THAAD Installation in South Korea: Analysis Through Rational Actor Model

Apinya Bunnak

Faculty of Political Science, Thammasat University, Bangkok, Thailand

South Korea and China established their diplomatic relations in 1992. The relation has always been positive, despite their different ideology, even better during Park Geun Hye and Xi Jinping presidencies since 2013, from having the same historical enemy. The two leaders wanted to make East Asia become peaceful and worried-free. Yet, North Korea has always been a main topic in the talks between ROK-PRC on security, from the weapon of mass destruction. During Park's early period, she decided to tilt toward China, for trading, and moved away from US, but still kept relation at the arm-length. However, from mid-2015, the relationship started to show friction as South Korea accepted U.S.' defensive weapon, THAAD. The act showed that South Korea did not trust China, despite their cooperation on economy that they decided to accept U.S.' security shield. Park's decision was not based on security dimension alone, as economic benefit also gives a big impact, for going back to traditional ally. This paper aims to find Park's reason for accepting THAAD, despite knowing it would hurt economic relation with China, which is not based on security reason alone, as economic benefit also plays a big part on changing Park's decision.

Keyword: Park Geun Hye, Xi Jinping, THAAD, economic benefit, security umbrella

Introduction

In the beginning of presidency of Park Geun Hye and Xi Jinping, South Korea and China have cooperated more than ever. They pushed politics and economic cooperation to another level. Park recovered bilateral relationship with China, and was able to do so from similar inauguration date. The cooperative decision of South Korea was not based on creating harmonious relations in Korea peninsular only, but also balancing power between U.S. and China. South Korea is an export-oriented country (Kalinowski, Rhyu, & Croissant, 2016). And China is number one exporting country (Denney, 2015), which the number had taken over U.S. and Japan combining. They also depended a lot on K-pop influence that led to numerous Chinese tourists' flood into the country (Twigg, 2017). Reunion with China seemed to give a lot of economic privilege to the country. The two countries also cooperated on security dimension, especially on North Korea (Snyder, 2017). As two countries relation seemed to be stronger in various aspects, it worried the U.S. As Chinese' power has been expanding not only in South Korea, but all over Asia. But it did not mean that South Korea decided to abandon U.S., as they still have cooperation on security. In mid-2016, South Korea decided to accept U.S. advanced missile defense system, Terminal High Altitude Area Defense (THAAD) (*The Guardian*, 2016), which has angered China and made bilateral relation tense. China culminated a series of retaliatory measures (Ryall,

2017), i.e., closing Lotte stores (famous Korean store) in China, limiting K-pop cultural imports, and curbing tour groups (Lee & Jourdan, 2017). South Korea is fourth largest export market of China and number one importing market to China (Curran & Kim, 2016); intertwining of trade could escalate in retaliations that would end up loss for both sides. However, accepting THAAD was not based on security dimension alone, as one of a duty for leader is to protect national interest, which is mostly based on economic interest. As a “country located in strategic but dangerous neighborhood” (Oberdorfer, 1997), decision to the deployment has consisted of many possibilities, especially about accumulating wealth of the country. For any event that could lead to the economic loss of the country, Park would do anything to avoid it as she knows that China is increasing in their competitiveness in the sector where they used to depend on South Korea and U.S. wants to keep South Korea in check by giving economic and security benefit as a return.

The main objective of this paper is to find out the reasons why Park chose to accept U.S.’ defensive missile, despite knowing that it would hurt bilateral relation with China, as the Chinese have been objecting it for a long time. Her reason is not based on security interest alone. The country’s economic benefit is also important as well. Not to mention intervention of the U.S.

Literature Review

The cycle of relations of South Korea foreign policy toward China depends on ROK-U.S. relation at the time. And South Korea-China relation also depends on dynamic results from four strategic dilemmas: dilemma over power, economics, North Korea, and entrapment in U.S. alliance (Kim & Cha, 2016, p. 103), which led to numerous cooperation and opportunities, in economics and politics for Seoul and Beijing. By not letting U.S. have too much influence on South Korea, China had, slowly, gained economic influence instead. For South Korea’s being trapped between two major powers is the worst nightmare, they have to balance U.S. and China influences; South Korea’s ties with U.S. and China were “not premised on choosing one over another” (Snyder, 2018, p. 181). Moon and Boo (2015) emphasized Park’s foreign policy main focus is on North Korea, rebalancing relationship with China, and maintains relationship with U.S. She put a lot of trust on China who would change North Korea’s nuclear problem behavior. Yet choosing right guarantor in security is a must. However, Park’s accepting THAAD is a sign showing that South Korea ties with U.S. are still strong, as it goes against China’s wishes.

The reason that Park decided for THAAD is from North Korea’s ballistic missiles (Hutchinson, 2016) with a lot of capability to launch to neighboring countries and could not stand their missiles tests (Easley, 2016). Chinese’ concern over THAAD is from its X-band phased array radar that could spy to hinterland of Asia. From this concern, China decided to use economic and political retaliation against South Korea, as they allowed U.S. to gain more influence in the region and accused South Korea of U.S.’ “puppet states” from unnecessary protection of the country (Lee, 2016).

However, Park’s government has also been pressured to either deploy THAAD or develop their own “indigenous nuclear arsenal”, as they could not always be under U.S.’ security umbrella (Kim, 2016). If Seoul decided to develop nuclear arsenal, they would breach 1992 Joint Declaration on Denuclearization of the Korean Peninsula and the country would have been economically pressured instead. She also misinterpreted her relation with Xi, by thinking that THAAD would make China side with South Korea even more and put more pressure on North Korea. In reality, it was South Korea that got a series of economic retaliations from China.

Theoretical Framework

Rational Actor Model (RAM) would be used to understand leader's best decision to choose one thing over the other from the limited knowledge about what is going on from many possibilities, in which they have to choose one thing over the other to protect their national interests. It helps explain the situation where the leader has limited knowledge about what is going on about other leaders' mind, at the same time, to protect their own national interest. Based on Alison and Zelikow (1999), RAM is based on a

situation of balance by vulnerability...not just of intelligent behavior, but of behavior motivated by conscious calculation of advantages...each assume that the action is chosen as a calculated solution to a strategic problem...when act and how the action was a reasonable choice given the nation's objective. (p. 15)

The core concepts: goals and objectives; alternative; consequences; and choice. However, the leader's choice could be irrational as well, as the leader ignored rationality of security and chose irrationality of abandoning economic benefit. If the leader were rational enough, she would have chosen economic benefit instead, as China has the world's largest market. But just in case that South Korea decided to have completely autonomous decision on security, they would have to deal with the issue of North Korea and its threat perception alone.

Research Method

The qualitative methodology would be used through analyzing primary and secondary sources. The primary source would be speech made by leaders, spokesman, minister of foreign affairs, minister of defense, minister of economy, and high-level authorities of South Korea, China, U.S., and North Korea. The secondary sources would be the review of academic journals and textbooks related to the issues. The period would end when the new president is being elected by the end of April 2017.

Result and Interpretation

Park Geun Hye's decision is based on rational action. Choosing between economic benefit and security benefit, she chose security, which is based on the national interest. There are several events that lead to Park's decision to choose THAAD over enjoying economic benefit with China.

First, it is the misjudgment about Xi's position in relation between choosing North Korea and South Korea. Park thought the deployment would make China feel insecure on their position and put more pressure on North Korea. The relation that Park built and reconciled with China did not go as she expected, as China still chose North Korea over South Korea.

Second, Xi neither picked up the military hotline phone call when North Korea launched their fourth nuclear test in the beginning of 2016 (Lee, 2016), nor returned any phone call. The creation of military hotline was to be used on security issue and anything related to North Korea. As this cooperation was a sign to express the willingness to cooperate between South Korea and China, refusing to pick up the phone call is a sign that South Korea could not trust China in time of threat.

Third, it is a proxy war that the two Koreas used as a battle zone again. This time is a war between U.S. and China, as Steven Bannon, ex-White House chief strategist in Donald Trump's administration, disclosed a secret of U.S. going to start economic war with China by using South Korea as a tool to distract China from developing their economy and give more concentration on Korean Peninsular (Garrie, 2017). His statement: "the North Korea crisis as an unwelcome distraction from the much more consequential trade war with China is

particularly miffed by the idea of backing off challenges to China's trade policy in order to security its help with North Korea". U.S. is using their ally to prevent China from being regional and economic power, as Chinese' plan of Belt and Road Initiative has covered Asia, Europe, and Africa that they need something to distract China.

Fourth, U.S. wants to keep South Korea in check, as a country has gained a lot of confidence from being 11th economic power in the world. U.S. wanted to know if South Korea is still with them or not. South Korea has been showing many signs of being independent from U.S., especially on security making U.S. feel they might lose a close ally. South Korea has been negotiating about having full control over OPCON (Wartime Operation Control) as it is currently under U.S. demand (*The Korea Herald*, 2017). However, the transfer of power was delayed. As China has been expanding their economic influence across the world, South Korea's number one exporting destination is China. Pushing South Korea to deploy THAAD is a geopolitics and strategic game by which U.S. has to protect in both security and economy.

Fifth, South Korea would pay nothing for THAAD, even President Trump said that South Korea had to pay \$1 billion for THAAD (*The Atlantic*, 2017). However, South Korea confirmed that they would pay nothing for THAAD installation. According to *Yonhap News* (2015), South Korea spends approximately \$38.52 billion on defense annually. Having THAAD would help reduce tension in the country from worrying about North Korea missile launches. However, the deployment does not mean that they would reduce the defense budget on which they spend around 2.7 percent of the GDP. South Korea is on the top ten list of military budget spenders, including development of weapons, and gaining defensive missiles would not be a loss to them.

Six, South Korea gives privilege for security cooperation with U.S. They would be secured from U.S. military presence in the country and neighbor. As U.S. has the strongest air, navy, and land personnel and tools, they are on stand-by in time of crisis. On the cyber attack, U.S. could help South Korea prevent any further damages, especially on economics. Lotte website was hacked after South Korea decided to accept U.S. defensive missile (*The Investor*, 2017). The U.S. does not mean the United States of America only, but also their ally that would help on time of need. From many incidents, it shows South Korea could not trust China in time of crisis, or something that would not be beneficial to China. Unlike the U.S., they would actively give a hand in time of crisis, like an umbrella that helps their ally in time of need.

Seventh, it is the Chinese economic problems, i.e., economic stagnation and decline in export to China. China has been facing economic slowdown and increasing its inflation to increase the competitiveness of their industries and products. As the middle class in China has been growing very fast, their purchasing power has become a key driver in domestic economy. In early 2015, domestic consumption did not reach the target and the government decided to lower GDP target, but it still grew faster than GDP (Walter & Kuo, 2015). The debt rose four times faster than nominal GDP (Blumental & Scissors, 2016). In 2013, domestic debt is accounted as 8% of the country's GDP. However, in 2015, the debt rose to 250% of GDP, which could lead to slumping economic growth from domestic financial crisis. If China could not solve their economic stagnation problem, they would be trapped and goal of being regional hegemon is not promised.

China's rise is real, but also gradual and uncertain. It still lacks the political, economic, and military capacity to match those of the United States: its economic growth is slowing, and the direction of its internal political development is uncertain. (Snyder, Draudt, & Park, 2017, p. 14)

South Korea has been losing around 12.2% (*Nikkei*, 2016) economically, even before decision to deploy THAAD (Figure 1).

Eighth, it is the rising of Chinese economic competitiveness, “China challenge”, and “Chinese assertiveness” that led China to resume to their emperor-like kingdom by using “China dream” as a driver to pursue their dream and regional hierarchy. It is a term to push China as world’s leader. “Chinese assertiveness” is a term to explain Chinese behavior in the world area, to become world’s super power by introducing AIIB and Belt and Road Initiative. This term gained more spotlight during Obama’s pivot to Asia, as they were afraid of U.S. pivoting and the strategy of preventing China to stretch their muscle in the region, which made them have even more desire to gain role of regional power, or even world hegemon.

Last but not least, it is the most important possibilities, declining in exporting to China. The bilateral import-export number started to decrease in 2014, even before South Korea agreed to accept THAAD. China has been reducing its import from South Korea on parts and components, which mostly is electronics. The introduction of “Made in China 2025” (Aberg, 2016) was to make Chinese manufactures become more competitive, innovative, and efficient that they depend less on external source. The technological gap between South Korea and China shrunk from 1.9 year in 2012 to 1.4 year in 2014, according to South Korea’s Ministry of Science, ICT, and Future Planning. “We will implement the Made in China 2025 strategy, seek innovation-driven development, apply smart technologies, strengthen foundations, pursue green development, and redouble our efforts to upgrade China from a manufacturer of quantity to one of quality”—Premier Li Keqiang said.

Figure 1. Korea's trade volume with China.

Conclusions and Recommendations

The relationship between South Korea and China was only for economic benefit, not as an ally. South Korea could not depend on China in time of need, and China would not do anything that is not profiting them. It is really important for South Korea to choose the true ally. On economy, China has been reducing their economic dependence on South Korea even before accepting THAAD. It shows that China wanted to boost their internal economy and depend less on external sources. Combining with Chinese economic problem, South

Korea would become less and less important to China, as their economic stagnation could lead the country to stick in the middle of their development. However, in the region, North Korea's threat is prominent. If China keeps on supporting North Korea, the threat perception would see no end. U.S. would not leave South Korea easily and China has to accept that. Snyder, Draudt, and Park (2017, p. 7) stated that "if Chinese economic growth markedly slows over the next five years, these tensions will subside and the regional environment could be less volatile", and they would focus more on internal problem. Park's acceptance of THAAD was not based on security alone, as economic benefit also played a big role for shifting her position.

References

- Aberg, J. H. (2016). A struggle for leadership recognition: The AIIB, reactive Chinese assertiveness, and regional order. *Contemporary Chinese Political Economy and Strategic Relations: An International Journal*, 2, 1125-1171.
- Alison, G. T., & Zelikow, P. (1999). *Essence of decision: Explaining the Cuban missile crisis* (2nd ed.). New York: Longman.
- Auslin, M. (2017, June 29). Is it time to reassess the U.S.-South Korea alliance? *The Atlantic*. Retrieved April 12, 2018, from <https://www.theatlantic.com/international/archive/2017/06/south-korea-alliance-north-korea-kim-moon-trump/532113/>
- Blumental, B., & Scissors, D. M. (2016, October 17). China's great stagnation. *The National Interest*. Retrieved March 16, 2018, from <http://nationalinterest.org/feature/chinas-great-stagnation-18073?page=show>
- Curran, E., & Kim, C. (2016, February 24). China's new economy is hitting Asia's exports. *Bloomberg*. Retrieved March 15, 2018, from <https://www.bloomberg.com/news/articles/2016-02-24/china-s-new-economy-leads-to-deepening-export-slump-in-asia>
- Denney, S. (2015, September 4). South Korea economic dependence on China. *The Diplomat*. Retrieved April 20, 2018, from <https://thediplomat.com/2015/09/south-koreas-economic-dependence-on-china/>
- Easley, L. E. (2016). Kaesong and THAAD. *World Affairs*, 179(2), 21-27.
- Garrie, A. (2017, August 3). America uses North Korea as a transparent excuse for meddling in South Korea and provoking China. *The Duran.com*. Retrieved December 17, 2017, from <http://theduran.com/america-uses-north-korea-as-a-transparent-excuse-for-meddling-in-south-korea-and-provoking-china/>
- Hutchinson, G. A. (2016). China's uneven response to THAAD and its coercive strategy aimed at the ROK: Implication for the U.S.-ROK alliance. *International Journal of Korean Studies*, 20(2), 94-122. Retrieved March 18, 2018, from http://www.icks.org/data/ijks/1498534150_add_file_5.pdf
- Kalinowski, T., Rhyu, S. Y., & Croissant, A. (2016). South Korea report. *Sustainable Governance Indicators 2016*. Retrieved April 20, 2018, from <http://www.sgi-network.org/2016/Downloads>
- Kato, K. (2016, April 2). South Korea exports continue steep decline. *Nikkei*. Retrieved April 3, 2018, from <https://asia.nikkei.com/Politics-Economy/Economy/South-Korean-exports-continue-steep-decline>
- Kim, E., & Cha, V. (2016, January). Between rock and a hard place: South Korea strategic dilemma with China and the United States. *Asia Policies*, 21, 101-121.
- Kim, K. H. (2017, September 4). Korean firms' THAAD woes deepen. *The Investor*. Retrieved April 11, 2018, from <http://www.theinvestor.co.kr/view.php?ud=20170904000928>
- Kim, M. (2016). South Korea's strategy toward a rising China, security dynamics in East Asia and International Relation Theory. *Asian Survey*, 56(4), 707-730. Retrieved from <http://as.ucpress.edu/content/56/4/707>
- Lee, B. (2016). THAAD deployment in South Korea militarism leading to political regression. *Harvard International Review*, 38(1), 34-37. Retrieved April 25, 2017, from <http://hir.harvard.edu/article/?a=14503>
- Lee, J., & Jourdan, A. (2017, March 6). South Korea's Lotte reports store closures in China and amid political stand-off. *Reuters*. Retrieved March 18, 2018, from <http://www.reuters.com/articles/us-southkorea-china-lotte-idUSKBN16D03U>
- Moon, C. I., & Boo, S. C. (2015). Korean foreign policy: Park Geun-Hye looks a China and North Korea. In *Japanese and Korean politics alone and apart from each other* (pp. 221-248). New York: Palgrave Macmillan.
- Oberdorfer, D. (1997). *The two Koreas: A contemporary history*. London: Warner Books.
- Ryall, J. (2017, September 5). What is THAAD? South Korea's best defense against a missile attack. *The Telegraph*. Retrieved April 20, 2018, from <https://www.telegraph.co.uk/news/0/thaad-south-koreas-best-defence-against-missile-attack/>
- Snyder, A. S., Draudt, D., & Park, S. J. (2017). The Korean pivot: Seoul's strategic choices and rising rivalries in Northeast Asia. [Discussion Paper] In *Council on Foreign Relations* (pp. 1-17).

- Snyder, S. A. (2017, November 7). Can the United States, China, and South Korea cooperate on North Korea? *Council on Foreign Relations*. Retrieved April 20, 2018, from <https://www.cfr.org/blog/can-united-states-china-and-south-korea-cooperate-north-korea>
- Snyder, S. A. (2018). *South Korea at the crossroads: Autonomy and alliance in an era of rivalry power*. New York: Columbia University Press.
- The Guardian*. (2016, July 8). South Korea and U.S. agree to deploy THAAD missile defense system. Retrieved April 20, 2018, from <https://www.theguardian.com/world/2016/jul/08/south-korea-and-us-agree-to-deploy-thaad-missile-defence-system>
- The Korea Herald*. (2012, March 12). Leodo not part of territorial dispute with China. Retrieved March 9, 2018, from <http://www.koreaherald.com/view.php?ud=20120312001239>
- Twigg, M. (2017, March 28). “Korean chaos” worries the fashion industry. *The Business of Fashion*. Retrieved April 20, 2018, from <https://www.businessoffashion.com/articles/global-currents/korean-chaos-worries-the-fashion-industry>
- Walter, J., & Kuo, Y. (2015, June 29). A tale of two Chinese consumers. *Global Management Consulting*. Retrieved March 15, 2018, from <https://www.bcg.com/publications/2015/center-consumer-customer-insight-globalization-tale-of-two-chinese-consumers.aspx>
- Yonhap News*. (2015, December 16). South Korea’s 2016 economic policy plans. Retrieved March 12, 2018, from http://english.yonhapnews.co.kr/national/2015/12/15/31/0302000000AEN2015_1215_008700320F.html