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Title

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Permalink

<https://escholarship.org/uc/item/7m5154nm>

Journal

SITC-NWC 2012 Policy Briefs, 2012(Policy Brief 10)

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Publication Date

2012



CHANGING MILITARY DYNAMICS IN EAST ASIA POLICY BRIEF 10, JANUARY 2012

*Explaining Varying Asian Responses
to China: Strategic Evolution in the
Cases of Japan, Korea, and Thailand*

John FEI

SUMMARY

Domestic strategic preferences among state elites to prioritize economic and technological facets of national security have played a significant role in shaping the foreign policies of many Asian nations. This paper considers the role that elite preferences for economic and technological strength—preferences which are embedded and institutionalized in domestic political structures—played in shaping the security and economic policy responses of Japan, Korea, and Thailand towards China between 1992 and 2008. In all three countries, prioritization of national security in economic terms led elites to perceive threats through economic and/or development lenses. Domestic strategic evolution caused preferences to change over time, leading elites to confront China's rising military and economic power in different ways.

The Study of Innovation and Technology in China (SITC) is a project of the University of California Institute on Global Conflict and Cooperation. SITC-NWC Policy Briefs provide analysis and recommendations based on the work of project participants. This material is based upon work supported by, or in part by, the U.S. Army Research Laboratory and the U.S. Army Research Office through the Minerva Initiative under grant #W911NF-09-1-0081. Any opinions, findings, and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the U.S. Army Research Laboratory and the U.S. Army Research Office.

The responses of Japan, Korea, and Thailand have defied the predictions of the dominant international relations paradigm—realism—that states would either balance against or bandwagon with a rising China. Differences in how the three have responded to China over time are explained not only by changes in China’s military threat, but perceptions of the threat as weighed against changing economic priorities. Preferences for economic and technological security have, therefore, dampened tension that would have been predicted by the classic security dilemma.

The paper first explains the concept of domestic strategic preferences and prioritization of economic and technological facets of security. It then assesses the responses of Japan, Korea, and Thailand to China between 1992 and 2008 in light of changing strategic preferences, and concludes with thoughts about the evolving Asian regional security and economic dynamic.¹

DOMESTIC GRAND STRATEGY AND THREAT PERCEPTION

The concept that state elites maintain particular preferences for national security is grounded in principles embodied in liberal and constructivist traditions of international relations theory. Domestic political configuration, and the manner in which state elites define security and perceive external threats, are embedded within the structure of domestic politics, and subject to change over time. In the case of many Asian nations, domestic political configurations and elite ideologies were established during the Cold War to concentrate on technological and economic growth as a means to state security. This notion of national security and grand strategy stuck even after the end of the Cold War. It took a host of domestic political shocks and transformations to change the manner in which elites perceived security.

Asian Developmental States and Asian Security

Scholars have frequently characterized Asian states which prioritized economic development as “Asian

1. Except in circumstances where the context would be confusing, this study uses Korea to describe the ROK. In ambiguous circumstances, the ROK or South Korea will be used instead. The DPRK will be referred to alternatively as North Korea. The ROK and DPRK will also be referred to as South and North, respectively.

developmental states” (Johnson 1993; Cumings 1999, 64; Woo-Cumings 1999a) or states which are “technonationalist” or “mercantile realist.”² Elites in these states also tend to view industrialization and economic growth as a means to building a great nation and to achieve overall state security.³ In Asian developmental states, prioritization of economic and technological advantage by states’ elites affects their foreign policies as well. Domestic economic and industrial policies are crafted to support rapid industrialization and the promotion of strategic industries that will allow a country to reap maximum returns from trade and comparative advantage.⁴ In the cases of Japan and Korea, a history of close coordination between firms and governments helped to nurture competitive advantage in critical industries (Tyson 1992, 3, citing Ernst and O’Connor 1992).

When confronted with competing economic and military threats, states that prioritize economic and technological security are likely to accept a greater degree of military and security risk to obtain economic and technological gains.⁵ Elites will interpret external threats and opportunities through an “economic/development” lens, as opposed to a “military/security” lens. Additionally, they are prone to avoid conflict or tension with states that bring them economic benefits. These states may even employ political or security aspects of foreign policy to support economic and commercial goals, leading to the “flag preceding trade.”⁶

Japan, Korea, and Thailand all had a tradition of perceiving external threats through economic/develop-

2. See the work of Eric Heginbotham and Richard Samuels, especially Heginbotham and Samuels 1998 and Samuels 1994.

3. Elites who define security in economic terms are not necessarily sensitive to the relative economic gains of other states or potential adversaries.

4. To achieve rapid economic growth, some developmental states incorporate a plan-rational, or plan-oriented, market economic system. The term “plan rational” comes from Johnson 1982.

5. This derives from the argument presented in Heginbotham and Samuels 1998, 193–4.

6. Japan, for instance, has used threats of harming the U.S.–Japan security alliance when the United States pushed it on economic issues. This occurred when Washington pressured Tokyo over Texas Instrument’s market access in 1966. Other examples were over market access in 1982, and U.S. pressure on Japan to restrain semiconductor investment. Prestowitz (1988, 52) suggests that the United States, in contrast, valued the military alliance more. It was fearful that pressuring the Japanese too hard on economic issues would harm overall bilateral security ties.

ment lenses during the Cold War era, but have each shifted to assessing threats through a military/security lens in varying degrees at different points in time.

JAPAN'S RESPONSE TO CHINA

Japanese elites' prioritization of economic dimensions over security had a profound impact on Tokyo's relations with Beijing. From the time that Japan normalized diplomatic relations with China in 1972, elites in Tokyo had viewed Beijing as an economic opportunity to be cultivated through political engagement. Despite domestic political changes underway during the 1990s, Japanese elites tended to define security in economic terms—a preference which traces its roots to the Yoshida Doctrine and 1955 System. The domestic political configuration of that era was part and parcel of Japan's Asian developmental state structure. While Prime Minister Hashimoto had sought reforms to limit the power of the bureaucracy and improve the stature of uniformed officers within the Japan Defense Agency, Japan's elites continued to define security in economic terms during the 1990s.

Tokyo's perception of Beijing through an economic/development lens meant Chinese behaviors which would have normally been perceived as threatening under realist principles were seen as secondary to the economic advantage ties with China offered. Despite China's military belligerence during the 1995–96 Taiwan Straits crisis, economic considerations outweighed military/security considerations. Continued financial assistance to China during this time derives from Japanese elites' larger strategic thinking emphasizing economic over military security. For example, Japan's FY1999 budget reduced defense spending by 0.2 percent (in JPY terms), but increased the ODA budget by 0.2 percent (Japan Economic Newswire, 25 Dec. 1998). This is not to argue that Japanese elites sacrificed military security. Rather, increased sensitivity to economic advantage meant Japan was willing to trade some portion of future military strength in exchange for larger (perceived) economic gains.

Accumulated widespread frustration with the inability of the domestic political machine to effect change and address the nation's internal problems prompted the election of an iconoclastic prime minister, Koizumi Junichiro. During the 2001–2006 period, Japan made a stepwise drift towards the “security state” type where elites began to prioritize military and territorial aspects of security. Koizumi did not discard the importance of economic strength, but drastically expanded conceptions of security so that it was no longer taboo to embrace military strength.

This domestic strategic evolution had a palpable effect on Japan's relations with China. Japan embarked on modernizing its military with advanced equipment and systems acquisitions, took steps to more adequately prepare for China contingencies in the Taiwan Straits and Ryuku islands (Okinawa Prefecture), and deepened its military alliance with the United States. It also expanded its political security ties with other nations surrounding China, as evidenced by Tokyo's tighter embrace of Washington, and forging of ties with New Delhi and Canberra.⁷

KOREA'S RESPONSE TO CHINA

As a country sharing historic and—aspirationally as a reunified Korea—future boundaries with China, the Republic of Korea (ROK) is perhaps the nation most affected by China's recent rise. China was once viewed as a mortal threat to South Korea's survival as China and its ally, North Korea, threatened to decimate the South during the Korean War. Yet even during the Cold War, Korean elites prioritized economic aspects of security, and they too saw China as an economic opportunity to be cultivated. These strategic preferences permeated Korea's policy responses to China from 1992 to 2008.

During most of the 1990s, Korea's policy responses towards China in both security and economic policy realms were shaped mostly by its interests in attenuating the DPRK threat and maintaining economic growth. The ROK leadership played an instrumental role in cultivating the economic relationship with China, with President Kim Young Sam engaging in summit diplomacy to bring about deeper commercial and scientific cooperation.⁸ Economic diplomacy included direct grant and financial assistance to China, with direct grants reaching almost 10 percent of the ROK's total grant making during 1995.⁹ Loans were another

7. Engagement reached a crescendo in 2005 during Koizumi's visit to New Delhi, with Koizumi and his counterpart, Prime Minister Manmohan Singh, signing an “Eight-fold Initiative for Strengthening Japan-India Global Partnership” to, among other goals, deepen security cooperation and economic engagement (Medeiros et al. 2008, 43). The language of the agreement can be found at Ministry of Foreign Affairs 2005.

8. In Kim's 1994 visit to Beijing, he signed agreements with Chinese President Jiang Zemin to strengthen economic ties. This included agreements on industrial cooperation and bilateral tax agreements (Japan Economic Newswire, 28 March 1994).

9. Author's calculations based on data from Ministry of Foreign Affairs and Trade 2011 and OECD 2009.

dimension in which the ROK government sought to weave a web of economic ties with China, and to bolster ROK exports.

Korea's economic embrace of China occurred despite growing indications that China posed a long term strategic threat. China's expanded influence over the DPRK was the greatest concern, heightening ROK elites' awareness of China's latent hegemonic intentions.¹⁰ The following serve as indicators of the PRC's hegemonic tendencies: its increasing efforts to carve a sphere of influence in the DPRK, poor treatment of ROK National Assembly members in Beijing,¹¹ North Korean refugees (*Korea Herald*, 15 June 2002), heavy-handedness over Korea's ability to cultivate unofficial ties with Taiwan (Snyder 2000; 2004c; Central News Agency Taiwan, 15 June 2000, Yonhap, 2 June 2004), its apparent claims over Goguryeo—an historical Korean kingdom,¹² and territorial claims over Ieo Island (in Korean), or Suyan Rock (in Chinese).

Korea's policies towards China suggest that it was willing to tolerate a certain level of military risk in exchange for economic gains. For example, Korea's fear of offending China by refusing to participate in joint development of TMD with its alliance partner—the United States—in 1998 is not well explained by theories that highlight military threat as the strongest motivator of state behavior. The decision becomes clearer when one considers the importance ROK elites placed on maintaining positive political ties because of China's importance to Korea's economy.

THAILAND'S RESPONSE TO CHINA

Since the end of the Cold War and Thailand's domestic political ferment in 1992, the Kingdom of Thailand has cultivated an increasingly complex political and economic relationship with China while maintaining its robust security partnership with the United States. Until the Asian financial crisis of 1997–1998, Thailand's rapidly growing economy drove a more confident foreign policy which saw active economic and political engagement of China.

Bangkok's economic engagement of Beijing intensified after the Asian financial crisis crushed its economy, and Beijing reciprocated with loans and other financial aid. Bilateral ties continued to flourish,

but intensified even more with the election of Thaksin Shinawatra in 2001. Thaksin sought to govern the country like a business, instilling an economic perception of national security, and at times employed slogans that invoked the economic developmental agenda of General Sarit. Structurally, Thaksin enhanced the developmental state attributes of close and collusive ties among the political elite and business leaders. However, Thaksin's policies were driven by his charisma and were not enduring enough to penetrate the bureaucratic processes.

Thaksin's conception of Thailand as a business-driven country impacted relations between the two countries. The bilateral free trade agreement signed in 2003 led to a surge in trade. Between 2003 and 2008, imports from China (including Hong Kong) increased from over \$7 billion to almost \$22 billion. During the same period, exports to China more than doubled, from \$10 billion in 2003 to almost \$26 billion in 2008.¹³ While overall trade dependency on China had already been increasing prior to the Thaksin era, Thailand's trade with China as a portion of total international trade grew even more rapidly between 2001 and 2007, rising from 8.4 percent to over 14.1 percent in 2007.¹⁴ Between 2001 and 2008, the value of Thailand's exports to China grew by over 300 percent.¹⁵ Efforts by Thaksin and his successors to court foreign investment, especially from China, accelerated an existing trend.

Thailand's intensified economic relations after Thaksin's election in 2001 are not inconsistent with the predictions of traditional, military threat-based theories of interstate behavior, but appear puzzling given the fact that there was, if anything, a marginal increase in China's ability to strategically constrain Thailand through its activities in Burma. Both Bangkok and Beijing were responsible for intensified ties, though more of the motivating force came from Thai elites, many of whom saw the economic rise of China as a tremendous opportunity (Murphy 2010, 14).

CONCLUSIONS

This paper demonstrates how Japan, Korea, and Thailand have had to balance two competing aims—economic strength and military security—when formulat-

10. Snyder 2009, 98. See also Chosun Ilbo, 12 April 2007.

11. The incident occurred 12 Jan. 2005. See Yonhap, 14 Jan. 2005.

12. For a good summary of the Goguryeo dispute, see Snyder 2004a,b,c,d. For an official ROK description, see Ministry of Foreign Affairs and Trade 2009.

13. Author's calculations based on World Development Indicators from the World Bank (various years).

14. Ibid.

15. Author's calculations based on UN COMTRADE database. Exports to China include Hong Kong (United Nations Statistics Division, various years).

ing policies towards China. At various points in time, the three countries have responded to China in ways that realism would not have predicted. However, to argue that realism does not explain all of Japan, Korea, and Thailand's responses to China is not to discard external threats as causal factors. Domestic grand strategy theory recognizes that state elites are sensitive to external threats, but that economic considerations can often vie intensely with military ones in determining foreign policy responses to China.

The paper has also shown that China's economic rise and military modernization are two external factors which have played, and will continue to play, a role in determining how Asian states respond to China. Domestic political changes and strategic shifts within Asian nations, however, will intersect with Beijing's changing economic and military behavior to shape Asian states' preferences for tradeoffs between economic priorities or military/security ones. Evolution in how Asian states view external threats will play a pivotal role in not only the future of Asian states' policies towards China, but towards the United States and each other.

Whither pax asiatica?

Increasing tendencies to view external threats through "military/security" lenses in parallel with "developmental" lenses portends a more complex and treacherous Asian strategic landscape.

Since the end of the Cold War, China's remarkable rise has contributed to elevated standards of living and increasing stability and prosperity throughout Asia. Japan, Korea, and Thailand are three examples of Asian nations that have benefitted enormously from economically engaging China. Yet beneath the confidence of prosperity concerns have lurked over China's growing military capabilities and aggressive posturing. The general trend towards increased sensitivity to external threats among some Asian states suggests that the pacifying effects of prioritizing economic advantage will diminish over time. Combined with increasingly sour views of China as an economic opportunity, and a more pronounced security dilemma, the shift in Asian strategic preferences portends greater intra-Asian strategic rivalry.

The transitional period, when Asian states undergo shifts where elites prioritize economic and technological growth to more nationalistic and military security, is especially challenging. For example, as an Asian developmental state where elites viewed threats through economic lenses, Japan was more prone to subsume its military/security interests and nationalism in favor of maintaining amicable diplomatic ties with China.

However, since the Koizumi era, Japan is now more attuned to military and security threats while maintaining some level of sensitivity to external economic threats.

There is already evidence of how more populist and decisive domestic political dynamics are reflected in Asian states' policies towards China. Disputes between Japan and China over the uninhabited Diaoyu/Senkaku Islands and maritime boundaries in the East China Sea have become more frequent and severe since Koizumi became prime minister. Though it has not been allowed to escalate, frictions between Korea and China over the sovereignty of Socotra Rock (Ieo Island or Suyan Rock) and disputes over maritime exclusive economic zones have increased in recent years. Rising nationalism has also had a detrimental effect on relations between U.S. allies Japan and Korea. Competing Japanese and Korean claims over the Dokdo/Takeshima Islands have had negative effects on bilateral ties in recent years.

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