

# CONFERENCE REPORT



## **A World without the U.S.-ROK Alliance: Thinking about “Alternative Futures”**

**September 10–11, 2007**

*Seoul Plaza Hotel, Seoul, South Korea*

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**International Conference held in Seoul, South Korea  
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**Conference Report**

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**Hosted by**

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## **EXECUTIVE SUMMARY**

This report summarizes the findings of the conference, “A World without the U.S.-ROK Alliance: Thinking about ‘Alternative Futures’,” held in Seoul, South Korea on September 10–11, 2007.

### ***Main Findings***

Conference participants surveyed the full range of ways in which a world without the U.S.-ROK alliance would differ from the current status quo—politically, militarily, economically, and in civil society—not only for the U.S. and South Korea, but also for the broader region. Despite often stark differences, some clear points of consensus emerged:

- Inter-Korean relations would hinge on North Korea’s intentions, goals, and capabilities, with regional security mechanisms playing a secondary role.
- Replacing the full range of military capabilities gained through the alliance would be very difficult and costly for South Korea, should the ROK deem this necessary.
- The termination of the alliance would not benefit the ROK economically, either on an absolute basis or relative to the rest of the region; rather it could pose substantial costs and obstacles to continued growth and integration.
- The alliance constitutes an important “support beam” in the edifice of the broader U.S.-ROK relationship and fosters the emergence of knowledgeable and experienced policymakers, producing long-term effects independent of regional security threats.

### ***Policy Implications***

- The time frame and manner in which the alliance ends would be an important determinant of the consequences. An abrupt and acrimonious severance of the alliance would increase the risk of miscalculation in a period of rapid change.
- Though the alliance might conclude in relatively short order, reconstructing the alliance could take years or decades.
- Consideration of the role of the U.S., the flexibility it would gain, and the challenges it would face will be central to determining post-alliance U.S. interests and what they would likewise mean for South Korea.

## **Introduction**

### *Background*

This report presents a summary of an international conference entitled “A World without the U.S.-ROK Alliance: Thinking about Alternative Futures,” held in Seoul, Korea, on September 10–11, 2007. The conference was convened by The National Bureau of Asian Research (NBR) in collaboration with the Korea Institute for Future Strategies (KiFS), and led by Dr. Nicholas Eberstadt of the American Enterprise Institute (Senior Advisor to NBR), Dr. Aaron Friedberg of Princeton University (Chairman of NBR’s Kenneth B. and Anne H.H. Pyle Center for Northeast Asian Studies’ Board of Counselors), and Dr. Lee Geun of Seoul National University and President of KiFS.

This project brought together researchers from the United States and South Korea (also Republic of Korea, or ROK), for a frank and often illuminating discussion of what the world might look like in an alternative future in which the U.S.-ROK alliance did not exist. One goal of this project was to assemble a group of thinkers who were not only able to sustain a high caliber of dialogue, but who also offered a full range of perspectives on current U.S.-ROK issues. Accordingly, in addition to being the leading experts in their fields, the conference participants also represented the full spectrum of political views in both the United States and South Korea, ranging, in the current preferred terminology of the two countries, from “right” to “left” for the United States and from “conservative” to “progressive” for the ROK.

Participants in this project were assigned a rigorous but unusual intellectual task: thinking seriously about an “alternative future” in which the world is radically different from that which we know today. The key posited difference for the purposes of this exercise was an absence of the U.S.-ROK alliance from the current Northeast Asian tableau. Not surprisingly, the participants discovered that removing this one variable had profound implications for a wide range of issues, including South Korea’s relationship with North Korea (also Democratic People’s Republic of Korea, or DPRK), South Korea’s position in the East Asian region, South Korea’s prospects for security and economic growth, and bilateral U.S.-ROK cultural relations. Although the conferees did

not always reach a consensus on what this alternative future would look like, their deliberations provided insight into the key drivers of bilateral relations and the broader regional milieu.

*Why This Conference, Why This Theme?*

By many measures the U.S.-ROK alliance—formalized and underpinned through the 1953 Mutual Defense Treaty between Seoul and Washington—qualifies as a signal historical success. The proximate objective of this military alliance was to deter a second North Korean attack on the South (the first such attack, in June 1950, having launched the devastating 1950–53 Korean War); for the 50-plus years that the treaty has been in force, the peninsular ceasefire has steadily held, albeit at times uneasily.

Moreover, this U.S. military guarantee helped to assure stability and security in the Northeast Asian region during the Cold War, thereby facilitating South Korea's remarkable economic and political development. By the mid-1990s the ROK qualified for membership in the Organization for Economic Co-operation and Development (OECD), formally joining the world's roster of affluent and highly industrialized constitutional democracies—an achievement hard to imagine absent the strong and continuing military and political bond with the United States, considering South Korea's relatively impoverished starting point in 1953.

Notwithstanding those past successes, the U.S.-ROK alliance is under increasing strain today—and the troubled nature of the current security relationship is no secret on either side of the Pacific. Some degree of friction and readjustment would have been inevitable in this alliance, given South Korea's tremendous relative rise in recent decades. Today's growing tensions, however, are more than a reflection of mere structural developments. Over the past decade fundamental differences regarding the perceived objectives of the alliance have emerged between Washington and Seoul.

Most critically, U.S. and South Korean policymakers now do not entirely agree on the nature and urgency of the "North Korean threat" or the appropriate responses. Since the Mutual Defense Treaty is cast as a pact for resisting potential North Korean aggression, this fissure has potentially profound ramifications. Additional disagreements

have also arisen with U.S. attempts to re-conceptualize the purposes of the alliance in the post-Cold War era, especially since the terrorist attacks of September 11, 2001. In recent years Washington has proposed new options for the extra-peninsular projection of U.S. military force from bases in South Korea, while Seoul has insisted that the U.S. military presence in Korea should relate strictly to the defense of the ROK. The U.S.-ROK alliance now appears to be heading into a more unhealthy and uncertain middle age, no longer supported by quite the same shared sense of purpose that characterized the relationship in earlier decades. Current events may portend additional infirmities in the none-too-distant future: for example, if serious efforts to “negotiate a permanent peace regime on the Korean Peninsula” do indeed commence—as the February 13, 2007 unanimous statement from the six-party talks declares they should—the very rationale of the U.S.-ROK military alliance will almost inescapably come under increasing scrutiny and question.

In recent years, the woes of the U.S.-ROK alliance have generated a blizzard of papers and a flurry of conferences on “rejuvenating the alliance” to little analytical or policy effect. Many experts agree on the basic steps that are required to finesse the widening rift between Seoul and Washington. These individuals’ advice has yet to break through the insouciance of policymakers and opinion-leaders on either side of the Pacific, however. Instead of attempting to square this circle, this project employed a more radical analytical diagnostic: a rigorous exercise of thinking through the manifold implications of an alternative future in which the U.S.-ROK alliance does not exist at all—i.e., a Northeast Asian region in which there is no defense or security relationship linking Seoul to Washington.

By seriously contemplating this alternative future, the project revisited the present dilemmas of the alliance with new and enriched perspective on the benefits and costs of this relationship for stakeholders in South Korea, the United States, and the greater Northeast Asian region.

*Thinking about Alternative Futures*

For over a generation decisionmakers in government and business have used alternative futures exercises to sharpen thinking about the risks and opportunities inherent in a given environment through the sustained examination of numerous plausible "counterfactuals" and the challenges they would pose.

These intellectual exercises can break through the imaginative barriers that keep us from imagining a world incredibly different from that of today. Alternative futures exercises are principally diagnostic tools, not only identifying future challenges and opportunities but also looking back at the potential strengths and weaknesses of current policy. These exercises are thus not designed to reach specific policy recommendations or even conclusions, but to provide insight into the challenges faced today.

Though this project was organized around a single counterfactual hypothesis, participants quickly realized that they were discussing a family of alternative futures that shared a common characteristic, rather than a single alternative future. Differing meanings attached to the term "alliance," different assumptions about when and how the alliance would rupture, and different beliefs about the interests and behavior of such third parties as North Korea, China, and Japan distinguished the variations within this family.

Although the project was a tremendous task for its participants, there are some things that it explicitly was *not*. The project was not a call for an end to the alliance (many conferees, indeed, happen to be strong advocates of that alliance). It was not an attempt to solicit practical recommendations for policymakers for "fixing" the alliance (in an analytical effort of this nature, policy recommendations are strictly off-limits). It did not encourage conferees to express preferences for how the future should actually play out (much of the value in alternative futures exercises accrues from delving into unwelcome but nonetheless plausible visions of the future). The project also did not include any attempt to identify the probability of the various hypothetical scenarios under consideration. Instead, the conference participants acted as geographers, describing the strategic terrain of an alternative future. The charge was simply to offer a description of an unknown and unfamiliar world.



To facilitate the discussion, these geographers of the future were organized into a series of panels that discussed papers that had been prepared on various aspects of the alternative future under consideration. The topics that these papers addressed included:

- *Inter-Korean Relations in the Absence of a U.S.-ROK Alliance*
- *Alternative Futures of ROK Relations with the Great Powers*
- *ROK Defense and Security Requirements*
- *Economic Consequences of a ROK-U.S. Separation*
- *U.S.-ROK Civil Society Ties in a Post-Alliance World*

Within the overall experimental framework established by the conference's assignment, the conference design further entailed an explicit determination to engage as wide a range of knowledgeable participants from the two countries as feasible. The reasoning here entailed more than academic politesse. Diversity may always be desired in intellectual pursuits, but in this exercise it seemed critical. Diverging perceptions between American and South Korean experts on security questions in Northeast Asia have become more evident in recent years. At the same time, growing polarization with respect to policy assessments is evident within both the U.S. and the South Korean expert communities. The quality and the credibility of this alternative futures experiment thus required canvassing a group that was not only expert, but also representative of widely divergent perspectives and policy preferences from the two countries in question.

On the one hand, such an approach protected the gathering against some of the risks of "groupthink." An expert group from a single country—or a group dominated by devotees of a particular theory or perspective—might not challenge themselves as much as they could in the rigorous speculation that alternative futures thinking demands (or might be dismissed, fairly or not, for having come to easy and ideologically predictable conclusions by those not included in the discussion). On the other hand, the approach allowed for some truly interesting "consensus thinking." If specialists who disagreed on key issues about security relations in the Korean Peninsula and Northeast Asia found that they shared a common assessment of the impact and implications of an end to the U.S.-ROK alliance, that consensus in and of itself (though not necessarily proving these

specialists correct) would be more than ordinarily noteworthy for interested policymakers, scholars, and members of the informed public.

Cumulatively the participants met their charge: the discussion was frank and uninhibited, and it revealed a wealth of insight into both the assumptions of leading experts on U.S.-ROK relations and what the family of alternative futures under consideration may well look like for the Koreas, the United States, and the rest of Asia.

*Realists and Institutionalists, Optimists and Pessimists*

To the degree that the September 10–11, 2007, conference in Seoul was organized to be a conversation among individuals with starkly divergent views, it was a marked success. The participants included leading thinkers from both the United States and South Korea who are typically categorized as progressives or conservatives and whose divergent viewpoints informed a remarkably valuable exchange. These differences often meant that the conference did not reach neat and easy conclusions. Such differences did, however, permit participants on all sides of the ideological spectrum to explore their assumptions and the consequences these assumptions hold for their views on both the alternative future under discussion and the reality on the Korean Peninsula today.

The organizers had anticipated that discussion of the shape of the family of alternative futures would center on questions of whether the alliance broke up rapidly and acrimoniously, or gradually and in a more amicable matter. This question was not the key to the discussants' conclusions, however. Instead, the viewpoints of the participants depended less on the hypotheticals of the scenarios under discussion than their differing assumptions on two broad issues: (1) North Korea, the intentions of which some participants were more suspicious and others less so; and (2) the international system and the nature of international politics in Northeast Asia, from both "realist" and "liberal institutionalist" viewpoints.

Participants' views on the nature of the North Korean regime drove other assessments during the conference. Those who were relatively sanguine about the regime in Pyongyang and its willingness to undertake fundamental political and economic reform in the absence of a "hostile" U.S.-ROK alliance were relatively optimistic about

the implications of a post-alliance world for inter-Korean relations and Seoul’s economic and security prospects. Inter-Korean relations were a particular bellwether for how participants viewed the post-alliance world, with participants identifying the end of the alliance as likely either to bolster or significantly hamper ties between the two Koreas.

The discussion of South Korea’s post-alliance relationship with the great powers of Asia likewise revealed a theoretical split between two broad schools of thought in international relations. Realists, on the one hand, argued that in the absence of the alliance South Korea would be forced to make difficult decisions about what military capabilities to develop or with what other country to align—essentially, choices of internal and external balancing. Liberal internationalists, on the other hand, generally held that South Korea could use its post-alliance freedom to develop regional institutions that could transform the incentives of major actors in the region and eventually break out of the “security dilemma” that forces each country to arm against the others.

Broadly speaking, one may describe a two-by-two matrix that captured the views of the conference participants on these two issues. Within this matrix, “pure pessimist” describes a participant who viewed Pyongyang’s intentions as relatively malevolent and the security dilemma as a permanent feature of relations among the Northeast Asian states. In contrast, a “pure optimist” participant is one who described Pyongyang’s intentions as relatively benign and placed hope in the prospects for institutionalism to overcome the security dilemma in Northeast Asia. This matrix can be sketched as follows:

	<b>More suspicious of North Korea</b>	<b>Less suspicious of North Korea</b>
<b>Realist</b>	Pure pessimist	Regional pessimist
<b>Liberal institutionalist</b>	Inter-Korean pessimist	Pure optimist

In this matrix, the pure pessimist and the pure optimist are familiar creatures; they are also the most intellectually consistent. After all, North Korea's aggressive, maximalist behavior bolsters many of the assumptions that realists hold toward the international system. Likewise, the liberal institutionalist belief that the international system can change itself through the creation of norms and regimes is matched by the hope that North Korea can reform—or, more importantly, be reformed—through engagement. Not surprisingly, the pure pessimist and pure optimist views among participants also generally overlapped respectively with those who would identify themselves as conservative/right and progressive/left.

The mixed position, in which participants combined a relatively unsuspecting view of North Korea with a more dubious view toward the regional powers, was by far the most interesting category of analysis that emerged from this conference. The purely pessimistic and optimistic analyses seemed to stereotype the political views of the conservative and progressive camps in both the United States and South Korea. No participants were pessimistic about North Korea's intentions but also optimistic toward the opportunities for establishing regional cooperative security institutions. Those with a mixed position, however, constituted a group of "regional pessimists" who created a striking and initially unexpected consistency among the conference's principal insights: that a world without a U.S.-ROK alliance would not well serve, and would very likely harm, Korea's vital interests and engender significant instability in Northeast Asia.

### **Inter-Korean Relations and the Regional Milieu**

The starkest differences among the conference participants emerged as they discussed the prospect for inter-Korean talks after the end of the alliance and the relations among the great powers of Asia. There were also, however, clear points of consensus, often implicitly reached, that pointed to a hazardous prospective future for Seoul.

*North Korea's intentions, goals, and capabilities will have a profound impact on South Korea's prospects in a world without the alliance.*

The nature of the North Korean regime is the central assumption upon which most expert predictions of North Korean behavior turn. If the North Korean state is a fundamentally unthreatening (or fundamentally reactive) entity, then it would use the post-alliance opening in its relationship with South Korea to pursue a radically different relationship leading to fundamental reform north of the DMZ. Indeed, some participants argued that inter-Korean relations have taken on a dynamic of their own, which only Washington's obstruction prevents from reaching its logical goal of reform and unification. In contrast, if Pyongyang is a fundamentally revisionist entity with maximalist (or revisionist) goals, it would logically use the post-alliance opening to exploit Seoul's engagement policy to bolster its own regime and continue to pursue its traditional aims.

The key corollary to these two views is that ending the alliance is essentially an *unhedged bet*. A positive transformation of inter-Korean relations may follow. If instead, however, North Korea continues to pursue its revisionist aims, the South will have lost its principle instrument for deterring or responding to North Korean intimidation and aggression.

*There is no obvious path for inter-Korean relations after an end to the alliance. Pyongyang has based all of its historical rhetoric on the assumption that the U.S.-ROK alliance is a relatively permanent feature of the Korean Peninsula's political landscape and it is not clear what course Pyongyang would choose after the alliance.*

The dissolution of the U.S.-ROK alliance is one of Pyongyang's longstanding goals, but the course of North Korean policy in a post-alliance world is unpredictable. For decades, North Korea has centered its approach toward South Korea on the latter's alliance with the United States, treating Seoul as a puppet regime of U.S. military power. The limited examples of direct North-South interaction do not provide a useful roadmap

for relations after the end of the alliance, as Pyongyang might find the end of the alliance to be a "catastrophic success."

In a world without the U.S.-ROK alliance, North Korea would be faced with profound and potentially regime-destabilizing choices. The most crucial of these would be how to engage Seoul, and whether the North Korean regime believes that the government can undertake any fundamental reform without undermining the basis of the rule of either the Kim family or the Korean Workers Party (KWP). One indication of Pyongyang's view toward the ROK is the extent to which Pyongyang has gone to hermetically seal the some 100,000 South Korean tourists who visit the country each year, allowing them only minimal contact with a small number of highly trained, politically loyal tour guides.

For the North Korean regime, the reform package that Seoul would likely offer in the wake of U.S. withdrawal from South Korea would itself be the greatest threat to continued KWP rule in Pyongyang. Despite decades of rhetoric promising greater inter-Korean cooperation following the termination of the U.S.-ROK alliance, North Korea may well find itself with every incentive to retain its nuclear weapons while it seeks to milk South Korean engagement as a cash cow for regime maintenance without responding to incentives to pursue either reconciliation with Seoul or domestic reform.

*Regardless of North Korea's intentions, the regional security milieu will be a crucial factor in determining South Korea's economic, political, and security prospects after the end of the U.S.-ROK alliance.*

No matter what North Korea's attitude is in a post-alliance future, South Korea cannot escape a fact of geographic destiny: it is surrounded by three powers that have historically coveted the peninsula as a strategic lynchpin to Northeast Asia. Given the interests of China, Japan, and Russia in the future of the Korean Peninsula, South Korea's future outside of the alliance framework would most likely be a difficult one.

Complicating this situation is the deep entanglement of the fate of the Koreas with the longstanding rivalry among the great powers of Asia, especially the Sino-U.S. and

Sino-Japanese relationships. (With the Soviet collapse and the subsequent sharp decline of Russian power in the region, Moscow is only a marginal player for the time being in the great power drama in the Pacific—but a restoration of Russian influence in Northeast Asia would by no means simplify the situation for Seoul.)

From Beijing, where many decisions regarding these relationships will occur, the United States appears as a global “power pole,” a far more dangerous entity than Japan, which is merely a regional “power center.” Although this potential for rivalry appears to be minimal while Washington and Beijing enjoy a relatively positive relationship, South Korea would be left in a dangerous position if the Sino-American relationship soured following the dissolution of the U.S.-ROK alliance. Indeed, the dissolution of the U.S.-ROK relationship could itself set in motion the process by which the Sino-American relationship went bad.

Simply put, thinking about a future regional dynamic in which the U.S.-ROK alliance does not exist raises the challenge of monitoring too many moving parts: there would be more independent actors with different incentives, and employing more capabilities, than observers today can hope to predict.

*After the alliance, South Korea would embark on a course of internal and external balancing that would be difficult for any country, and may well be impossible for the Republic of Korea in Northeast Asia.*

Without a U.S.-ROK alliance, South Korea would have to develop a combination of abilities to deal with the risks of living in Northeast Asia with a historically hostile entity along its only land border. The available measures include both “internal balancing,” or developing military capabilities for self defense, and “external balancing,” or courting a combination of allies and security partners with which to deter potential aggressors. In a post-alliance world, managing these two balancing mechanisms would be tremendously challenging for South Korea and may raise insurmountable difficulties.

The challenge of managing external balancing alone is a major problem in Northeast Asia. The relationships that Seoul has developed in recent years with China

and Japan, for example, have been pursued through collaborative strategic planning with the United States and in the context of the U.S.-ROK alliance. Without Washington as a bedrock ally, how would Seoul avoid being entrapped in an unwelcome embrace by Beijing or entering into a standoff with Tokyo? To make matters worse, if South Korea chose to develop a relationship with any of its neighbors, the other neighbors would likely interfere.

*Regional multilateral security cooperation or dialogue frameworks do not yet provide a credible alternative to the alliance for addressing the security dilemma in Northeast Asia.*

South Korea has strong incentives to lead the effort to create multilateral dialogues and nascent regional security cooperation frameworks today, and would certainly have even stronger incentives in a post-alliance world. Such arrangements, after all, provide South Korea with an seat at the table equal to that of the region's great powers. Without the U.S.-ROK alliance, however, the prospects that such diplomacy could cobble together an arrangement among the Northeast Asia powers to overcome the security dilemma in the region are quite low, given the historical lack of trust in the region and a widely shared view among regional actors that more may be gained than lost by challenging the status quo.

In the words of one conference participant, a multilateral security framework could be a "minor" alternative to the alliance, but could not be a "major" alternative. There is no foreseeable security framework in the region that could guarantee Korea's national security or effectively respond to the security dilemma in Asia, and the likelihood that Seoul could deliver sufficient clout to create one would likely diminish in the absence of an alliance with Washington.



### **Korea's Defense after the Alliance**

The requirements for South Korea's defense after the end of the U.S.-ROK alliance was a topic that revealed to what extent assumptions regarding the nature of North Korea and the propensity for great power rivalry in Northeast Asia drove participants' conclusions. Moreover, though many participants initially expected that the ROK would have minimal defense requirements based upon optimistic assessments of inter-Korean relationships, the regional pessimists at the conference argued for the need for Korea to undertake an assertive internal balancing response to a post-alliance world. Several common insights emerged from the discussion.

*Replacing the capabilities that the United States brings to South Korea's defense would be extremely difficult or, in many cases, impossible.*

The contribution of U.S. Forces Korea (USFK) to the defense of the ROK covers a wide set of fields where South Korea suffers major shortfalls on its own: reconnaissance and intelligence satellites, strike capabilities, intelligence integration, command and control, early warning analysis, counter-battery fire, civil-military affairs units, missile defense, and special operations forces capabilities. If the South Korean government were to fill all the roles that USFK is responsible for under the current bilateral security arrangements, the South Korean defense budget would increase ten-fold—that is, assuming outside governments permitted Seoul to purchase the missing systems and technology necessary for these missions.

These shortfalls in the absence of the U.S.-ROK alliance are not simply in capabilities necessary to respond to a potential North Korean invasion of South Korea; the ability of the ROK to undertake a whole range of activities, including monitoring operations during peacetime and the set of "flexible deterrent options" that the United States and South Korea have developed, would be diminished. For example, when the second Korean nuclear crisis erupted in 2002–03 and North Korea withdrew from the international nonproliferation regime, the United States and South Korea bolstered their

diplomatic hand with the dispatch of F-117 stealth bomber aircraft to Guam. Without the alliance, South Korea would enjoy no similar means to demonstrate a mailed fist to match its velvet glove.

*The current USFK contribution to South Korea's defense capabilities is a useful measure of what the ROK would lose without the alliance, but does not indicate Seoul's requirements if the alliance did not exist.*

In order to determine the impact of the loss of the alliance, however, it is necessary to compare post-alliance ROK capabilities not against the current U.S.-ROK combined capabilities but rather against ROK requirements to defend against a potential DPRK attack as well as to be prepared for regional contingencies. Even if South Korea cannot match the capabilities of the United States, the country may have sufficient capabilities to deter conflict with North Korea or prevail if forced into a fight.

Nonetheless, the ROK military is not well matched to North Korea's current "asymmetric" strategy, which employs such methods as special operations forces raids, terrorist sleeper cells, and weapons of mass destruction to disrupt South Korean rear areas before launching a conventional military invasion as a follow-on force. One example of how ill-prepared post-Cold War South Korea was to meet such threats was an incident in 1996 in which a pair of ROK army divisions took approximately three months to kill and capture 26 North Korean agents who had infiltrated via submarine. Even over a decade later, it is far from obvious that ROK forces would fare better against such a challenge were it posed today.

The regional context places South Korea's post-alliance defense requirements in even starker contrast. Many of South Korea's defense purchases in recent years appear directed at other regional powers, rather than at the North Korean military. For example, the AEGIS-equipped *Sejong the Great*-class destroyers are much more useful for matching Tokyo's and Beijing's growing naval power than Pyongyang's fleet of patrol boats.

In effect, a future without the U.S.-ROK alliance would require Seoul to make an unhedged bet that the increased likelihood of a benign North Korea and nascent regional security institutions would fully compensate for the loss of the stability that the alliance has provided to the ROK for over fifty years.

*In the absence of an alliance, the United States and South Korea would still face scenarios in which they could form an ad hoc coalition, but without the planning and command structure to guarantee that the coalition is greater than the sum of its parts.*

Even if the United States withdrew from South Korea, the many U.S. strategic interests on the Korean Peninsula would remain. In the event of a North Korean regime collapse, for example, the United States would likely intervene to secure suspected caches of DPRK weapons of mass destruction. Without adequate U.S.-ROK preparations, however, the opportunities for friendly fire in this scenario would be relatively high. Moreover, without close U.S.-ROK coordination, a simultaneous Chinese intervention could lead to an unexpected and potentially escalatory crisis on the peninsula as U.S., ROK, and Chinese forces come into contact in the fog of war.

One participant summarized this dilemma when he stated that the United States would still join a renewed Korean conflict even after the end of the alliance, but that the cost as the United States intervened would be measured largely in the lives of Korean soldiers and civilians.

*The impact of severing the alliance for both the independence and the "Koreanization" of South Korea's national defense capabilities is unclear.*

The severance of the alliance would not clearly serve the long-term policy goal of the "Koreanization" of South Korea's national defense. Although some might assume automatically that after the severance of the alliance, necessity would serve as the mother

of invention and push South Korea to develop its own indigenous self-defense capability, the practical, intertwined, and often sequential challenges of Koreanization in the absence of a U.S.-ROK alliance would be magnified. Most importantly, without the alliance, South Korean defense planners would likely be overwhelmed as they sought to develop all capabilities formerly provided by USFK at the same time. Identifying priorities and allocating scarce resources efficiently would be difficult.

Moreover, developing a more Korean national defense force in the absence of access to the alliance would likely mean that Seoul would enjoy less access to sensitive military technologies and U.S. weapons systems. Being forced to develop these capabilities indigenously, waiting for a prolonged licensing process in procurements from the United States, or looking toward third party suppliers would all slow Seoul's modernization process and the Koreanization of the country's national defense.

*The end of the alliance would force South Korea to face the nuclear question and determine if and when the country should seek atomic weapons.*

In a world without the U.S.-ROK alliance, many participants observed that the combination of risks surrounding both the behavior of North Korea and other regional actors would strongly pressure Seoul to develop nuclear weapons. The burden of a costly conventional military buildup, and the relative cost-effectiveness of nuclear weapons, would heighten this pressure.

Developing nuclear weapons would subject South Korea to a wide range of disadvantages, including the potential condemnation of the United States, the risk of triggering or accelerating proliferation throughout Asia, and the possibility that peaceful and voluntary unification of Korea would be impossible once both halves of the peninsula went nuclear. Nonetheless, the acquisition of nuclear weaponry may still prove a preferable choice for Seoul if the ROK leadership concluded that there was no other way to secure its position in a post-alliance world.

### **Economic Implications of a World without the U.S.-ROK Alliance**

Much like in the conversation on the implications of a post-alliance world for South Korea's defense, the views of conferees with regard to the economic implications of a U.S.-ROK alliance dissolution varied according to assumptions regarding the behavior of North Korea and other regional actors. There was, however, broad consensus on the "transmission belts" through which an end to the U.S.-ROK security alliance could impact the South Korean economy: (1) the macro-economic repercussions of defense expenditures, (2) the consequences for trade performance and trade composition, and (3) the economic ramifications of increased perceived risk and uncertainty for doing business in and around the Korean Peninsula. These "transmission belts" became the focus of the discussion on economics.

Although some participants strenuously maintained that South Korea could surely "cope" with the economic consequences of an end to the alliance with Washington, such protestations rather missed the point of the exercise. All governments cope by definition. For an alternative futures analysis focused upon strategy and international security, the more pertinent issues were whether a termination of the U.S.-ROK alliance would speed or slow growth in South Korea (and by how much) and whether the end of the alliance with the United States would affect South Korea's relative pace of economic growth as compared to other actors in the region. This introductory and exploratory session did not offer any quantitative estimates, but it is noteworthy that none of the participants suggested that terminating the alliance would either benefit the South Korean economy or aid the ROK in growth relative to the rest of the Northeast Asian region. Conferees did, however, identify a number of possible costs and obstacles.

*The burden of maintaining independent self-defense capabilities could very easily have adverse macro-economic consequences for South Korea, especially if the country entered into more intense security competition with such neighbors as Japan and China.*

The contours of any discussion regarding the impact of post-alliance defense expenditures on South Korea's economy naturally follow the assumptions that participants hold about post-alliance security requirements. The conclusions described in the preceding section informed this debate, and indicate that meeting the need to respond to North Korea's military capabilities in the absence of an alliance would likely be a significant burden on the South Korean economy. Possible regional competition could also significantly impact South Korea's future defense spending in the absence of an alliance with the United States, as the weapons systems required for competition with such powers as China, Russia, or Japan are even more expensive than many of those required by the North Korean threat.

Historical experience from the 1970s provides an example of how a rupture in U.S.-ROK relations might affect Seoul's defense spending in a post-alliance environment. In that decade, the GDP share of South Korea's defense expenditures rose from 4% to 6% over the course of the decade and President Park Chung-hee imposed a "national defense tax." In addition, the Park government's push for defense self-sufficiency ushered in a "heavy and chemical industry" drive that proved immensely costly for the ROK in terms of economic distortions and lingering *dirigiste* policy inclinations. To be sure, circumstances are different today: the ROK is far more productive than it was in the early 1970s, and some of the economic policy mistakes of the past have been thoroughly aired in both policy circles and popular discussion. But other differences with the past do not necessarily increase freedom of maneuver by comparison with the earlier ROK political economy. Would the South Korean public today accept the potentially huge financial burden of a self-reliant defense establishment in the face of rising social expenditures and a less favorable demographic structure? That question once again raises the prospect that a post-alliance South Korea might look to nuclear weaponry as a cost-effective means of bolstering the country's defensive capabilities.

*Investor confidence may not respond immediately to a rupture in the U.S.-ROK alliance but would likely be more volatile in a post-alliance world.*

The specific nature of any U.S.-ROK breakup would naturally have a significant impact on investor confidence in a post-alliance South Korea. An acrimonious, relatively quick breakup would force investors to respond quickly to unpredictable developments, raising the possibility that they would not have sufficient time to anticipate changes. International panics, domestic capital flight, or other "contagion" effects would be possible consequences. If the alliance split over a relatively prolonged, predictable period that minimized uncertainty, however, some participants felt that investor confidence might not elicit major macro-economic responses for the ROK or the Northeast Asian region.

A less pleasant scenario for the economy in a post-alliance ROK would be an increase in tensions in the region without an alliance to serve as a deterrent force and crisis control mechanism. The threat posed by a recalcitrant, unreformed North Korea or by a regional territorial dispute among the great powers could quickly raise concerns that Seoul is a likely victim with little control over its own future. In the final analysis, the alliance bolsters investor confidence against possible geopolitical shocks; without the alliance, South Korea's domestic and international markets would be significantly more vulnerable. Even without disruptive flashpoint crises, the perception that the ROK had become a more risky place to do business could become self-fulfilling: if the risk premium rose, South Korea would perform as a less competitive platform in the world economy.

*It is not clear if U.S. economic interests would "follow the flag" and shift out of Korea after an end to the alliance, but a severed alliance would strain Seoul's ability to maintain its economic relations throughout the region.*

The question of whether U.S. economic engagement would "follow the flag" was one of the more difficult to assay, but the discussion provided some insight into how the alliance provides political cover for South Korea's economic relationship with the United States. For example, although South Korea is currently the target of the second-greatest number of U.S. trade dispute actions at the World Trade Organization, the Bush

administration nonetheless negotiated a free trade agreement with the ROK. Although the alliance does not set any obvious ceiling on how the trade relationship can develop, it does establish a floor for the level to which bilateral trade relations will be allowed to deteriorate.

South Korea's economic ties to China dovetailed into this discussion of post-alliance U.S.-ROK trade relations. Most participants agreed that without the alliance, the ROK would shift its economic diplomacy toward Northeast Asian regional arrangements, which would bolster the growth of China, perhaps to Seoul's eventual detriment. Simultaneously, while China has actively courted the ROK to sign a free trade agreement, Seoul has been able to control the pace and scope of these talks largely by virtue of its strong relationship with the United States. Without an alliance in which to couch its positions, South Korean negotiators would likely have a far more challenging job. Simply put, how would South Korea maintain an independent role in the East Asian community-building process?

*The impact on economic policy—economic liberalization or nationalistic retrenchment—is a critical unknown.*

The convergence of institutions is in many ways the essential challenge that South Korean policymakers face in the coming decades regardless of the survival or death of the alliance. Notwithstanding tremendous successes over the past several decades, South Korea still faces significant hurdles in its quest to reach the top ranks of OECD economies. Although the ROK has attained approximately 60% of U.S. GDP per capita, output per worker per hour remains significantly below this proportion, indicating not the scope of the future challenge as well as the extent to which South Korea's growth has been driven by potentially unsustainable mobilization strategies. Problems in the South Korean pattern of development are also reflected in what is known in international markets as the "Korean discount": a lower price/equity ratio in South Korea's stock market than one might expect on the basis of reported fundamentals, reflecting



international doubts about both transparency and regulatory and corporate governance in the ROK economy.

Although South Korea appears to be on a long-term march toward economic liberalization, it is not clear how an end to the alliance would affect this process. Would a post-alliance South Korean state assume a larger role in the economy, as did the Park Chung-hee regime during the crisis of the 1970s? Or would the state seek to bolster South Korea's long term prospects through accelerated liberalization and deeper integration into the international system? Plausible story-lines could be written for either of these scenarios.

*The economic reconstruction of North Korea looms as a major task before South Korea and the international community. Without a significant U.S. role, this process could become much more costly—especially for South Koreans.*

If the DPRK undertook fundamental political and economic reforms, or if the DPRK disappeared and South Korea was responsible for the economic reconstruction of the North, the financial requirements for supporting the requisite projects and programs could be very substantial indeed, even by the terms of the modern world economy. U.S. participation in this process would be taken as a key signal in decisions about capital allocation by both governments and the private sector all around the world.

With a U.S. alliance, Seoul also enjoys some implicit assurances that the United States would assume some ownership of the problem of economic reconstruction of northern Korea (a project that will certainly be highly costly to undertake, and which is widely presumed to have a negative net present value). Without a U.S.-ROK alliance, the provision of U.S. assistance is less certain. Moreover, without a strong U.S. role in the reconstruction of North Korea, it is more likely than otherwise that Beijing would seek a leading role to further its longstanding goal of supporting the regime in Pyongyang as a buffer state—a factor that in itself would have a bearing upon the costs and the effectiveness of economic reconstruction efforts in the North.

To reiterate the concerns of regional pessimists, an economic solution to the North Korea problem would not itself end the security dilemma in Northeast Asia. Even in a best-case scenario, South Korea would not necessarily feel safe shifting its governmental budget from defense spending toward economic assistance for Pyongyang or a unified Korea. This is another instance of an unhedged bet in which Seoul would be hard-pressed to achieve its goals in the absence of the U.S.-ROK alliance.

### **An Unpredictable Indicator: Civil Society Ties**

Non-governmental ties between the United States and South Korea clearly affect the long-term evolution of bilateral relations, possibly to a great extent. This was one area where assumptions regarding the security threat posed by North Korea or other regional actors had no clear impact on expected outcomes. Here, again, conferees did, however, agree on a number of other observations.

*Although the alliance makes both positive and negative contributions to how the people of the United States and South Korea view each other, the U.S.-ROK military alliance serves as an "unseen support beam" in this relationship.*

It is difficult to quantify the role that the military alliance plays in supporting non-governmental relations between the United States and South Korea, but the most useful way to conceptualize the relationship may be that the alliance is the support beam within the greater edifice of the bilateral cultural relationship. For over a half-century, cultural interaction between the two countries has centered on the daily interactions of U.S. soldiers who are stationed in Korea with their South Korean comrades-in-arms and civilians. In the absence of the alliance, it is obvious that day-to-day interaction would be significantly diminished.

*Cultural relations may well be a lagging indicator of the health of the broader relationship. If the alliance ended, the cultural relationship may take years to feel this impact.*

Although the cultural relationship may weather near-term shocks to U.S.-ROK bilateral relations, it is also highly likely that cultural ties are a lagging indicator of the overall health of the relationship. Because of this delayed effect, not only would the cultural relationship quite likely deteriorate only after the political settlement of a post-alliance world had been firmly established, but it might also take many years to recreate the U.S.-ROK relationship after it had ceased to exist.

*The absence of a bilateral alliance would reduce the number of policymakers, especially in the United States, who have extensive experience of and a direct personal interest in South Korea.*

One Korean participant mentioned that his countrymen were jealous when Deputy Secretary of State Richard Armitage declared that he would celebrate with a "banzai" were Japan admitted to the United Nations Security Council as a permanent member in 2005. Although South Koreans may already be concerned today that there are an insufficient number of policymakers in Washington who have much experience in dealing with Korea, this problem would be exacerbated in the absence of a U.S.-ROK alliance. The alliance currently provides a venue for a range of senior military leaders and policymakers to gain significant amounts of access to South Korea throughout their careers.

### **Conclusions and Future Research**

Several overall conclusions emerged from the conference. These conclusions indicate the necessity that scholars of U.S.-ROK relations continue to research a wider range of issues concerning a potential collapse of the alliance, specifically identifying the

plausible scenarios under which it could occur and what each scenario would mean for the two sides.

*The greatest consequence of the possibility of an abrupt and acrimonious severance of the alliance would be increased risk of miscalculation in a period of rapid change.*

Although the timing of a rupture in U.S.-ROK relations was not the defining assumption determining participants' views of how the world would look without the bilateral alliance, it was a topic that invariably raised concerns. If the alliance broke quickly, the many troubling inter-Korean and regional dynamics identified above would occur in a compressed timeframe, allowing miscalculations to occur and spur one another, also very quickly.

A scenario in which the alliance broke apart over a relatively extended period would raise its own problems. For example, the strategic and security landscape would begin to change as soon as regional actors decided that the United States was leaving—not only once the United States had left. One example of how this realization could affect decisions would be if the leadership in Taiwan decided that the window for reaching *de jure* independence was closing and chose to make a drastic move while the United States was still fully present in the region.

*Though the alliance might conclude in relatively short order, reconstructing the alliance could take years or decades.*

A point that continually arose during this conference was that, while Seoul and Washington may seek to create another alliance after the present arrangements ceased to exist, doing so would be quite difficult. Developments in the U.S.-Philippine relationship in recent years provided one clear precedent in this regard, suggesting to some participants that while alliances can collapse relatively quickly, re-establishing delicate

relationships in which the partners are more than formally committed to mutual security and the provision of basing rights can be very difficult. Except in an emergency scenario, basic questions such as relative leverage in negotiations can take years to work out.

The experience of Taiwan was also raised as a cautionary tale in regards to the consequences of a collapsed alliance in which the many pieces are impossible to reassemble, even in part. The prospect of a "neutralized" Korean Peninsula may even have implications similar to those stemming from Taiwan's status. Any effort to reestablish the U.S.-ROK alliance may be treated as an escalation of regional tensions, even if both sides agree that rebuilding such an alliance is in their mutual interests.

*Questions concerning the future role, increased flexibility, and continued challenges of the United States were omnipresent but never the focus of the discussion. Answering these questions would be central to determining post-alliance U.S. interests and what they would likewise mean for South Korea.*

The conference did not directly address the implications of a post-alliance world for the United States. This topic emerged as a clear gap in the proceedings, raising significant questions of how Washington would interact with Asia after the end of the U.S.-ROK alliance. Simply stated, Washington and Seoul could dispense with the arrangements of the alliance quite easily, but not fundamental U.S. interests in Asia. It is difficult to conceive of a scenario in which the United States would wholly disavow its interests in the Korean Peninsula or would not be concerned with the possible contagion effects of an economic crisis in East Asia. Even if the United States withdrew from Korea, the end of U.S. hegemonic ambitions would not be on the horizon.

Identifying how the United States would assert its military posture, maintain (or disavow) alliance relations with Japan, defend its sea lines of communication, and maintain a role in Asia are all major questions that future research should address. This conference provided a first step in describing the strategic geography in which Washington would have to make these decisions.

**U.S.-ROK ALLIANCE:  
IMPLICATIONS OF AN “ALTERNATIVE FUTURE”**

**한미동맹의 ‘대안적 미래’**

**SEPTEMBER 10–11, 2007**

***Seoul Plaza Hotel  
Orchid Hall, 4<sup>th</sup> Floor***

**Sponsors**

**The National Bureau of Asian Research (NBR)  
Korea Institute for Future Strategies (KiFS)**

**MONDAY, SEPTEMBER 10**

9:00 a.m.–9:20 a.m. **OPENING REMARKS**

**George Russell**, The National Bureau of Asian Research  
**Lee Geun**, Seoul National University and Korea Institute for  
Future Strategies  
**Nicholas Eberstadt**, American Enterprise Institute and The  
National Bureau of Asian Research

9:20 a.m.–9:35 a.m. **PRELIMINARY SESSION: PURPOSE, ASSUMPTIONS, AND  
METHODOLOGIES OF “ALTERNATIVE FUTURE” STUDIES**

**Aaron Friedberg**, Princeton University and The National Bureau  
of Asian Research

9:35 a.m.–11:00 a.m. **SESSION I: THE ROK ECONOMY WITHOUT A U.S.-ROK ALLIANCE**

*Moderator:* **Nicholas Eberstadt**, American Enterprise Institute and The  
National Bureau of Asian Research  
*Presenter:* **Lim Wonhyuk**, Korea Development Institute  
*Discussant:* **Thomas Byrne**, Moody’s Corporation & **Park Jin**, Korea  
Development Institute School of Public Policy & Management

11:00 a.m.–11:10 a.m. **COFFEE BREAK**

11:10 a.m.–12:30 p.m. **SESSION II: ROK DEFENSE/SECURITY REQUIREMENTS**

*Moderator:* **Lee Geun**, Seoul National University and Korea Institute for Future Strategies

*Presenter:* **Choi Kang**, Institute of Foreign Affairs and National Security

*Discussant:* **Bruce Bechtol**, United States Marine Corps College, **Cho Seong-Ryoul**, Institute for National Security Strategy & **Kim Sung-han**, Korea University

12:30 p.m.–2:00 p.m. **LUNCH (*Orchid Hall*)**

2:00 p.m.–3:30 p.m. **SESSION III: INTER-KOREAN RELATIONS (PART I)**

*Moderator:* **Aaron Friedberg**, Princeton University and The National Bureau of Asian Research

*Presenter:* **David Kang**, Dartmouth College

*Discussant:* **Kim Keun-Sik**, Kyungnam University & **Cho Seong-Ryoul**, Institute for National Security Strategy

3:30 p.m.–3:45 p.m. **COFFEE BREAK**

3:45 p.m.–5:15 p.m. **SESSION IV: INTER-KOREAN RELATIONS (PART II)**

*Moderator:* **Aaron Friedberg**, Princeton University and The National Bureau of Asian Research

*Presenter:* **Sheen Seongho**, Seoul National University

*Discussant:* **Gordon Flake**, The Maureen and Mike Mansfield Foundation & **Kim Byung-Kook**, Korea University

6:00 p.m. **DINNER (*Sam-chong-gak Restaurant*)**

*Introduction:* **Lee Geun**, Seoul National University and Korea Institute for Future Strategies

*Keynote Speaker:* **Alexander Vershbow**, U.S. Ambassador to the Republic of Korea

## **TUESDAY, SEPTEMBER 11**

9:00 a.m.–10:30 p.m. **SESSION V: ROK RELATIONS WITH THE GREAT PACIFIC POWERS**

*Moderator:* **Kil Jeong Woo**, JoongAng m&b

*Presenter:* **Park Cheol-Hee**, Seoul National University

*Discussant:* **Leon Sigal**, Social Science Research Council & **Chung Jae Ho**, Seoul National University

10:30 a.m.–10:45 a.m. **COFFEE BREAK**

10:45 a.m.–12:15 p.m. **SESSION VI: CIVIL SOCIETY TIES–“TRACK II” RELATIONS BETWEEN THE UNITED STATES AND SOUTH KOREA**

*Moderator:* **Nicholas Eberstadt**, American Enterprise Institute and The National Bureau of Asian Research

*Presenter:* **Scott Snyder**, The Asia Foundation

*Discussant:* **Lee Sung-Yoon**, Tufts University & **Sohn Byung Kwon**, JoongAng University

12:15 p.m.–1:45 p.m. **LUNCH (*Orchid Hall*)**

*Luncheon Speaker:* **Yoon Young-kwan**, Seoul National University and Former Foreign Minister of South Korea, Senior Advisor of KiFS

1:45 p.m.–3:15 p.m. **SESSION VII: ECONOMIC, POLITICAL, & STRATEGIC IMPLICATIONS FOR THE UNITED STATES**

*Moderator:* **Lee Geun**, Seoul National University and Korea Institute for Future Strategies

*Presenter:* **S. Enders Wimbush**, Hudson Institute

*Discussant:* **Lho Kyongsoo**, Seoul National University & **Kim Joon-hyung**, Handong University

3:15 p.m.–3:30 p.m. **COFFEE BREAK**

3:30 p.m.–5:00 p.m. **WRAP-UP/CLOSING REMARKS/PRESS CONFERENCE**

*Moderator:* **Aaron Friedberg**, Princeton University and The National Bureau of Asian Research

5:00 p.m. –6:00 p.m. **CONCLUDING RECEPTION (*Seoul Plaza’s Oak Room*)**

*Special Thanks to*  
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