Tan, 2010, 2012; Gold, 2009, 2010; Hirschman, 1945; Wang, 2000). This has severely understated the importance of nationalist objectives in favour of short-term economic gains.

Different political actors have different views regarding the possible impact of cross-strait trade relations on Taiwan’s statehood. While the pan-green forces depict cross-strait engagements as threats to national security, the pan-blue forces highlight the security-enhancing features of such engagements. Despite the DPP’s warning about the imminent dangers being posed by deeper economic integration with China on national security, the KMT has still actively campaigned for enhanced Sino partnership to take advantage of the PRC’s economic boom (Chow, 2011; Clark & Tan, 2010, 2012; Lee, 2010; Wang et al., 2010; Zhao & Liu, 2010).

Therefore, it is interesting to see how ordinary Taiwanese view cross-strait relations. During the time of then-President Chen Shui-bian of the DPP, a survey conducted by the National Chengchi University (NCCU) in April 2007 revealed that cross-strait relations were viewed more as threats to national security instead of reinforcements. Results showed 61 per cent of the respondents demanding for regulations on cross-strait relations; 35 per cent requesting for loosened restrictions; and only 4 per cent favouring the current status quo (Clark & Tan, 2012). Following Ma’s election in 2008, a similar survey was conducted that saw the percentage of Taiwanese population wanting stricter regulations increased to 71 per cent while those calling for more relaxed policies decreased to 26 per cent (Clark & Tan, 2012). These figures underscore the largely pessimistic views being held by Taiwanese citizens towards ROC’s dealings with the PRC, especially after signing the agreement for the reopening of direct links to cross-strait relations. To some extent, these findings reflect the persistence of Taiwanese nationalism amid the overcoming China factor.

The passage of ECFA, however, has altered Taiwanese perception towards the Chinese government in general but not without the great polarization of local opinion. On the one hand, the influential business sectors along with the top political elites are largely supportive of the ECFA, highlighting its huge economic gains as the primary impetus for ratification of the agreement (Clark & Tan, 2012; Hsieh, 2011; Wang et al., 2010). On the other hand, parties opposed to any political unification plans, along with other local firms adversely affected by the agreement, argue that the ECFA symbolizes President Ma Ying-jeou’s long-term interest in selling Taiwan’s sovereignty by ceding all its political and economic authorities to the Mainland (Gold, 2009, 2010; Hong, 2012; Tien & Tung, 2011). Nevertheless, results from the surveys conducted by the Mainland Affairs Council (MAC) in 2010 indicated a generally favourable Taiwanese attitude towards the ECFA. Of the total number of respondents, 60 per cent agreed that ECFA has the potential to create long-term positive impacts to the economy; 23 per cent
expressed less optimism about its intended effects; while the remaining 11 per cent were neither supportive nor antagonistic towards the project.

ECFA supporters argue that the citizens’ favourable view towards the agreement is largely driven by the satisfying conditions it generates. Among survey participants, 67 per cent expressed satisfaction with the ECFA and only 33 per cent claimed dissatisfaction (MAC, 2010). With regard to ECFA’s latent security threats against Taiwan’s sovereignty, 34 per cent believed that the agreement could undermine the country’s overall autonomy but a much larger 66 per cent downplayed the significance of these threats (MAC, 2010). Finally, with respect to ECFA’s role in Taiwan’s FTA promotion, 71 per cent of the respondents viewed the agreement as a necessary instrument for capturing more FTAs in the future, thus, implying its capacity for enhancing the country’s sovereign status (MAC, 2010).

These results suggest that Taiwan’s management style with respect to cross-strait relations is more fluid than what might have been initially expected. Taiwan’s pragmatic engagement approach with China has significant influence on the diplomatic climate between the two governments. The island’s speedy recovery from the global recession in 2009, coupled with the far-fetched warnings from the DPP with regard to the ECFA implementation, has further improved the Chinese image (Clark & Tan, 2010, 2012; Magcamit & Tan, 2015).

However, it is important to stress that the volatility of present conditions prevents Taipei from fully trusting in the future of cross-strait relations. The high level of hostility (67 per cent) felt by Taiwanese near the end of President Chen’s term in 2007, for instance, highlighted the lingering suspicions towards Chinese intentions. While this level of perceived hostility has diminished few months after President Ma’s assumption to presidency (53 per cent), the ongoing Chinese military operations involving contested islands in East and Southeast Asia continue to heighten anxieties over wider and deeper forms of cross-strait interactions (MAC, 2010).

For the DPP, nationalist objectives such as the quest for national sovereignty, identity, territory and ethnic justice, are all deeply interwoven into its democratization agenda (Clark & Tan, 2012; Rigger, 2010). Replacing authoritarianism with democracy requires a propagation of Taiwanese nationalism necessary for overthrowing a China-centric regime and declaring non-negotiable freedom from the Mainland (Gold, 1986; Wachman, 1994). The DPP officials expected that by leading the nation in the pursuit of independence, the citizens would acknowledge their efforts by giving them the votes they needed to win government seats (Clark & Tan, 2010, 2012). Conversely, the KMT leaders heavily relied on the expected spillover effects of Taiwan’s economic miracle to justify their position that favoured the maintenance of cross-strait status quo order (Clark & Tan, 2010, 2012). Hence, while the DPP was adamant in endorsing a state-to-state approach when dealing with the PRC; the KMT was cautious in implementing its own version of the One-China principle despite its statements suggesting that the ROC is the legitimate government of all China (Hsieh, 2011; Rigger, 2010).

The results of the 1991 elections, however, forced the DPP to take a more restrained rhetoric after suffering a landslide defeat against the KMT. Since the explicit denouncement of One-China policy proved to be electorally costly and

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politically infeasible at least in the short run, the DPP started to relax its policy on sovereignty and began to craft a new discourse emphasizing the country’s de facto, rather than de jure, independence from China (Clark & Tan, 2012; Rigger, 2010). This resulted to internal conflicts amongst the DPP factions which eventually led to defections of its pro-independence members and the eventual establishment of the Taiwan Independence Party (Clark & Tan, 2012; Rigger, 2001; Wang, 2000).

The failure of nationalist objectives to bring about electoral success underlines their limits to securing Taiwan’s sovereign space. Extreme nationalist propositions in relation to Taiwan’s contested statehood yield low numbers of vote for the respective parties espousing them. This reflects the public’s fear that proposals for either complete unification or absolute independence severely undercut the existing cross-state stability stability. Interestingly, a huge segment of the voting population prefers the preservation of the status quo, or the so-called ‘normalization’ of cross-strait relations (Hsieh, 2002, 2011; C.W. Huang, 2009). As a result, Taiwanese political parties, specifically the KMT and the DPP, are being compelled to soften their nationalist objectives by taking a middle ground in attempts to placate the increasingly sceptic citizens and win their votes (Clark & Tan, 2012; Lin, 2001; Wang, 2000). But in doing so, the agendas designed to enhance Taiwanese politico-diplomatic sovereignty are substantially diluted if not completely eroded in favour of the status quo. The result is the homogenization of Taiwanese parties’ policy stance on de jure independence that further entraps Taiwan within the One-China trajectory.

**Viability of Political Unification**

On the one hand, a confident Taiwanese government engages in deeper and wider economic activities with China, thereby reducing the level of cross-strait tensions (Kastner, 2013). Heightened economic integration increases the costs of conflict for both countries, restraining Beijing’s hostile behaviour while expanding Taipei’s sovereign space. This gives the ROC leaders a sense of assurance that they are still operating within the PRC’s ‘zone of tolerance’, and therefore, reinforces the perceived need to maintain the status quo. Pleased with the existing pro-status quo Taipei regime, Beijing begins to relax its militaristic policies towards cross-strait relations, expecting that the island will soon abandon its nationalist goal of complete autonomy from the mainland (Gartzke, Li & Boehmer, 2001; Kastner, 2013; Morrow, 1999).

On the other hand, a revisionist Taiwanese leadership questions the legitimacy of the existing status quo and threatens to establish a new form of cross-strait arrangement (Kastner, 2006, 2013). Such a regime is pessimistic about the effectiveness of bilateral economic ties in influencing the target state’s behaviour especially when dealing with a superpower neighbour. Economic partnerships at bilateral levels are not likely to succeed when the political space for cooperation remains hostile (Gowa, 1994; Pollins, 1989). Even if they endure these challenges and mitigate the existing conflicts in the short term, nonetheless, new forms of tension may still emerge somewhere between the medium- and long terms (Waltz, 1979). Such scenario, therefore, will inevitably lead to heightened tensions on both sides of the
Taiwan Strait, and will compel China to re-employ militaristic strategies to counter secessionist movements (Kahler & Kastner 2006; Kastner, 2006, 2013).

This revisionist approach is best exemplified by Taiwan’s former President Chen when he articulated his idea about the presence of an independent country on each side of Taiwan Strait. Chen had not only abolished the National Unification Council (NUC) but also rallied to achieve membership status at the United Nations (UN) under the name of Taiwan (Clark & Tan, 2010, 2012; Kastner, 2006, 2013). Such policies underscored the revisionist sentiments of a DPP-led government and were symbolic expressions of the country’s sovereign aspirations. But despite his bold statements with regard to its pursuit of sovereignty, Chen still showed restraint by not issuing a formal declaration of independence to prevent further military backlash from China (Clark & Tan, 2010, 2012; Kastner, 2006, 2013).

Although economic integration may indeed embolden Taiwanese leaders to pressure Beijing to grant them full independence; however, such an attitude threatens several local interest groups benefiting from the improving cross-strait relations. This is especially problematic given Beijing’s strong resolve to uphold the One-China principle that undermines all considerations for the economic costs of war (Kastner, 2006, 2013). The anxiety induced by a revisionist ROC government thwarts all healthy cross-strait economic activities, thereby adversely affecting the growing number of domestic stakeholders (Clark & Tan, 2010, 2012; Kastner, 2006, 2013).

Stability in cross-strait relations, therefore, is a primary concern for influential business sectors that play a pivotal role during national elections. As a consequence, revisionist politicians are being compelled to moderate their nationalist discourse in order to protect their votes. Hence, intensifying cross-strait economic relations has a tendency to weaken the political allure of the DPP’s nationalist policies with respect to China. This became evident in the 2012 presidential elections when the DPP’s standard-bearer Tsai Ing-wen failed to convince Taiwanese voters that cross-strait relations would remain stable under her leadership. The outcomes of the event persuaded the party to reconsider and reformulate its approach towards the Mainland (Kastner, 2013). Thus, it may be argued that in the long run, there will be less incentive for Taiwanese politicians to launch strong pro-independence campaigns that are centred on nationalist agendas given their electoral costs to the parties espousing them (de Lisle, 2012). And again, by doing so, the chains that bind Taiwan within the One-China trajectory are being hardened as the policies towards independence are homogenized even further.

**External Factors**

**Level of Economic Interdependence**

Although economic engagement, particularly in terms of trade, is commonly framed as the superpowers’ strategy for extracting politico-strategic concessions from their respective targets, nonetheless, small powers have also utilized these linkages to inform, constrain and transform the latter’s behaviour (Kahler & Kastner, 2006; Kastner, 2006). Such is the case between Taiwan and China. There are two types of engagement strategy that strongly capture the dynamics of
cross-strait relations between these two countries: conditional (tactical linkage) and unconditional (substantive/structural linkage). Under conditional engagement, the initiator adopts a quid pro quo approach by compensating the target for every policy change that it makes through increased economic exchanges rather than punishing it with sanctions (Kahler & Kastner, 2006). However, there are a number of reasons why conditional engagement strategies, in general, are deemed less popular than economic sanctions. First, in terms of economic costs, inducements are generally costlier than sanctions. While sanctions are carried out only when the target fails to initiate the policy change, inducements are paid when policy shift does take place and will continue for as long as the target maintains its favourable behaviour (Drezner, 1999/2000). Second, offering inducements not only creates the perception that the target’s resolves are stronger than the initiator’s but also strengthens the former’s military capacity, thus, raising the incentives for maintaining the policy status quo (Drezner, 1999/2000). And third, the uncertainties of market conditions undermine credible commitments of both the initiators and the targets with respect to policy reforms that must be carried out once economic payoffs have been made (Drezner, 1999/2000). Despite such limitations, conditional engagement can still induce the desired policy change particularly in cases involving democratic nations given their strong credibility for complying with agreed-upon commitments (Kahler & Kastner, 2006).

Meanwhile, an initiator state employing unconditional engagement strategy does not rely on tit-for-tat but on the capacity of economic interdependence to influence the target’s policy behaviour, and to that extent are more passive (Aggarwal & Govella, 2013; Drezner, 1999/2000; Kahler & Kaster, 2006; Mastanduno, 1992). The idea is to entangle the target into the initiator’s economic activities up to a point where cessation becomes extremely costly for the former. In general, unconditional engagement performs three crucial functions: informing the target of the initiator’s precise level of resolve without resorting to militaristic actions; constraining the target’s policy dominion; and transforming the target’s policy behaviour and attitude (Drezner, 1999/2000; Kahler & Kastner, 2006; Kastner, 2006; Gartzke, Li & Boehmer, 2001). As such, the breadth and depth of economic interdependence, particularly with respect to trade, determine the likelihood of conflict between the initiator and target states when expected policy changes do not occur.

As mentioned earlier, the Taiwan case provides a vivid illustration of these two forms of economic engagement with respect to China. The reopening of direct links to cross-strait relations, along with the signing of the ECFA, highlights ROC’s attempts at conditional and unconditional engagements designed to inform, constrain and transform the PRC’s One-China policy. China’s refusal to rule out the threat or actual use of force in pursuing its unification objective underlines the importance of Taiwan’s effective management of economic engagements to ensure its survival, at the very least as a de facto sovereign state. Indeed, the Taiwanese government has utilized the existing cross-strait economic interdependence as a bargaining chip in deciding its contested statehood. In attempts to harness the transformative effect of economic engagement as self-antidote against Chinese nationalistic goals, Taiwanese officials have set out specific preconditions for the reopening of cross-strait links to trade, transit and communications,
namely: withdrawal of threat or actual use of force against Taiwan; removal of barriers to Taiwan’s diplomatic space and political liberation vis-à-vis democratization of the Mainland (Clark & Tan, 2012; Zhao & Liu, 2010).

However, China’s military and economic preponderance engenders a scenario in which cross-strait economic relations continue to intensify with or without the fulfilment of the aforementioned conditions. Notwithstanding the high levels of political risk involved, Taiwanese firms have continued to trade and invest more in China replacing the old ‘go slow, be patient’ approach with ‘active opening’ and ‘effective management’ mantras (Clark & Tan, 2012; Kahler & Kastner, 2006). Accordingly, strong lobbying efforts from local business communities in Taiwan have placed enormous pressure on the government to abandon such pre-requisites being demanded from China prior to the legalization of direct cross-strait links (Clark & Tan, 2012; Wang et al., 2010; Zhao & Liu, 2010).

These calls have, to certain extent, resulted to the convergence of cross-strait policies, specifically with respect to economic issues being espoused by competing political parties in Taiwan. There are two main factors that have led to this convergence: the increasing enmeshment of Taiwan’s business interests with the Mainland affairs; and the rise of Taiwanese electorate favouring the status quo over independence and unification. Consequently, concerns over the adverse effects of excessive Sino-dependence on national security has gradually diminished in importance across Taiwan’s political gamut, forcing presidential candidates to embrace a modified two-state approach for managing cross-strait affairs (Clark & Tan, 2012; Kahler & Kastner, 2006; Wang et al., 2012; Y. Wu, 2001). Despite significant efforts in moderating the country’s reliance on the PRC, cross-strait trade and investment flows have continued to expand as ROC officials themselves began to realize the cost of restraining local business activities. Hence, even without gaining significant political concessions, Taipei’s economic compensations to Beijing continue to roll over.

Furthermore, Taiwan’s democratic society also makes it easier for China to link its politico-strategic motives with cross-strait economic interdependence. Beijing’s willful assertion of influence over business matters to undercut local support for pro-independence party such as the DPP, for instance, highlights such entanglements. The imbalanced trade relations between the PRC and the ROC generate asymmetric political effects which are further reinforced by institutional differences (Clark & Tan, 2012; Kahler & Kastner, 2006; Kastner, 2013). On the one hand, Beijing is waiting for cross-strait economic relations to weaken Taiwanese nationalism and identity, which will then diminish local resistance against its One-China policy. On the other hand, Taipei is optimistic that Beijing will soon realize that its regional ‘hegemonic’ power is fuelled more by economic imperatives and less by nationalist rhetoric (Kahler & Kastner, 2006; Kastner, 2013). This will then compel the government to replace its militaristic approach with pacifist method for managing cross-strait relations. When the quest for economic interests leads to relaxation of Chinese nationalist objectives, allowing the peaceful settlements of political and ideological differences, Taipei’s gamble with Beijing would have then paid off (Kahler & Kastner, 2006; Kastner, 2013; Lee, 2010; Rigger, 2010; Zhao & Liu, 2010).
In addition, multilateralism also imposes significant constraints on Taiwan’s capacity for launching a conditional engagement strategy (Kahler & Kastner, 2006; Kastner, 2006). This is because China’s economic dynamism enables it to attract other countries that are willing to cultivate interdependence without demanding any politico-diplomatic concession. The constraints engendered by Taiwanese conditionalities are compelling the government to adopt unconditional engagement procedures wherein unrestricted cross-strait economic interdependence is expected to act as a pre-emptive measure against China’s military diplomacy. However, the authoritarian nature of the PRC’s political institutions implies that Chinese officials can easily circumvent the rules and procedures for managing cross-strait relations (Chow, 2012; Hong, 2012; Kahler & Kastner, 2006; Kastner, 2006; N. Wu, 2012; Zhao & Liu, 2010).

This view is particularly popular among Taiwanese oppositionist groups that are predominantly represented by the DPP. Despite the perceived ‘harmony’ of economic agendas between rivalling political parties, the reality is that there are still segments of Taiwanese population that have reservations towards the country’s deeper and wider economic integration with China. This argument is clearly illustrated by the dramatic turn of events that took place after the KMT’s ‘blitzkrieg’ passage of Cross Strait Services Trade Agreement (CSSTA) with China on 17 March 2014.27 President Ma’s decision to cut-short a vital deliberation process in the Legislative Yuan concerning the controversial agreement has provoked the occupation of the parliament on 19 March 2014 by a multi-sectoral coalition led by student groups (Arrouas, 2014; Chung, 2014).

The demonstrators have demanded several conditions from the Taiwanese president: hold an inclusive citizens constitutional conference; reject the CSSTA in lieu of a monitoring mechanism for cross-strait agreements; pass a monitoring mechanism for Cross-Strait Agreements in the current legislative session; and for legislators from both parties to address the people’s demands (CALD, 2014). Thus, while big local business groups support unconditional economic engagement, the grassroots civil societies insist on the maintenance of regulatory conditions for facilitating cross-strait relations. The conflicts between these two segments of the population further side-tracks the respective policy strategies of Taiwanese political parties with respect to issues surrounding Taiwan’s quasi-sovereign statehood.

Atmosphere in the Multilateral Environment

The World Trade Organization (WTO), unlike any other existing international institutions, does not require potential members to be sovereign states to gain accession. This unique constitutional feature of the organization has enabled some type of ‘cross-strait co-existence’ between the ROC and the PRC within the same multilateral space where both parties act as co-equals or parallel members (Bush, 2011; Charnovitz, 2006; Cho, 2005; Hsieh, 2005; C.W. Huang, 2009). Hence, while Taipei’s WTO accession cannot be regarded as a bilateral accord with Beijing, nonetheless, it helps in facilitating some semblance of rule of law between the two parties. In addition, it allows the Taiwanese government to stand in an international tribunal thru the organization’s Dispute Settlement Understanding.

Taiwan and mainland China will be two independent, parallel, and equal members. The WTO mechanism offers the two sides a new channel for communication, dialogue, and consultation. The two do not have to set any preconditions or prerequisites. They can conduct dialogue and consultation on mutually concerned issues based on the WTO rules and framework.

However, questions remain as to whether or not China intends to acknowledge Taiwan’s co-equal status within the WTO given its claim of legitimate authority over the island, along with its long-term goal of reintegrating it with the Mainland. From the Chinese perspective, Taiwan remains a province of China with or without peaceful unification (Clark & Tan, 2012; Lee, 2010; Zhao & Liu, 2010). As such, Beijing promotes a WTO framework with ‘One-China gestures’ by rejecting anything that connotes the presence of two Chinas (Cho, 2005, p. 751). Such gestures are intended to cast off any political implications that might arise from China’s compliance with the WTO rules in relation to Taiwan at the global level. In addition, it aims to emphasize that adherence to these multilateral agreements does not, in any way, nullify Beijing’s One-China principle. In short, these One-China gestures aim ‘to tell the world that interactions with Taiwan are not international affairs but internal matters’ (Cho, 2005, p. 752).

A concrete example is the ‘nomenclature war’ launched by China against Taiwan as a subtle form of protest over their parallel status in the WTO. For instance, China uses the name ‘Chinese Taipei’ instead of TPKM to refer to Taiwan in the WTO and insisted that all members must follow the same (Charnovitz, 2006; Cho, 2005). It did not hesitate from calling the attention of representatives from other states that made the ‘mistake’ of calling the island, ‘Taiwan’ during formal and informal sessions (Charnovitz, 2006; Cho, 2005). Moreover, China prefers to use the Chinese language when preparing official WTO documents involving Taiwan and rejects documents that bear the name of ‘Republic of China’ (Cho, 2005). Such gestures are meant to send the message that the island is part of China’s separate customs territories similar to Hong Kong and Macao (Charnovitz, 2006; Cho, 2005). Hence, from the Chinese standpoint, WTO dialogues between Beijing and Taipei are domestic concerns of a single country with several subsidiaries.

In July 2005, however, China has formally accepted Taiwan’s TPKM title but demanded the cancellation of diplomatic titles given to some members of the Taiwanese Mission (cited in Charnovitz, 2006, p. 417). The WTO Secretariat granted the appeal and removed these titles from the updated version of its Members Directory, thus provoking Taipei officials to accuse the organization of ‘throwing away its neutrality under pressure from China’ (Bishop, 2005). At present, only the top two officials of Taiwan’s Permanent Mission to the WTO are identified by their respective titles, while all lower-ranking representatives only have their names and areas of expertise listed (Charnovitz, 2006; Cho, 2005).
These nomenclature discriminations and One-China gestures towards Taiwan are intended to challenge the legitimacy of government’s equal standing in the WTO (Charnovitz, 2006; Cho, 2005). As far as Beijing is concerned, Taiwan’s WTO accession is solely based on its status as one of China’s separate customs and territories. Hence, it cannot and should not have a legal standing of its own within the said institution. Through these projections, Beijing is able to effectively portray its relations with Taipei as a local affair between the Mainland and one of its customs territories. China’s rejection of Taiwan’s independent legal status at the WTO explains its continuous refusal to conduct bilateral dialogues concerning cross-strait issues at the multilateral level.

Such an atmosphere in the WTO—the only multilateral institution that Taiwan has successfully acceded to thus far—severely undercuts the capacity of Taiwanese leaders and policymakers from either side of the political spectrum, to break free from China’s sinicization project. Indeed, the biggest delaying factors in Taiwan’s accession to the WTO that took 12 years were politically charged. On the one hand, were issues relating to its contested sovereignty, and on the other, were concerns relating to its volatile relations with China (Hsieh, 2005; C.W. Huang, 2009). When China renegotiated its WTO membership with the US after its temporary withdrawal following the Tiananmen Square incidence in 1989, the two parties agreed that Beijing would not block Taipei’s accession (C.W. Huang, 2009; Liang, 2002). In exchange, it was also agreed that China would be granted membership prior to Taiwan. Thus, aside from the domestic factors that constrain Taiwan’s march towards full independence are international conditions that seem to militate against such goal. In the end, Taiwan still remains trapped within the sinicization trajectory amid the omnipresent China factor.

**Concluding Remarks**

The entanglements between Taiwan and China’s national security interests, on the one hand; and free trade objectives, on the other, are coercing Taipei officials and policymakers to preserve the prevailing cross-strait status quo. In attempts to enhance their political appeals during national elections, the major political parties in Taiwan are being compelled to ‘cooperate’ with each other by promoting pro-status quo policies. This leads to the progressive homogenization of their respective policy postures towards independence, that is, the freezing of Taiwanese de jure sovereignty. The result is Taiwan’s continued ‘imprisonment’ within the PRC-configured One-China trajectory.

Taiwan’s decision to either accelerate or decelerate the pace of cross-strait economic interdependence depends on the level of security threat being induced by China. Success rests on the degree of importance that China places on cross-strait economic relations, on the one hand, and Taiwan’s resolves to terminate the agreements when desired policy changes with respect to cross-strait politics do not materialize, on the other. However, the Taiwanese government’s efforts at securing its sovereign space through economic engagements are thwarted by its lack of political freedom, if not, the will to cancel payoffs even when Beijing’s behaviour...
continues to violate prior conditions made. It would appear, therefore, that a consensus for adopting a moderate approach to achieve nationalist agendas between Taiwan’s two major parties has been reached. While general sentiments towards each other may be as capricious as the Taiwan–China relation itself, nonetheless, both parties have been consistent in applying the norm of moderation in managing cross-strait affairs.

Consequently, both pro-China and anti-China political factions are being restrained from adopting and implementing policies that have the potential to destabilize the ‘normal’ conduct of cross-strait relations. While a highly China-centric policy is condemned by citizens opposed to political unification with the Mainland, however, an extremely nationalistic policy is rebuked by sectors that see opportunities from healthy economic relations with Beijing. Such dilemma naturally leads to calls for ‘normalization’ of cross-strait relations. In the end, Taiwan is trapped in what appears to be a perpetual prisoner’s dilemma induced and preserved by the omnipresent China factor.

Notes
1. For further discussion on the prisoner’s dilemma, see Kreps, Wilson, Milgrom and Roberts (1982), Milgrom (1984), Poundstone (1992) and Rapoport and Chammah (1965).
2. Sinicization or Chinalization in this context refers to the policies of acculturation, assimilation or cultural imperialism of neighbouring cultures, specifically Taiwan, to China.
3. Based on the author’s interview with a Deputy Director at Taiwan’s WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
4. Based on the author’s interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
5. Based on the author’s interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
6. Based on the author’s interview with a Deputy Director at Taiwan’s WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
7. Ibid.
8. Based on the author’s interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
9. Ibid.
10. Ibid.
11. On 10 July 2013, a few months after the interviews were conducted, Taiwan signed a bilateral FTA with New Zealand. The Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC) is Taiwan’s first free trade pact with a non-diplomatic ally. This was immediately followed by the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP), signed on 7 November 2013. It must be noted that these two bilateral trade agreements were signed after 2010, and therefore are outside the study’s scope. Nevertheless, their implications on Taiwan’s security and trade linkages will be briefly discussed in the succeeding sections.
12. Based on the author’s interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
13. Based on the author’s interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
14. Based on the author’s interview with a Deputy Director at Taiwan’s WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
15. Based on the author’s interview with a Deputy Director at Taiwan’s WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
16. Based on the author’s interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
17. Based on the author’s interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
18. Based on the author’s interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
19. Based on the author’s interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
21. For a more in-depth analysis on great power politics, see Mearsheimer (2001).
23. For further discussion on conditional and unconditional engagements, see Drezner (1999/2000) and Kahler and Kastner (2006). For tactical and substantive linkages, see Aggarwal and Govella (2013); and for tactical and structural linkages, see Mastanduno (1992).
26. For more in-depth analysis on Taiwanese identity politics, see Chow (2012), Lee (2010) and Zhao and Liu (2010).
27. For more information about the protest against the CSSTA, see Democratic Progressive Party (2014).

References


Rising South Korea: A Minor Player or a Regional Power?*

David Shim and Patrick Flamm

South Korea’s rising status in regional and global affairs has received significant attention in recent years. In academic, media, and policy debates, though, South Korea is usually regarded as a mere middle power that, due to its geopolitical situation, has only limited leeway in its foreign policy choices. Accordingly, it must constantly maneuver between its larger neighbors: China, Japan, and Russia. However, this perspective negates the fact that the same geopolitical constraints also apply to other states in the region. Thus no country can easily project its power onto others. We use the concept of “regional power” as a template for investigating South Korea’s rising stature in regional and global politics, and argue that Seoul appears quite capable of keeping up with other assumed regional powers. Hence, we not only provide a novel account of South Korea’s foreign policy options but also go beyond current approaches by asking about the (undetermined) possibilities that exist for Seoul’s regional relations.

Key words: South Korea, security and foreign policy, middle power, regional power, East Asia.

Introduction

The major international events recently held in the ROK (South Korea) point to Seoul’s ambitions to gain greater recognition in world politics. Aiming to contribute to the global fields of security, economy, and development, South Korea has hosted the Nuclear Security Summit (2012), the G20 leaders’ meeting (2010), and the Fourth High Level Forum (HLF) on Aid Effectiveness (2011). In October 2012, South Korea was elected as a non-permanent member of the UN Security Council and selected as the host of the Green Climate Fund, an international funding

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body designed to promote climate protection projects in developing countries and widely referred to as the “World Bank” for enhancing sustainable economic growth.

Furthermore, South Korea is currently participating in active peacekeeping and military operations in international hotspots, including Afghanistan, Lebanon, South Sudan, the coastal waters off Somalia, and the Kashmir region. In this way, the country is helping to both provide and maintain regional security and stability. Beyond its activities in the field of international security, South Korea is also eager to secure opportunities for enhanced economic growth. For instance, the ROK has concluded a range of free-trade agreements (FTAs), among them with the world’s three largest economic zones: the ASEAN, the EU, and the United States. As a result, approximately 60 percent of the world is now part of South Korean “economic territory” in terms of gross domestic product (GDP).

While the above-mentioned observations paint a picture of a South Korea eagerly aspiring to success in regional and global affairs, they simultaneously contrast with the widespread portrayal by commentators of the country’s foreign and security policy as focused predominantly on North Korea and constrained by geopolitical conditions in Northeast Asia, the sphere of influence of four nuclear states as well as of both emerging and established economic powers. Hence, Seoul’s geopolitical situation has often been described, in reference to a traditional Korean proverb, as that of a shrimp located between whales, who is in imminent danger of getting hurt when the bigger creatures around it begin to fight.1 Behind this metaphor stands the common assumption that South Korea – surrounded by the great powers China, Japan, Russia, and the United States – has only limited leeway in its foreign policy choices and thus must constantly maneuver between the more powerful regional actors.2

However, does this widely presumed existence of so-called “fundamental obstacles”3 correspond with South Korea’s actual status in regional and global affairs? We argue that the density of populous and militarily and/or economically powerful states in Northeast Asia is a reality that all regional neighbors have to cope with. China, Japan, Russia, and the United States cannot easily project their power onto others, or, to put it more bluntly, “do what they want to.” The particular geopolitical setting in Northeast Asia – believed almost exclusively to limit only South Korea’s foreign policy options – also holds true for Seoul’s putatively more powerful neighbors. For example, for many policy-makers, scholars, and journalists, China – due to its sheer size – is a great power. Beijing is often said to possess the most

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significant degree of influence over North Korea because Pyongyang is seen as being dependent on Chinese support for its survival. However, it is important to note that the Chinese government was not, for example, able to prevent North Korea from conducting missile and nuclear tests in 2006, 2009, and 2012 – even though it strongly opposed these actions and threatened to take punitive measures if they went ahead. Thus North Korea, despite being a small and impoverished country, did not change its decision-making behavior when confronted by a far superior power (not to mention when confronted by, among others, the United States, Russia, Japan, and South Korea).

Japan, which is referred to as a middle or even regional power, is another case-in-point. As a result of decades-long economic stagflation, demographic challenges, more assertive neighbors, and a self-imposed “peace constitution,” Japan’s foreign policy options in Northeast Asia are similarly limited. Therefore, the question of restricted decision-making in foreign policy as well as the constrained projection of a country’s own power capabilities – also a consequence of the above-mentioned geopolitical conditions – does not just apply to South Korea, but is rather a (negated) reality that all actors in the region face.

Once this situation is accepted, the issue of what kind of regional standing or status seems to be possible for South Korea can be viewed – as is done by this paper – from a novel perspective. Therefore, the main research question here is whether South Korea is, as is so often stated, only a “shrimp among whales” or whether instead it is a considerable (albeit neglected) regional power. In answering this question, we analyze South Korean foreign policy by using the concept of “regional power” as a template to discuss the country’s regional ambitions. This analytical approach, which is outlined in more detail in the following section, is particularly suited to addressing our question as it provides a comprehensive framework with which to examine the power hierarchies of states at the regional level. While many studies on South Korea’s foreign policy have simply taken it as a given that the structure of the international/regional system quasi-automatically determines its outward behavior, which is usually associated with the concept of a middle power, we go one step back by – to put it simply – emphasizing more agency and less structure. In this vein, we not only provide an innovative account of South Korea’s foreign policy options in the region but also go beyond current studies by asking about the (undetermined) possibilities that exist for Seoul’s regional relations, which adds further value to this paper for Korea observers.

At the same time, we also intend to close a gap in the research on the concept of regional power itself. South Korea is an interesting case because it seems to be an

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anomaly in terms of what determines the positioning of states at both the global and regional levels. For instance, one criterion for being a regional power is the material resources of a country—such as the size of its economy, military, and/or population. In these realms, as will be outlined later, South Korea has near parity with other assumed regional powers, yet it is nevertheless still widely perceived to be only a minor player in regional and global affairs. Therefore it makes sense to turn to—and, importantly, test—alternative concepts that attempt to capture the shifting power status of states. We have opted for the concept of regional power—as opposed to other notions, including minor power or middle power5—because, as others have also argued elsewhere,6 South Korea appears to have transcended the middle power category and other approaches therefore warrant review.

Because there is no agreed standard method for measuring the position of states in the international arena, it suffices to say that conceptual overlaps between different power status terms are possible and indeed likely. By taking South Korea as an example, we thus also contribute to the research on regional powers and, ultimately, ask just how viable the use of this concept is, in light of the article’s findings. The analytical approach used to evaluate South Korea’s position is based on conceptual frameworks and typologies compiled from the existing literature on regional powers. This approach is introduced in the next section, alongside the different conceptualizations of regional power and our selection of methodological instruments. We subsequently analyze the indicators of South Korean’s putative status as a regional power. The concluding section then evaluates the findings and identifies further research questions with reference to the regional power concept.

Definitions and Understandings of Regional Powers

The concept of regional power finds a wide range of applications in the academic domains of (comparative) area studies and international relations.7 Similar

to the well-known concept of middle power, examinations regarding who or what is a regional power and how to account for emerging states in the international system have become important research pursuits in both fields. Indeed, this development seems to make sense, as region and power are central notions in area studies and international relations.

The literature concerning the concept of regional power has provided a comprehensive collection of diverse definitions and notions that overlap and intersect in terms of their meaning: regional great power, major regional power, great power, major power, secondary regional power, and middle power, to list only a few. Only the notion of the superpower seems to be uncontested; otherwise, a rich pool of diverse analytical concepts exists.

Among many policy-makers, researchers, and journalists, the typical candidates for regional power status include Brazil, China, India, Russia, and South Africa. Further contenders are Iran, Japan, Mexico, and Nigeria. This list of potential regional powers can be extended quite arbitrarily, which is indicative of the difficulty to fully grasp and standardize the term conceptually and also highlights the multitude of different definitions. Often the conceptualization of the term lacks clear distinctive characteristics in relation to other similar classifications, so that several terms can be, and are, applied to one and the same country.

While, for instance, Jonathan H. Ping classifies India as a middle power, Samuel Huntington elevates it to the category of a major regional power –
a type that is in certain ways dominant within a region but that is not able to project its interests as extensively around the globe as the only superpower, the United States, can. In contrast, the US government sees the South Asian country as a potential great/world power, citing its democratic development and its political and economic freedom. Japan functions as another example of the alternating usage of the term “regional power.” In the eyes of Barry Buzan and Ole Waever, it represents a great power because of its hesitancy to claim superpower status and its unbalanced power resources; Andrew F. Cooper, Richard A. Higgott and Kim Richard Nossal, however, consider it a middle power, as it demonstrates the tendency to pursue multilateral solutions to international problems, to seek compromise in international disputes, and to practice good international citizenship. As indicated earlier, some authors – such as Ping – do not even consider Japan to be a middle power. Another example of the mixing of the terms “regional power” and “middle power” is provided by Daniel Flemes. While he, on the one hand, treats Brazil, India, and South Africa as so-called “emerging middle powers,” Flemes later considers the same states – and, elsewhere, South Africa – as regional powers, thereby portraying the two classifications as being interchangeable.

With respect to the question of what qualifies a state to be considered a regional (great) power, Oyvind Osterud formulates four conditions. According to these criteria, a state that is geographically part of a delineated region is able to stand up to other states in the region, is highly influential in regional affairs, and – unlike a middle power, which might also be a great power on the global scale – can be regarded as a regional great power. However, in reference to the latter condition, Flemes asserts that “the author [Osterud] is mixing the characteristics of regional powers and great powers and making the distinction between regional powers and middle powers more difficult.”

22. Ibid., p. 12.
The exact distinctions between a middle power and a regional power seem to be particularly unclear. Whereas Eduard Jordaan divides middle powers into traditional and emerging middle powers,24 as noted Flemes instead equates the latter term with the notion of regional powers.25 Martin Wight, on the other hand, differentiates between the concepts of middle and regional power on the basis of geographical boundaries and determines the existence of both a local/regional and a global level.26 While states, according to Wight, can be regional powers within their geographical locale, they are regarded as middle powers in relation to the global level.27 What Wight has introduced here is a conceptual difference between a middle power and a regional power, as the former term seems to refer to a state in the context of the global hierarchy while the latter concept relates to regional, more geographically limited, parameters. However, Andrew Hurrell has objected to the fact that the hitherto existing approaches and attempts to develop a theory of intermediate powers have led to a “dead-end.”28 He has added for consideration a constructivist position on this topic, which, in his view, omits the putatively objective geopolitical and geo-economic criteria and focuses more on the socially constitutive character of such a hierarchical status.

Bearing these diverse understandings in mind, a crucial question to ask, then, is how a state can be identified as a regional power. To distinguish between overlapping meanings and definitions, several scholars have attempted to clearly define the term.29 Many of these authors have developed analytical frameworks that provide various indicators for determining and assessing potential regional powers. After reviewing the literature on regional powers, we have identified the following five criteria as the most relevant qualities for the definition of a regional power:

1 **Delimitation** refers to the territorial, economic, cultural, and political context in which the potential regional power is embedded. Simply put, to which greater, clearly defined, region does the country align itself with its regional ambitions?

2 Pretension concerns the question of whether leadership claims are voiced by the actor, and, if so, what these claims are. The ambition and the willingness to take the lead in specific policy fields is, hence, another necessary condition for a regional power.

3 Endowment describes how the actor is equipped in predominantly material terms – including, for instance, economic, military, and technological capabilities. This criterion asks what kind of ability the state has to back up, or even enforce, its regional leadership claims.

4 Influence refers to the level of leverage or impact that an actor has on important issues of regional/global concern. Examples include membership and voting rights in international or regional organizations, the secondment of personnel, or the ability to shape regional policy agendas.

5 Recognition concerns the intersubjective character of interstate relations. It asks how others view the actor’s role as a regional power, and whether its leadership claims are acknowledged and encouraged by follower states.

On the basis of these characteristics, the next section discusses South Korea’s possible role as a regional power in “East Asia.” The question of delimitation – the first criterion – can thus be answered immediately and relatively easily, given that the South Korean government both sees itself and is seen as being part of a region widely designated and known as East Asia, with the major states holding influence therein being the United States, China, Japan, and Russia.

South Korea – A Regional Power?

Discussion about South Korea’s emerging role in regional and global affairs has gained much momentum in recent years. While this debate was initially mainly restricted to policy-making and academic circles, international media outlets have increasingly come to participate in this discussion, as articles published in the

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The academic literature demonstrates a high level of consensus with regard to South Korea’s position in the international and regional systems. The country is usually regarded as a middle power, meaning that it is unlikely to lead – or is incapable of leading – and is thus more likely to be led. Hanns Günther Hilpert has provided a good example of this, by stating that “in the concert of powers in East Asia, South Korea will always play a minor role in relation to the more populous countries China, Japan, the USA, and Russia.” Jeffery Robertson, on the other hand, argues in a more nuanced manner. While he concedes that it is hard to imagine South Korea being anything else but a middle power, he also states that the country has outgrown the middle power categorization.49

However, other scholars and Korea observers have shown that it is quite possible to think of South Korea as a significant regional power. They discuss, for instance, the country’s rise as a regional power, its strengthened regional leadership capabilities, or its emergence as a major military power in East Asia. Others have even asked whether South Korea is a “new great power.”

In sum, these analyses give sufficient reason to question South Korea’s oft-cited middle power status. South Korea should not, therefore, only be defined by its role in international politics, with its supposedly narrow niche diplomacy that targets only limited policy fields or with its special interest in multilateral cooperation and international institutions to constrain more powerful states – all of which are

38. Hanns Günther Hilpert, op. cit.; authors’ own translation. Original text: “[. . .] im Mächtekonzert Ostasiens wird Südkorea gegenüber den bevölkerungsstärkeren Ländern China, Japan, USA und Russland immer nur eine Nebenrolle spielen.”
41. Sung-hoon Park, op. cit.
43. Artyom Lukin, op. cit.
considered as traditional middle power indicators. As will be shown, it should also be defined by its more assertive power politics (for example in negotiations regarding territorial disputes with China and Japan, the stance taken towards North Korea, and its military operations abroad) and its political initiatives. These not only comprise and connect many different policy fields – including security, economy, trade, development, environment, and culture – but, seen under the heading of “rule-maker,” also find increasing resonance in global and regional contexts.

Pretension

Inherent in the term “regional power” is the connotation of leadership and reference to a specific geographical area. Thus, the first step in analyzing South Korea’s standing is to examine whether there are indications of a pretension to regional leadership, and if so, which area this is related to exactly. As we have already addressed the latter question above, we will turn in this section to the political leadership assertions of South Korea’s government.

Concerning claims to regional leadership, the so-called “New Asia Initiative” (NAI) of the Lee Myung-bak administration deserves particular mention. Embedded in South Korea’s “Global Korea” national security strategy, which envisions the expansion of South Korea’s international role, the NAI is an attempt by Seoul to increase its leverage in the region by acting as a bridge between developed and developing countries. The new policy not only focuses on the expansion of economic ties and trade relations with a range of (newly embraced) regional neighbors in Central Asia, Southeast Asia, and Oceania, but also seeks to establish regional cooperation in the fields of culture, energy, environment, and security. While the broadening of South Korea’s regional horizons and scope reflects its intention to enhance its wider profile in Asia, Seoul’s bigger rivals, China and Japan, in particular are seen as its main addressees in the competition for regional influence. For some scholars, the NAI is a sign of Seoul’s growing regional leadership claims. The goal of the NAI is thus to establish South Korea’s leading role in the region and to position it as a voice for the Asian

44. Andrew Cooper, op. cit.
46. CWD, Global Korea, op. cit.
countries in the international community. Similarly, Ralph A. Cossa speaks of the “coming of age” of South Korea with the articulation of this new diplomatic initiative, which is taken to represent Seoul’s ambition to enhance its regional leadership role.50

Besides South Korea’s path to democracy, the field of (national) development – within which the country has enjoyed success within a relatively short period of time – is crucial to the country’s presentation of itself as a role model for other nations to emulate. One way in which South Korea is enhancing its leadership profile is by increasing regional efforts and funds for its official development assistance (ODA).51 Since President Lee’s inauguration in 2008, ODA expenditures, for instance, have jumped by 65 percent, from approximately $700m to $1.2bn. It is important to note that over 50 percent of Seoul’s allocated development funds are spent in Asia, thus indicating South Korea’s quest for regional leadership.

In addition to attempting to become an “issue leader” in development, Seoul is also pursuing a “Low Carbon, Green Growth” strategy, which was introduced in 2009 in reaction to the global financial crisis.53 While this strategy aims to reconcile enhanced economic growth with ecological preservation, it is also – and more importantly – another claim to the assumption of leadership in the international arena. As then Prime Minister Han Seung-soo noted during the 2009 East Asia World Economic Forum,

I believe that low carbon, green growth must be a paradigm not only for Korea, but for the international community as a whole [. . .] the primacy of the current global economic downturn should not deter our focus from effectuating a low carbon, green growth agenda. Rather, we must seek intensive cooperation and unprecedented commitment from all stakeholders. Korea is not only ready to do its part; it is ready to lead this process.54

South Korea’s pretension to play a greater role in the region and beyond can also be seen in other realms, such as culture and the economy. Former President Roh’s efforts to promote the country as a “cultural leader” had already hinted at this change of direction.55 Political approaches to establishing a form of cultural

52. Thomas Kalinowski and Cho HyeKyung, op. cit.
55. Cheongwadae (CWD), Roh Aims to Make Korea Cultural Superpower (13 March 2003).
leadership in the East Asian region include the promotion of Korean films, music, and food at various diplomatic events – including at the APEC (2005), the G20 (2010), and the Nuclear Security (2012) summits held in South Korea. Alongside its efforts to position itself as a cultural power, the ROK also accents its economic prowess by initiating further bilateral FTAs with, for instance, Australia, Indonesia and Vietnam, effectively making the country a regional center of East Asian trade relations. The goal, as stated by the government, is to make South Korea a “global trade powerhouse.”

Endowment

Certain countries that are considered to be regional powers – for example Brazil, China, India, and Russia – all have one feature in common: their sheer size. Be it either the number of inhabitants (China, India) or the physical size and scope of the territory (Brazil, Russia), brute material facts appear to be a determinant of a country’s capacity to act in the international system and to reflect the position of a state in the global/regional hierarchy. A comparison with other states deemed similarly powerful shows that South Korea should not necessarily be perceived as being below other assumed regional powers with respect to its material capabilities.

According to the CIA World Factbook, in 2012 South Korea ranked 13th worldwide in terms of GDP, measured by purchasing power parity and totaling $1.549 trillion. Other states that are classified as regional powers based on material capabilities, such as Indonesia ($1.237 trillion), Turkey ($1.142 trillion), and South Africa ($0.592 trillion), all ranked below South Korea. With approximately 50 million inhabitants, the ROK’s GDP per capita was $31,700, only slightly less than Japan’s $34,300.

Furthermore, in the last few years, South Korea has concluded several comprehensive FTAs with the ASEAN, the EU, the United States, and India, and is also


negotiating further trade pacts with, for instance, China and Japan. Study groups to examine potential FTAs with, among others, the Gulf Cooperation Council, South Africa, and the Mercosur have also been established.\(^5\)\(^9\) South Korea can keep up with the more obvious major powers in other fields as well. For instance, the ROK’s total investments in research and development (R&D) are among the highest in the world. With 3.74 percent of its GDP invested in R&D activities in 2010, South Korea outranked some of the key science and technology players – including France (2.26 percent), Germany (2.82 percent), Japan (3.36 percent), and the United States (2.90 percent).\(^6\)\(^0\)

In terms of military expenditure, South Korea is positioned among the upper echelons in comparison to other states. In 2010, Seoul spent 2.9 percent of its GDP – $24.3bn – on its armed forces, while China itself only spent an estimated 2.2 percent. In 2009, Brazil spent 1.6 percent, India 2.8 percent, and Japan 1 percent of their GDP respectively on this.\(^6\)\(^1\) In the most recent edition of its annual publication assessing the military balance of states, the International Institute of Strategic Studies (IISS) reported that the South Korean military commands 655,000 troops in peacetime, making it more than two-and-a-half times the size of Japan’s military with its 247,000 troops.\(^6\)\(^2\) A strategic key objective during the course of the last decade has been to develop South Korea’s armed forces into a military power that is able to project its capabilities beyond the Korean peninsula. To this end, the government set up a multibillion-dollar modernization project (“Defense Reform 2020”) to broaden South Korea’s military capabilities and reach. For some observers, the several large-scale arms procurement initiatives undertaken on behalf of the country’s army and navy (for example the development of KD-III destroyers, K2 Black Panther tanks, K-FX indigenous stealth fighters, and F-X fighters) are representative of South Korea’s emergence as a major military power in the region.\(^6\)\(^3\) With orders worth $7.26bn, the F-X project is one of the world’s largest arms deals.\(^6\)\(^4\)


\(^9\) John Larkin, op. cit.; Taylor Dinerman, op. cit.

South Korea is, simultaneously, increasing its role in the global arms market, as it is both one of the largest importers and – due to the increasingly competitive domestic defense industry – exporters of arms in the world.\(^65\) Although some observers note that the government – as a result of the Cheonan and Yeonpyeong incidents in 2010\(^66\) – appears to be refocusing its military alignment (back) on the Korean peninsula,\(^67\) other examples – such as South Korea’s “global alliance” with the United States or its naval deployment off the Horn of Africa – point to the country’s continued commitment to defending its interests beyond its national borders.\(^68\)

**Influence**

This section reviews South Korea’s influence in regional affairs, with regard to its ability to set the political agenda and shape the dynamics of East Asian relations. Until now, arguably the most significant demonstration of South Korea’s diplomatic leverage has been President Kim Dae-jung’s “Sunshine Policy,” for which he was awarded the 2000 Nobel Peace Prize in recognition of his efforts to foster reconciliation between the two Koreas. As this policy aimed – by advocating a more cooperative mode of interaction – to break down the Cold War structures on the Korean Peninsula, it succeeded in building a regional consensus on engagement with North Korea. The first-ever summit between South Korean President Kim Dae-jung and North Korean leader Kim Jong-il in June 2000 not only marked an unprecedented rapprochement between wartime enemies, but also reflected South Korea’s capacity to set Northeast Asia’s security agenda. These developments led some observers to speak of a “turning point”\(^69\) in South Korea’s international standing, noting that it was now able to “punch above its weight [. . .]

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\(^{66}\) On 26 March 2010 the South Korean corvette *Cheonan* sank in the Yellow Sea, with 46 sailors losing their lives. An international investigation led by the South Korean government concluded that the ship sank as the result of a North Korean torpedo attack. On 23 November 2010 the South Korean island of Yeonpyeong, which is close to the Northern Limit Line, was shelled by North Korean artillery, leading to four people being killed.


\(^{69}\) Koen De Ceuster, “South Korea Speaks for Itself,” *IIAS Newsletter*, 34 (July 2004).
steering the region on the shoulders of giants” – and thus demonstrating Seoul’s increasing clout in matters of regional security.

South Korea also carries weight in the East Asian integration process by providing the ideational basis for the regional architecture. At the initiative of then President Kim Dae-jung, the ASEAN, China, Japan, and South Korea agreed to jointly establish the East Asia Vision Group (EAVG) in December 1998 and the East Asia Study Group (EASG) in November 2000. Whereas the former assembled eminent intellectuals from the participating East Asian countries, the latter consisted of a group of East Asian government officials. Founded to formulate a vision statement for what was called the East Asia Community, the EAVG and the EASG paved the way for annual summits convened between the ASEAN Plus Three member states and provided the basis for the inaugural East Asia Summit in 2005. The 2010 ASEAN Plus Three Summit’s endorsement of South Korea’s proposal to establish the East Asian Vision Group II is not only demonstrative of Seoul’s continued commitment to regional integration but also the relevance of its political initiatives.

To expand its political influence on matters related to regional and global governance, the South Korean government has put great effort into a wide range of diplomatic activities. While the hosting of the above-mentioned major events (the G20, Nuclear Security, and HLF on Aid summits) was intended to increase South Korea’s visibility on the global stage, the government also used these opportunities to widen its diplomatic leverage – by advancing its own policy initiatives relating to development cooperation (Seoul Development Consensus), sustainable development (Green Growth), and the global economy (Financial Safety Nets).

South Korea’s diplomatic leverage is also growing due to the expansion of its voting rights, its admission to influential international bodies, and the increase in the number of its citizens working in senior positions in both regional and international organizations. For instance, the upgrading of South Korea’s voting quota in the International Monetary Fund (IMF) and the World Bank (WB) in 2008 and 2010, respectively, has ensured that it has a bigger role to play in the decision-making processes of the world’s most important financial institutions, and reflects the country’s growing influence in regional and global affairs. Its admission in 2009 to the Donor Assistance Committee of the OECD, which provides 90 percent of global aid funding, also gives South Korea the opportunity to help shape the international development cooperation agenda. South Korea’s election as the sole

Asian non-permanent member of the UN Security Council in October 2012 has put Seoul in a position to now have a say in the world’s most important decision-making body.

The country has also influenced the network of regional trade relations with its eagerness to negotiate bilateral and multilateral FTAs. The range of South Korea’s both concluded and planned FTAs has arguably brought a new dynamic to the region. South Korea is the only Asian country to have operative FTAs with major established and emerging economic powers, including the ASEAN, the EU, India, and the United States. Seoul’s proactive trade policy is a good example of its growing capacity to stimulate and sustain momentum for what Ravenhill has called a “new bilateralism” across the Asia-Pacific region. It, moreover, indicates how other Asian powers – and especially Japan, if one thinks of Tokyo’s newly expressed interest in joining the so-called “Trans-Pacific Strategic Economic Partnership Agreement” – are coming under more intense pressure not to fall behind in the regional competition for trade liberalization.

Indications of South Korea’s increasing cultural influence in the region include the public opinion surveys that have found that the country’s cultural impact in East Asia is growing, as well as the attempts by foreign governments – for instance those of China and Taiwan – to take legal measures against South Korean television productions in order to restrict their allocated airtime in domestic channels. The phenomenon of the so-called “Korean Wave,” which refers to the successful exporting to the region of South Korean popular culture, also has geopolitical relevance – as cultural products, such as fashion, music, and television, are seen as (soft) power resources by the ROK government.

Recognition

In order to be a regional power, it is not sufficient just to claim leadership; a country must also be accepted as a regional power by other countries – so-called “followers.” As Andrew Hurrell states:

76. MOFAT, op. cit.; CWD, Global Korea, op. cit.
You can claim Great Power status but membership of the club of Great Powers is a social category that depends on recognition by others – by your peers in the club, but also by smaller and weaker states willing to accept the legitimacy and authority of those at the top of the international hierarchy.

The need for intersubjective recognition highlights the social dimension of the regional power concept. The question to ask here, therefore, is whether South Korea is accepted by others in its self-defined role as a bridge – between developed and developing and established and emerging countries – and as a force for regional leadership in different policy fields – including development cooperation, regional integration, and sustainable development.

As mentioned above, one policy field in which South Korea exerts great effort – so as to enhance its regional and global profile – is development cooperation. While the admission of South Korea to the OECD’s development assistance body was certainly due to the general recognition of the achievements of the government in this field, one development-related program – the New Village Movement (saemaul undong) – seems to have received particularly high credit from several UN agencies and developing countries. Designed in the 1970s under the authoritarian rule of then President Park Chung-hee as a way to develop South Korea’s rural areas, saemaul undong is today internationally recognized as a best practice for rural development. Countries and organizations that have emulated South Korea’s model of development include Cambodia, Congo, Rwanda, and Tanzania, as well as UN agencies, including the Economic and Social Commission for Asia and the Pacific and the Economic Commission for Africa.

In addition to the growing integration of East Asia along the lines of the ASEAN – for example in the ASEAN Plus Three, the ASEAN Regional Forum, and the Chiang Mai Initiative – there exists another process of regional integration that has undergone significant deepening and institutionalization in recent years: trilateral
cooperation between China, Japan, and South Korea. This collaboration has seemingly placed Seoul in the long-desired position of being able to act as a bridge between established and emerging powers. This role has been augmented by the founding of an international organization – the Trilateral Cooperation Secretariat (TCS) – in South Korea. The location of the TCS in Seoul not only gives South Korea the ability to facilitate and mediate cooperation among the three East Asian states but also reveals how it has been accepted as an equal partner in regional rule-making efforts.

This acceptance has seemingly taken place below the state level as well; a public opinion survey conducted by the Chicago Council on Foreign Relations found that Chinese and Japanese respondents rated South Korea, when it came to building trust and cooperation among Asian countries, relatively highly. South Korea was also named by respondents as one of the countries most actively helping other Asian nations to develop their economies. The findings of this survey indicate that South Korea’s status in the region, in addition to its cultural relevance, is also publicly esteemed in the domains of national development and regional brokering.

Another example of the wider recognition of South Korean policy initiatives relates to the country’s strategy of sustainable development. The range of measures and initiatives that have been undertaken since the announcement of the country’s new Green Growth paradigm, has prompted some to speak of the ROK as a role model for other countries.

Furthermore, South Korea is increasingly able to secure followers for its goal of leading global efforts on environmentally friendly economic growth. At the UN Conference on Sustainable Development (Rio+20) held in June 2012, important international donor countries – including Australia, Denmark, Mexico, Norway, Qatar, the United Arab Emirates, and the UK – joined the ROK government’s Global Green Growth Institute (GGGI) initiative and officially converted it into an

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82. Chicago Council on Global Affairs and East Asia Institute, op. cit.
83. It should be noted here, that the limited availability of public opinion data on related issues poses in general a challenge to the research process. Given their importance as sources of knowledge more public surveys would certainly be welcomed.
84. For a more detailed discussion of Green Growth, see David Shim, “A Shrimp amongst Whales?” op. cit., and “Green Growth – South Korea’s Panacea?” op. cit.
international organization. The GGGI is not only the first international organization established on the basis of an initiative undertaken by the South Korean government but is also a powerful indication that other states are willing to accept and, perhaps equally importantly, fund Seoul’s leadership ambitions in matters of international concern.

Partnerships forged with various countries, such as Brazil, China, India, Rwanda, Thailand, and Vietnam, give clues about Seoul’s ability to garner significant regional and indeed global support for its version of sustainable national development. Lastly, the decision by the board of the Green Climate Fund, a body composed of both developing and developed countries, to select South Korea as the host of its secretariat – despite high-profile competition from established and emerging powers, including Germany, Mexico, and Switzerland – is another example of the recognition that the country is increasingly discovering from around the world for its various political initiatives.

Conclusion

The rise of South Korea in regional and global politics is a topic that has received much attention in recent years. Two recent episodes, both occurring in October 2012, reflect this development well: South Korea’s election to become a non-permanent member of the UN Security Council and its selection to host the Green Climate Fund. While these and other examples point to South Korea’s growing geostrategic importance, the starting point for this analysis was the observation that the practice of naming regional powers has until now concentrated on many other candidates but not on South Korea itself. This has happened even though, as has been demonstrated here, the country has the capacity to keep up with – and to be considered on a par with – other regional powers in certain areas that are taken as indicators of the level of powerhood.

One of our goals in this paper has been to use the regional power concept as a template for discussing South Korea’s regional and global political ambitions, achieved by analyzing the country’s foreign policy. Another contribution of the paper has been to empirically test the concept of regional power. Using the conceptual framework that was developed in the second section to examine regional powers, we have demonstrated that Seoul is eager to play a more active and self-assertive role in East Asian politics (and even beyond), and that it is able to keep up with or even surpass other relevant actors at the regional and international levels in terms of certain material capabilities. Further, the analysis has demonstrated that South Korea is increasingly able to maneuver between its (supposedly) more powerful neighbors and thus is capable of influencing regional

affairs according to its own interests and preferences. It has also been shown that certain leadership claims and moves made by the South Korean government, such as the GGGI, have been endorsed by other important actors from across the globe. Nevertheless, it seems that South Korea’s regional power status can only reluctantly be awarded by others. On the other hand, however, it could be asked whether contemporary regional politics are even possible without Seoul’s consent.

Perhaps more important than to resolve the question of whether South Korea is a regional power or not are the geopolitical implications of its expanding role for the future landscape of regional affairs. One key characteristic that has come to define East Asian relations is the convergence of the ideas and interests of the (political, economic, and/or nuclear) powers China, Japan, North Korea, Russia, and the United States. Within this concert of established and emerging powers, the question of how to handle and integrate an additional and powerful (and perhaps reunited) Korean player in regional affairs will thus become a crucial issue, and one needing to be addressed in the foreseeable future.

The second goal of this paper has been to contribute to the research concerning regional powers by identifying further research questions that need to be addressed. Some of these questions concern the distinctiveness of the analytical indicators and the scope of the concept itself, as it is exclusively centered on the state as its primary object of analysis. For instance, it is not always possible to differentiate between the indicators “influence” and “recognition” because influential policies (for example, South Korea’s model of rural development, saemaul undong) have to be acknowledged and accepted by other states in order that they have a bearing on them. In other words, both indicators are interdependent.

Further, one could ask if only single states can be regional powers or whether it is also possible to include in such a categorization other entities or actors relevant in current global affairs – since one constituent of the notion of a regional power seems to be the capacity to act in an outward direction. In this vein, the research focus could be shifted to the scrutiny of non-state actors (such as non-governmental organizations or multinational corporations), multilateral and bilateral intergovernmental institutions (such as the North Atlantic Treaty Organization, the ASEAN, the New Partnership for Africa’s Development, the South Asian Association for Regional Cooperation, the Union of South American Nations, or

87. For an opposing view see, for example, Kwon Yong, “Seoul’s New Strength Tests Economic Ties,” The Asia Times Online (22 August 2012), at <http://www.atimes.com/atimes/Korea/NH22Dg01.html> (searched date: 14 October 2013).


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the Japan–US/Korea–US alliances), or supranational organizations (such as the EU). Another question that could be investigated is whether the EU – with its integrated Common Foreign and Security Policy or its European Defence and Security Policy – also constitutes a “regional power.” If so, research about certain actors, such as France, Germany, or the UK within this power complex could follow. Are they then regional powers within a (larger) regional powers complex? Although some research in this regard has been recently conducted by, for instance, Anne-Marie Le Gloannec, it should be noted that European countries have been relatively neglected in the current ongoing debate about the identifying and naming of regional powers.  

Generally speaking, a certain set of core issues have not yet been addressed by the relevant literature – namely, those questions regarding the analytical viability of the concept itself and of its indicators (what is a region? how is power to be defined? how to account for conceptual overlapping with other terminologies and between the different criteria themselves?). In this vein, what this paper has clearly shown is how the term “regional power” is a highly contested one, and as such how it necessitates careful and critical scrutiny. Closer attention is required because the fuzziness surrounding the term and its meaning has nevertheless not prevented it from gaining a continued foothold in academic, media, and policy discourse; with its growing popularity and usage comes, therefore, an increased responsibility to both define and employ it more accurately.

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Structural Impediments, Domestic Politics, and Nuclear Diplomacy in Post-Kim Il-sung North Korea

Jongseok Woo

This article uses theoretical insights from neoclassical realism to explain how the end of the Cold War shaped North Korea’s domestic political structures and foreign-policy strategies. It suggests that political leaders are uniquely positioned at the nexus of domestic politics and international politics and employ two different strategies: utilizing international politics for domestic political gain and mobilizing domestic resources to further international ambitions. In the politicking process, political leaders are interested in maximizing both the state security and the regime security; leaders’ concern for regime security outweighs their protection of the national interest when threats to the regime appear more serious. In North Korea, the end of the Cold War forced Kim Jong-il to adopt military-first politics, in which the political power and authority of the Korean Worker’s Party waned and the Korean People’s Army gained the upper hand in the governing process. In foreign policy, Kim Jong-il and his son Jong-un pursued nuclear weapons to maximize national security at a lower cost and to secure the legitimacy of their rule through successful nuclear tests and mobilization of international threats.

Key words: North Korea, nuclear weapons, regime security, neoclassical realism.

For more than two decades after the Cold War, two opposing views have been prevalent in forecasting the future of North Korea. Many observers predicted that after the death of Kim Il-sung, North Korea would not survive its international and domestic challenges. This prediction gained popularity in both academia and US policy-making circles during the 1990s, when North Korea faced diplomatic and economic isolation, the death of Kim Il-sung in 1994 and an ensuing 3-year power vacuum, severe natural disasters and famines, and massive defections to...
neighboring states. Against such forecasts, however, the North Korean regime proved resilient under Kim Jong-il’s rule, leading many scholars to focus on the rationality and durability of the Pyongyang regime, especially its survival tactics and effective use of leverage in a hostile security environment. As much as the first estimate has been proven wrong, the latter view does not explain North Korea’s long-term policy directions. Since Kim Il-sung’s death, North Korea has overcome numerous challenges in the short term but has failed to find a long-term solution for them.

North Korea is now in gridlock between the imperative of regime survival and a longer-term strategy for power and prosperity (hence its slogan, Gangsungdaeguk, meaning “strong, prosperous, and great nation”). What made the country choose its path? Is there a plausible political and foreign-policy logic that can explain North Korea’s strategic choice for such gridlock? What are the nature and sources of foreign-policy strategies under Kim Jong-il and his son and current leader Jong-un? Most studies on North Korea’s foreign-policy strategies in recent decades have focused on Pyongyang’s brinkmanship strategies and asked whether the country is a mere security-seeker or a greedy state, without exploring the broader contexts in which such policy imperatives take shape. One reason may be a lack of engagement in theoretical reasoning, as most studies consider North Korea an “outlier” and therefore seek factual information about individual elites and domestic political processes.

This article attempts to explain North Korea’s nuclear weapons developments as an outcome of interactions between international structural challenges and domestic political responses. The article adopts the neoclassical realist theory of foreign policy to suggest that, although North Korea’s post-Cold War foreign policy was an outcome of its response to the pressure of international structural changes, such structural factors alone do not account for the country’s nuclear policies that led to international gridlock. Pyongyang’s foreign-policy strategies are the result of dynamic interactions between the international pressures and domestic political contexts (i.e., political leaders’ perceptions of the nature and severity of threats and their domestic political positions). North Korean policy-makers are at the nexus between domestic and international politics and employ two kinds of politics: they mobilize domestic resources to handle international security crises while using international security crises to strengthen their domestic political position. In the end, the goal of such Janus-faced politicking is the maximization of both state and

regime security; sometimes, state security is jeopardized in the interest of regime security when the latter appears more vulnerable.

The following section delineates the neoclassical realist theory of foreign policy to illuminate how political leaders employ two different types of politics to maximize their regime and state security. For empirical analysis, this article begins with an understanding of the nature of challenges and opportunities that the end of the Cold War furnished to North Korea in the early 1990s. The ensuing section investigates how international structural challenges, coupled with domestic difficulties, shaped Pyongyang’s political structures and power relations. The third portion of the analysis examines North Korea’s nuclear weapons program to demonstrate how intricately connected it is to the country’s domestic political circumstances and how it serves to consolidate the security of its regime.

Neoclassical Realism and Foreign Policy

The neoclassical realist theory of foreign policy is the most recent variant of realism that attempts to incorporate into a single theory the theoretical parsimony of structural realism pioneered by Waltz and the historical–philosophical–policy richness of classical realist works by Thucydides, Hobbes, Morgenthau, and Wohlforth. Waltz’s structural realism constructed an extremely parsimonious theory that explains recurring patterns within international systems across time and space by focusing on the central role of anarchy, the state as the primary actor, and states’ relative power positions in the international system. Based on the theoretical assumptions, Waltz deduced recurring patterns in interstate interactions, such as the balance of power and bipolar stability.3 In Waltzian realism, both individual and domestic political levels are omitted because the theory was designed “to explain some big, important, and enduring patterns” in international relations and therefore specific behaviors of states (i.e., foreign-policy decision-making and implementation) were left out of a theory of foreign policy.4

Theoretical construction of neoclassical realism begins with Waltzian neorealism to suggest that “the scope and ambition of a country’s foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities.”5 However, although neoclassical realism starts with the Waltzian notion of the anarchic international system and the relative power position of individual states as the independent force that shapes the patterns of interstate interactions, it also recognizes that Waltzian structural realism gained theoretical parsimony at the expense of its explanatory power. Waltz assumed that states that are similarly positioned within an anarchic international system will act


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in similar ways regardless of their internal systems; such patterns of state behavior are expected due to the socialization process in which states emulate the most successful strategies of other states: “[S]ocialization reduces variety,”6 which makes the unit-level variables irrelevant in explaining international outcomes.

However, the neoclassical realist theory of foreign-policy attempts to address numerous historical anomalies that Waltzian structural theory could not explain, especially differences in individual states’ responses to similar international pressures.7 Neoclassical realism recognizes that, although a state’s relative power position and material power capabilities dictate its basic pattern of behavior, “there is no immediate or perfect transmission belt linking material capabilities to foreign policy behavior” because other factors at the domestic level also play a role in shaping a state’s foreign policy.8 Here, neoclassical realism brings theoretical insights from classical realism, which viewed anarchy as “a permissive condition rather than an independent causal force” and domestic politics and its relations to society as the intervening variable that connects the international distribution of power to real foreign-policy behavior.9

The first intervening variable that modifies the effect of international anarchy is political leaders’ perceptions of security environments and the relative power of the state. Here, foreign-policy-making is undertaken not by the state as an abstract entity but by real political elites. Furthermore, the political leaders do not always have complete freedom to mobilize domestic resources to carry out foreign-policy objectives, which was classical realists’ concern for the state’s relationships to domestic society or the state’s autonomy from society. Such complete state autonomy would be possible only under a totalitarian or extremely authoritarian regime. The second intervening variable, therefore, is the leaders’ ability to overcome domestic resistance in extracting the resources needed for foreign-policy objectives. Foreign policy-makers “define the national interests and conduct foreign policy based upon their assessment of relative power and other states’ intentions,” but their policy objectives are always subject to their ability to overcome domestic constraints to the execution of foreign-policy objectives.10 These

intervening variables – elites’ perceptions and their political power vis-à-vis society – result in differences in foreign-policy-making across states with similar systemic pressures.

However, neoclassical realism has not made significant progress in theoretical refinement over the last two decades and still needs further clarification. To start, the theory is not clear about how the anarchic international system and a state’s relative power position as the primary cause influence the intervening variables at the individual and domestic levels. There is no clearly defined causal argument about how the independent variable affects political leaders’ perception and, especially, the domestic political structure related to foreign-policy-making (i.e., leaders’ ability to overcome societal resistance). In addition, those intervening variables have been used by neoclassical realist scholars in an ad hoc manner; neoclassical realist studies have included the domestic-level variables that suited scholars’ own research, such as the degree of elite consensus and division, social cohesion, the regime’s vulnerability to internal revolt, ideologies, ideas, moral beliefs, and the memory of history. Finally, the theory does not define the conditions under which the intervening variables play a significant role and, if so, how large a role vis-à-vis the system-level influence. Some studies have placed greater emphasis on the role of the anarchic international system and the state’s relative power position, while others have focused more on domestic-level variables. Neoclassical realism’s theoretical eclecticism and flexibility can be both its strength and its weakness. Just as scholars have added several variants to the realist tradition (i.e., isms) with little meaningful theoretical advancement over the decades, neoclassical realists do not seem to have been careful enough to design a unified theory of foreign policy with coherent internal logic but instead piled up a group of analytical frameworks within the term.

However, regardless of the theoretical ambiguity, one main theoretical insight provided by neoclassical realism (and the focus of this article) is that Janus-faced political leaders sit at the intersection between domestic politics and international politics and engage in two different kinds of politicking at the same time. Neoclassical realism focuses on “whether state leaders have the freedom to convert the nation’s economic power into military power or translate the nation’s economic and military power into foreign policy actions.” At times, political leaders’ foreign-policy ambition is circumscribed by domestic political constraints. Furthermore, neoclassical realism suggests that, when policy-makers pursue their foreign-policy goals at the international level, they also have their domestic

12. Ibid., p. 32.
14. Steven E. Lobell, “Threat Assessment, the State, and Foreign Policy: A Neoclassical Realist Model,” in Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, eds., Neoclassical Realism, the State, and Foreign Policy (Cambridge: Cambridge University Press, 2009), p. 44.

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political aims in mind; they attempt to raise their domestic political profile through foreign policies. By the same token, political leaders must resolve multiple domestic and international challenges; they are interested in both state security and regime security. Realist variants focus mainly on the leaders’ concern for their nations’ power and prosperity under anarchy, but do not pay much attention to the primacy of the leaders’ own political survival. Often, serious threats come from the domestic front so that “leaders are primarily concerned about the ruling regime’s survival rather than the nation-state’s survival”15 and are willing to protect regime security at the expense of the state’s national security. In sum, through the lens of neoclassical realism, one can examine political leaders’ “domestic strategies for the pursuit of international goals” and “international strategies for the pursuit of domestic goals.”16 In addition, the policy directions will be shaped by the leaders’ calculation regarding the nature and severity of challenges from the two different fronts.

This article suggests that political leaders make the most of their political leverage through domestic and international politicking. At the same time, such Janus-faced politicking is formed by leaders’ perception of the security environment and their domestic political strength. More specifically, political leaders design foreign-policy strategies to maximize the state’s power and influence when their political position is perceived to be secure (i.e., low regime security threats). In contrast, leaders take advantage of (or sometimes intentionally aggravate) an international security crisis to rally domestic audiences when the leaders perceive that their political position is in jeopardy (i.e., high regime security threats), as the diversionary theory of war suggests.17 In sum, the parameter of a state’s foreign-policy ambition is largely shaped by the relative power position in the anarchic international system, in a way that the state maximizes its power and security. However, the state’s specific foreign decisions and outcomes are determined by the second- and first-level conditions, that is, the political leaders’ domestic political position vis-à-vis society and their perception of the state power. And such foreign-policy decisions are geared toward maximizing both the state and the regime security.

15. Ibid., p. 51.
This article uses theoretical insights from the neoclassical realist theory to analyze North Korea’s foreign-policy behavior under Kim Jong-il and his son and current leader Jong-un. The following section examines the structural challenges and incentives that the end of the Cold War brought to North Korea and how such structural imperatives shaped the domestic political power structure in post-Kim Il-sung North Korea. In this section, the analysis focuses on international and domestic contexts in which the second Kim’s slogan of “military-first politics” was pronounced and, in turn, how the slogan realigned Pyongyang’s power structure. This article will then investigate how the Kim family mobilized domestic resources to further their international ambition and used international challenges for domestic political purposes. Based on the analysis, the article suggests that Kim Jong-il’s foreign policies – specifically, the nuclear weapons program with long-range missile tests – satisfied his domestic and international policy objectives, but at the cost of a long-term sustainable strategy for domestic reform and economic prosperity.

**Systemic Pressures and Domestic Responses**

*Structural Challenges to North Korea*

For North Korea, the end of the Cold War was not a mere redistribution of power positions of states in the international system but a shock to its political, economic, ideological and belief systems. Throughout the 1990s, challenges to the country came from four major quarters simultaneously – the collapse of communist allies, natural disasters and famine, Kim Il-sung’s death and the ensuing power vacuum, and the loss of ideological and legitimacy battles with South Korea – none of which was perceived to be easily overcome. This section focuses on these structural challenges that the post-Cold War international setting brought to North Korea and Pyongyang’s restructuring of the political system as a domestic political response for regime survival.

The immediate impact of the end of the Cold War was Pyongyang’s loss of diplomatic and economic ties with the former Soviet Union and its Eastern European satellites. The collapse of the Soviet Union, North Korea’s biggest security and economic supporter throughout the Cold War years, was the most severe blow to the country’s security and economy. Until the end of the 1980s, the Soviet Union supported Pyongyang with a nearly one-sided trading system that amounted to $3.5bn per year. This amount plummeted to $300m in the early 1990s and then to less than $100m by the mid-1990s. During the Cold War, North Korea received numerous supplies from Moscow; roughly 70 percent was Soviet-made weapons.

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that were never paid for. Pyongyang announced that it would not pay its debts to Moscow when Russian President Boris Yeltsin announced that he would not renew the Soviet–North Korea Treaty of Friendship, Cooperation, and Mutual Assistance that was signed in 1961 and expired in 1996. The Soviet Union’s role as North Korea’s economic and security patron ended with the ending of the Cold War. Afterward, North Korea’s economic dependence on China increased; China supplied Pyongyang with more than 70 percent of its food and oil in the late 1990s and almost 100 percent in Kim Jong-il’s final years. Such structural changes in the international system – the collapse of the Soviet Union, the end of the Cold War bipolarity, and subsequent US-preponderant unipolarity – pushed North Korea to the brink of collapse.

Such external shocks added to North Korea’s domestic structural ills to result in complete economic breakdown in the 1990s. While the loss of trading partners in the socialist bloc was a major external shock, the state-controlled socialist model of the economy missed the opportunity for reform when other socialist partners adopted political and economic reforms. The collapse of the eastern bloc and its reform paths presented Pyongyang with options – a Russian/East European style of rather radical reform or the Chinese/Vietnamese model of incremental transformation – but the regime decided to stick with its own Juche system. North Korea’s economic difficulties, coupled with natural disasters, such as recurring typhoons, floods, and droughts, caused massive famine in which millions of North Koreans died of hunger or fled to neighboring countries during and after the gonaneui haenggun (arduous march, 1994–1997) period. The economic difficulties and Pyongyang’s inability to provide food and other necessities to its people – the only source of the people’s allegiance at the turn of the 1990s – presented serious challenges to the legitimacy of the Kim leadership.

Still, the difficulties extended to North Koreans’ confidence in their political system, leadership, and Juche ideology. Virtually all over the world, the collapse of the eastern bloc weakened communism’s attractiveness as a political, economic, and ideological principle. The Pyongyang regime had difficulty finding a way to maintain the Juche ideology as a source of political authority and guiding political, economic, and moral principles in a time of communist collapse. The death of Kim Il-sung in 1994 was the most severe blow to the North Korean leadership because he was the originator of the ideology and “beloved leader” despite his brutal dictatorship and massive purges throughout his political life. The Juche ideology was the source of the Kim family’s dictatorial rule through indoctrination of the

people with the “Ten Principles of the Establishment of the Juche Idea,” which demanded absolute loyalty to the revolutionary party and to the leader. Furthermore, the ideology focused on legitimation of the totalitarian rule through the glorification and mystification of Kim Il-sung’s leadership in anti-Japanese guerrilla warfare in the 1930s and 1940s.22

The death of Kim Il-sung created a political crisis in Pyongyang because there was no prominent political figure (even his son and designated leader Jong-il or Kim Il-sung’s political compatriots from the anti-Japanese guerrilla war era) to fill the power vacuum after five decades of Kim’s one-man dictatorship. Finally, Kim’s death and the Juche ideology’s loss of popularity put North Korea in a much weakened position vis-à-vis South Korea in its battle for sole legitimacy in the Korean peninsula. The Juche slogan was the ideological weapon against the south, calling the Seoul regime an American puppet and the leaders pro-Japanese collaborators. With the collapse of communism worldwide and the loss of appeal of the Juche ideology, North Korea could not sell the system to its own people and compatriots in the south and faced an uphill battle over legitimacy against the economically prosperous South Korea. In sum, the structural change of the end of the Cold War, coupled with other domestic ills, forced the Pyongyang regime to find a way to survive in a hostile international environment. Such structural impediments brought about changes in domestic political power structure and foreign-policy strategies.

**Domestic Responses: Military-first Politics and Shift in Political Power**

In North Korea, the end of the Cold War was accompanied by a national security crisis, economic failure, and a legitimacy and leadership vacuum. The most immediate concern in Pyongyang was survival of the regime itself. Kim Jong-il had inherited the leadership of North Korea from his father long before his father died. Power succession to Kim Jong-il was formally announced at the Sixth Congress of the Korean Workers Party (KWP) in 1980; he rose to the rank of marshal of the Korean People’s Army (KPA) in 1992 and became chairman of the National Defense Commission (NDC) in 1993. However, when his father died in the summer of 1994, Kim Jong-il waited 3 years to proclaim himself the undisputed leader. The younger Kim realized that the party as the highest political organ of the socialist state was not only incapable of solving the country’s problems but was also the source of national malaise.

The KWP was already suffering from bureaucratic lethargy, political immobility, arrogance, and rampant corruption. Kim Jong-il endeavored to place a stronghold on the party’s discipline through massive reorganization and ideological indoctrination of the party cadres as head of the Organization and Guidance


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Department of the Central Committee of the KWP starting in 1973. However, he had to witness the party’s continuously declining efficacy throughout the final decade of the Cold War era. In the post-Cold War setting, the KWP as the vanguard of Kim Il-sung’s Juche ideology could not sell the utopian ideals to its people and mobilize popular support; instead, the party was simply trying to suppress anti-government movements and block “impure” information from the outside world. By the time Kim Jong-il took power, it was clear that the KWP could not solve the country’s political and economic problems and was losing its authority over the people during the gonaeneui haenggun period.

Security challenges to North Korea at the turn of the 1990s forced Kim Jong-il to find a solution to domestic difficulties, and one thing he noticed was that the geriatric and corrupt KWP was incapable of leading the country. In this sense, Kim Jong-il’s military-first politics can be understood as a response to the international structural changes at the turn of the 1990s, to the accompanying domestic problems that threatened the survival of his regime, and to the party’s inability to manage such predicaments. At the heart of Kim’s military-first politics was the institutional separation between the party and the army and elevation of the latter’s power and prestige at the expense of the former. The prime mission of the KPA was preservation of the Kim regime.

Noticeable differences exist in interpreting how large a power shift from the KWP to the KPA occurred with Kim Jong-il’s military-first politics. One extreme argument is that the military-first policy completely reshaped Pyongyang’s power structure so that the KPA emerged as the dominant political organ, an institution “so powerful that it is above the state . . . has now become the supreme commander of the state, the party, and society, turning North Korea into a military garrison state.”23 According to such estimate, the KPA hijacked Pyongyang’s power politics to dominate, direct, and dictate other prominent political bodies, including the party and the cabinet. An opposite view suggests that Kim’s military-first politics constitutes only a political slogan and the entire political system remains unchanged as the KWP retains the highest political authority and decision-making power, including firm control of the KPA. The argument reflects the constitution’s provision of political authorities. The constitution was revised twice – in 1998 and 2010 – in Kim Jong-il’s reign, but the KWP still retains the highest political authority so that all statewide decisions (including security and military-related policies) are made and executed under the party’s guidance and leadership.

Still, a more balanced view interprets the military-first politics as Kim Jong-il’s divide-and-rule strategy “to outweigh the overgrown party with a strong army, elevating the army to a position equal to that of the party.”24 This version focuses

on the fact that the KPA’s power was elevated, but only to the point at which such power restructuring placed a stronghold on Kim Jong-il’s dictatorial rule. The way in which Kim Jong-il assumed political leadership in 1997 was different than the precedent in which the Central Committee of the KWP had the authority to elect the party secretary. In 1997, Kim was co-nominated by the Central Committee and the Central Military Commission (CMC). Previously, the CMC had been a subordinate organ that was organized and directed by the Central Committee, but this time the Central Committee and CMC were treated as equal political organs.25 Such change has two implications: First, the KPA was elevated to have political authority equal to the KWP and, second, the KPA and the KWP formed a system of checks and balances and engaged in political competition to attract the leader’s endorsement.26 In the end, the military-first politics put Kim Jong-il in the middle of such political competition and immensely strengthened his control over the entire political system.

The prime objective of the military-first politics was to bring the KPA to the forefront of Kim Jong-il’s governing scheme to preclude any possibility of political movements that would threaten Kim’s leadership position. In the end, the power shift was not as drastic as it appeared, as the KPA was still controlled by party machines, such as the Politburo and the Military Committee. Kim Jong-il clearly wanted to defuse all threats, especially those to his political survival, through the military-first strategy. One prominent outcome was expansion of the KPA’s role from the traditional mission of national defense as the party’s army to other non-military missions in sociopolitical realms. The objective of Kim Jong-il’s military-first politics was “to safeguard his political leadership in the face of domestic and foreign security challenges.”27

The domestic threat to Kim Jong-il’s regime security came from two fronts: popular uprising and revolt or coup by a segment of the inner ruling circle. The Kim regime responded to the threat from the people by adopting total control of information and blocking any collective action. With limited economic resources, Kim Jong-il could not bribe the entire population; instead, he safeguarded his regime security by lavishing his limited resources on a small number of selectorates who received luxury goods, comfortable houses, and honors.28 To prevent a possible revolt from inside the ruling circle, Kim adopted an institutional design to weaken senior party leaders by separating the party from the army. The institutional separation redefined the primary mission of the armed forces from the party’s army to the people’s army and the guardian and ideological vanguard

27. Jongseok Woo, op. cit., p. 120.
28. For an in-depth analysis of Kim Jong-il’s strategy of regime maintenance, see Daniel Byman and Jennifer Lind, op. cit.
of the Kim regime. As a result, neither the KWP nor the KPA was powerful enough to collude for revolt; only Kim Jong-il retained control over the entire political system.

With the elevation of the KPA, the National Defense Commission became the highest political decision-making body in North Korea. When it was created in 1972, the NDC was just one of several subcommittees within the Central People’s Committee. The NDC’s political authority was significantly expanded when Kim Jong-il was appointed as vice chairman in 1991 and chairman in 1992. The 1992 constitution made the NDC chairman the most powerful leader after Juseok (the president). Subsequently, the 1998 constitutional revision permanently removed the Juseok system by commemorating Kim Il-sung as the “eternal president,” which made the NDC chairman the most powerful leader in North Korea. At the same time, the 1998 constitution significantly expanded the NDC’s decision-making power from national security and defense-related issues to the entire political realm. According to a Rodong newspaper column, the NDC chair “is the supreme leader of the nation who reigns over all the political, military, and economic affairs and defends the socialist state and its people.”

In sum, the structural change at the end of the Cold War presented multiple challenges to North Korea, threats to both national security and regime security. Such structural imperatives forced Kim Jong-il to reorganize the government power structure to deal more effectively with the challenges. One such significant restructuring in Pyongyang was the power shift from the party to the military, with the main objective to safeguard Kim Jong-il’s regime security from possible political upheavals from both below and above.

**Going Nuclear and the Politics of Regime Survival**

*Nuclear Weapons and International Strategies*

While the military-first policy was the domestic response to international security challenges in the 1990s, the nuclear weapons program served as North Korea’s foreign-policy tool for regime survival. The first nuclear crisis on the Korean peninsula occurred in 1993–1994 when North Korea’s nuclear program was brought to international attention and as the International Atomic Energy Agency demanded special inspections of the North’s nuclear facilities. The crisis ended swiftly with the 1994 Agreed Framework signed between the United States and North Korea to freeze and close North Korea’s nuclear program in return for energy and other economic benefits and security guarantees. However, the

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agreement was not fully implemented by either side and ended with North Korea’s first nuclear test in 2006. Subsequently, North Korea conducted two more rounds of nuclear tests, in 2009 and 2013, that resulted in much tougher economic sanctions. Was Kim Jong-il’s nuclear program purely a security-maximization strategy in the current US-dominant international system or an outcome of greediness and risk-taking policy to achieve further international concessions?

The analysis in this section explores Pyongyang’s nuclear provocations from the perspectives of two kinds of politicking: nuclear tests for the international goal of maximizing the chances of survival (i.e., state security) and the domestic goal of strengthening Kim Jong-il’s power position (i.e., regime security). Numerous studies have focused on the international aspects of North Korea’s nuclear weapons program, while less attention has been given to its domestic political meanings. However, as Quinones suggested, the nuclear problem in North Korea is “all encompassing. It affects national security, domestic political concerns, and pressing economic needs.”

Despite noticeable differences, North Korea’s nuclear programs from the crisis in 1993–1994 through the third nuclear test in 2013 reveal astounding similarities in terms of Pyongyang’s demands to the international community and to the United States. One consistent demand from North Korea has been an end to the US hostility, nonaggression, and a bilateral treaty of peace. For two decades of nuclear diplomacy, Pyongyang demanded nonaggression and a security guarantee from the United States, termination of US-led economic sanctions, dissolution of the US–Republic of Korea alliance and withdrawal of US military forces from the Korean peninsula, and North Korea’s sovereign right to use nuclear technologies. North Korea has used the nuclear program as a bargaining chip to ensure national security by establishing bilateral relations with the United States, garnering international attention, and gaining economic benefits. At the same time, the country has adopted the nuclear card as a cost-saving way to overcome its inability to reach a par with the ever-growing South Korean military capabilities. As Kim Jong-un emphasized at a recent KWP general meeting:

The genuine preeminence of the nuclear weapons program is that it enhances defensive and deterrence capabilities without further spending on national defense, thereby making it possible to focus on economic development and the people’s livelihood.

One notable demand added after the most recent nuclear provocation in 2013 was that the North be officially recognized as a nuclear weapons state. The preamble in the most recent version of North Korea’s constitution, amended after the death of Kim Jong-il, declares the North a nuclear power. The new constitution eulogizes Kim Jong-il as a “patriot without parallel who exalted the dignity of our people and our national power to supreme status” and who “turned our motherland into an ever-victorious power of political ideology, a nuclear-armed state, and an invincible military power and opened a great, brilliant path to the construction of a strong and prosperous nation.”

Likewise, the constitution defines the North as an official nuclear weapons state and connects the nuclear program to the achievements of Kim’s military-first politics. Through the three nuclear tests, North Korea has attempted to secure its survival and come out from isolation by forcing relevant states (especially the United States) to the negotiation table, but only on the condition that Pyongyang’s possession of nuclear weapons is not included in the bargaining (Table 1).

Nuclear Weapons and Domestic Politics

Meanwhile, equally important is the Pyongyang regime’s use of the nuclear weapons program and missile tests for domestic political purposes geared toward consolidating Kim Jong-il’s and Jong-un’s regime security. North Korea’s nuclear provocations have served domestic political purposes by promoting national pride and patriotism among key elites as well as ordinary people and mobilizing international threats to mute any domestic political opposition. In this respect, the intended audience for the nuclear tests is not just the international community (especially major powers surrounding the Korean peninsula) but also North Korea’s own people.

When the Cold War ended, Kim Jong-il’s perception of the collapse of the socialist bloc was that those nations collapsed not because of their economic or military failure but because of capitalist infiltration, people’s lack of ideological indoctrination, and the absence of strong armed forces that were willing to defend the nation and the system.35 Thus, the institutional power shift from the party to the military was “designed to reduce its vulnerabilities to the challenges of modernity and the pressures of globalization, while safeguarding the basic foundations of the North Korean political system.”36 In this respect, Kim Jong-il’s priority was not the implementation of bold reforms for economic prosperity and people’s wealth but rather minimizing the impact of external shocks to the regime’s security. Against the Chinese hope that North Korea would adopt the Chinese model of economic reform, Kim Jong-il was mainly interested in maximizing foreign economic assistance while “minimizing the impact of international impulses in the service of its own political objectives and the preservation of its structure.”37 Kim’s concern for regime security resulted in the country closing the door and depending on the KPA.

North Korea’s nuclear program was meant to showcase the Kim Jong-il and Jong-un regimes’ performance and legitimacy. The two Koreas had been fighting a war for legitimacy since the Korean War ended with an armistice agreement. However, the collapse of the communist bloc and North Korea’s economic hardships, especially Kim Jong-il’s mismanagement of the economy, put the North on the losing side of the battle. With Juche ideology’s loss of charm, the Kim regime tried to overcome the legitimacy deficit through the nuclear weapons program, which was partly intended to give the people a sense of pride and reflect the regime’s performance success under the military-first politics. Immediately after the first nuclear test in 2006, North Korea’s central news agency declared that “the

DPRK successfully conducted an underground nuclear test . . . at a stirring time
when all the people of the country are making a great leap forward in the building
of a great and prosperous, powerful socialist nation.”38 The news agency also
suggested that “[t]he Korean People’s Army is an army strong in its ideas and faith
as it is always ready to devotedly defend the supreme commander and possesses
transparent anti-imperialist class consciousness. . . .”39

The post-nuclear test news coverage by both the Korean Central News Agency
and the Rodong newspaper in 2006 capitalized on Kim Jong-il’s military-first
policy (Seongun) and the army’s commitment to defend the leader. Similar state-
ments accompanied subsequent nuclear tests in 2009 and 2013: “greatly inspiring
the army and the people of DPRK . . . effecting a new revolutionary surge to open
the gate to a thriving nation,”40 and “greatly encourage the army and the people
of the DPRK in their efforts to build a thriving nation.”41 The use of nuclear tests
to consolidate the regime was much more extensive after the 2009 and 2013 tests;
in 2009, Kim Jong-il’s health condition was critical and the leadership transition to
his son was being accelerated; in 2013, Kim Jong-un was struggling to consolidate
his power over the party, military elites, and ordinary people. The 2013 nuclear test
and launch of the Kwangmyungsung-3 satellite propagandized Kim Jong-il’s
legacy of military-first politics and Jong-un’s legitimate inheritance of that legacy.
After the nuclear detonations, the KWP conducted massive mobilizations of people
in Pyongyang and around the country for a political campaign to glorify the
successful tests.42 The nuclear program was advertised as an accomplishment of
Kim’s military-first politics and its ultimate goal of gangsungdaeguk. Furthermore,
the Pyongyang regime justified the nuclear tests and satellite launch by capitalizing
on the presence of US nuclear threats and US–South Korean military exercises
with offensive intention. Likewise, the nuclear tests were mobilized to propagan-
dize the Kim regime’s success and urge national unity under the military-first
slogan at a time of grave security threats from possible imperialist invasion of the
fatherland.

Conclusions

This article has explored the effects of international structural changes on the
domestic political structures and foreign-policy strategies in post-Kim Il-sung
North Korea. More specifically, the article used the neoclassical realist theory of
foreign policy that integrates international systemic, domestic political, and indi-
nual levels of analysis. The article paid particular attention to two significant

39. KCNA (11 October 2006).
40. KCNA (25 May 2009).
41. KCNA (12 February 2013).
42. See Rodong shinmun (27 May 2009); (13, 15 February 2013).
theoretical aspects: (i) how international systemic pressures shape relative power relations among domestic political actors; and (ii) how political leaders are positioned at the nexus of domestic and international politics and employ two different politicking strategies with foreign-policy choices.

The structural change brought on by the end of the Cold War and the collapse of the communist bloc forced North Korea to struggle for national security and regime survival. Such structural change resulted in Kim Jong-il designing a delicate political strategy that demoted the political power and prestige of the Korean Workers’ Party and elevated the Korean People’s Army to the forefront of governance in post-Kim II-sung North Korea. The institutional design of the military-first politics separated the KPA from the KWP’s oversight and control and mobilized the KPA to focus on the mission of safeguarding the national security and Kim’s regime security.

At the same time, in foreign and security policy areas, the international structural change pushed Kim Jong-il to pursue a nuclear weapons program. Nuclear weapons in North Korea have two distinct strategic values: cost-saving in national defense and strengthening Kim’s regime security. Because North Korea’s crumbling economy could not sustain massive armed forces or modernize conventional weapons to match its southern counterpart, Kim Jong-il pursued nuclear weapons to strengthen national security at a lower cost. At the same time, nuclear weapons worked to capitalize on the Kim regime’s performance success and mobilization of international threats (especially threats from the United States) to unite the North Korean elites and ordinary people under the Kim leadership.

The analysis reveals an uneasy reality that the current Pyongyang leadership is unwilling to give up its nuclear weapons program, regardless of various sticks and carrots offered by foreign actors, including the United States, China, the Six-Party Framework, and/or the United Nations’ sanctions. The US-led UN economic sanctions have only worked to strengthen Kim Jong-il’s and Jong-un’s domestic political strengths, while making ordinary North Koreans suffer. Any promise of economic inducement will not denuclearize North Korea either because, if such economic assistance occurs, it will be because of the presence of nuclear weapons; if the country is denuclearized, there will be no more international economic compensation. Furthermore, the nuclear weapons program has become the crux of the military-first politics, the Pyongyang regime’s performance success, and national honor and prestige. Certainly, North Korea wants both nuclear weapons and economic inducements because both are the kernels of regime survival and the country understands that the latter is unlikely without the former.

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