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THE HEGEMONIC COMPETITION BETWEEN CHINA AND THE UNITED STATES AND THE STRATEGIC OPTION OF SOUTH KOREA

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Exercise Solo Flight

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EXERCISE *SOLO FLIGHT* – EXERCICE *SOLO FLIGHT*

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The Hegemonic Competition between China and the United States and the Strategic Option of South Korea

INTRODUCTION

In 2011, four global savants had a discussion on the course of the hegemony between China and the United States. The conclusion of the discussion was that the US will still remain as the hegemony.¹ China is raising political tensions both directly and indirectly with the US at the political, economic, and military level. In particular, China is causing conflict with Republic of Korea (ROK) and the US with the issue of the THAAD (Terminal High Altitude Area Defense) deployment in the Korean peninsula and North Korea's nuclear weapon. This issue was raised during the recent summit meeting between Presidents Trump and Xi. The US is turning its criticism toward China and this can be considered as another aspect of hegemonic competition with China. This rivalry places the ROK in a hard position since it has existing diplomatic and military ties with the US but more significant economic ties with China than the US.² Accordingly, ROK should make strategic choice. Then, what decisions should the ROK make for the survival and prosperity of the country within the triangular relation with the US and China?

¹ Professor Niall Ferguson, a historian in Harvard University, and David Daokui, a sinologist from Harvard University, agreed that the 21st century will be the century of China, and Dr. Fareed Zakaria and Dr. Henry Kissinger supported the argument that 21st century will still remain as the century of United States. "Does the 21st century belong to China?," Munk Debates, <<https://www.munkdebates.com/debates/china>> (June 17, 2011.)

² The trade between South Korea and China takes 23% of the entire exchange volume of South Korea. The trade with the United States is less than 10% of the exchange quantity of South Korea. Accordingly, the economy of South Korea has closer interrelation with China.

There are three options the ROK can pursue to help with regional and national stability. First is continued and increased partnership strengthening with the US. The second is increased partnerships with China. The third, is attempting to remain neutral to either country. This paper will argue that maintaining and strengthening bonds with the US, as opposed to China, is the way forward for the ROK.

The third option of attempting to remain neutral or act as a balancer will be discounted in this paper as that option does not appear to be a preferred course of action for the present government of the ROK based on the nation's desire for world support in the event North Korea becomes aggressive towards the ROK. The ROK has sought to fulfill the unrealistic role of being a strategic balancer between the US and China before based on the national interest of security and economy. However, such an ambiguous position might lead to hampering both national security and economy by losing ties with both the US and China. For these reasons, option three will not be a preferred way forward.

US OR CHINA? THE STRATEGIC OPTION FOR THE ROK

John J. Mearsheimer claims that China seeks to become hegemony because it is the best safeguard mechanism for national survival.³ If this were to occur, the ROK will need to decide if it should align itself with this power state or maintain and strengthen its ties with the US.

³ John M. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton & Company, 2001), pp. 12~14.

Strengthening Strategic Partnerships with the US

There are several arguments for partnering with the US. These include: Advantages of existing military and diplomatic relations, reliability, economic ties, and building diplomacy with US allies.

The US has been a major contributor to military and diplomatic support to Korea. US bases exist on ROK soil and exercises between the two are frequent. This established relationship already forms the basis for continued cooperation. The US has been a highly reliable partner with the ROK and there is little reason to suspect this will change.

If the ROK were to turn to China, the confidence that China would support the ROK or world intervention against North Korea could also be questionable. Traditionally, China has supported North Korea so would it suddenly support the ROK if an event were to occur? This is a very large unknown and could be seen as risky if China were not to respond or only responded with diplomatic as opposed to military pressure. The US would most certainly respond if for no other reason than to protect US interests in the ROK.

Furthermore, if the US is intent on using DIME components to influence the Asia-Pacific then not siding with the US will positively affect existing or future relationships with the US. A negative relationship with the US could result in negative economic pressure from the world's largest market as well as US allies in the region.

In balancing this geopolitical-economic aspect, the US is the most advantageous in development.⁴ Robert J. Shapiro also supports this argument.⁵ The US is capable of

⁴ The US can connect to the entire world through the Pacific Ocean and the Atlantic Ocean and is in the best position of dominating the world because they have frontiers with Mexico, Canada and do not have any enemies.

controlling the Asian region through their strong relationship with Japan and India. Aligning with China could affect these second order relationships.

A Counter Argument to Aligning with the US

There are some potential negative effects in aligning with the US. The first is the potential to be neutral in the region. Alignment with either power means no neutrality. Not aligning with the US could help accelerate Chinese-Korean trade as this tie is already stronger than with the US as noted herein. Improved relations with the growing economy of China could help spur further wealth development in Korea.

Developing New Relationships with China

Developing relationships with China must be based on several assumptions. First, to pursue this avenue it must be assumed that China will continue to grow economically and militarily. If this assumption is breached, then siding with the US is the preferred course of action. The second assumption is that competition between the US and China will continue at least into the mid-term. The third assumption is that China will grow faster than the US in the region as at least a regional power.

There are several reasons why China could be a preferred partner choice over the US. These include: The possibility of Chinese economic dominance in the future, Chinese military growth, and the influence China could have over North Korea.

The ROK should consider the possibility of China winning the hegemonic competition. To examine the opinion that China will be the world hegemony in the 21st

⁵ Robert J. Shapiro, "The Unique Advantage of the United States" The Globalist (June 12, 2008).

century, Robert Fogel says in *Foreign Policy* that China's GDP will reach up to 123 trillion dollars in 2040.⁶ This is three times larger than the GDP of the entire world in 2000 and accounts for 40% of the world GDP in 2040, and it is estimated that the GNI of China will reach up to \$85,000. The GDP of the US will diminish down to 14% of the entire world and be in the state where they will not be equivalent to China. The basis of such estimation is the following: (1) The labor productivity of China will improve greatly due to the improvement of China's education standard; (2) the rural areas of China will also experience great economic growth in the future; (3) the statistics of China's economic growth is not overestimated, rather underestimated; (4) China's political system has the capability that allows sustainable economic development for decades; (5) Chinese people have been refraining consumption for a long time, but the consumption level will gradually increase. If such estimations are realized, China will be able to gain dominance over the entire world economically which enables military funding and growth. There is also a prediction that China's economy will exceed the United States in 2020 or 2030.⁷ Assuming that the ratio difference in economic development between China and the US will be 6% in 2020, China's economic strength will be able to surpass that of the US.⁸ The World Bank and BBC report that China's GDP and world trade

⁶ Robert Fogel, "\$123,000,000,000,000. China's estimated economy by the year 2040. Be Warned" *Foreign Policy* (4 Jan 2010). < <http://foreignpolicy.com/2010/01/04/1230000000000000/> >

⁷ There are a lot of sources that provide this argument. *Fortune* (22 January 2017), *Forbes* (29 April 2016), *The Economist* (21 November 2013) and so on. According to *The Economist* on December 27th 2011, China's GDP will exceed that of the United States based on the calculation that China's average annual economic growth is 7.75% and that of United States is 2.5%, and with the calculation of United States as 5%, China will be able to exceed in 2021.

⁸ Stefan Karlsson, "China's Economy may surpass US before 2020," *Christian Science Monitor* (26 Jan 2012).

value will exceed the US in 2030.⁹ If China continues to maintain 8% annual growth in economy, China's economic strength will be the double of the US. China has experienced greater economic growth over the past 30 years. Martin Jacques claimed in "When China Rules the World" that China's GDP will be the same as that of the US in 2027.¹⁰ He asserts that the metropolitans will experience a great influx of unskilled laborers from the rural areas and have an ample low-paid labor force with such a condition continuing in the future. The argument that China will exceed the US and become the greatest major economic power and hegemony in the world is mainly concentrated on China's economic growth.

Considering the opinions made by various experts on the hegemonic competition between the US and China, the ROK could accept the view that economic power will translate into military and diplomatic power. Aligning itself now with China, the ROK could hedge against future conflicts by partnering or more closely aligning itself with China. If economic growth for China continues, then military growth is almost guaranteed to follow. In theory, strong economic growth can fuel Chinese military development which would mean technological advancement coupled with large, cheap manpower reserves of ultra-disciplined soldiers. If this were to occur, China could develop its military to a fighting capability similar or greater to that of the US at a much lower cost.

⁹ "China to overtake US and dominate trade by 2030" BBC News(24 Mar 2011) <
<http://www.bbc.com/news/business-12848449> >

¹⁰ Martin, Jacques, "When China rules the world : the end of the western world and the birth of a new global order," (New York: Penguin Press, 2009), pp. 230~231.

An additional advantage of aligning with China is China's influence over North Korea in trade and diplomacy. Unlike the US, China has open ties with North Korea and if China and the ROK are aligned either North Korea will view China now as an enemy to its own economic and diplomatic peril, or it will accept the influence China will have over it.

Counter Arguments to Aligning with China

Partnering with China on military matters in an effort to ensure protection from North Korea could be seen as a betrayal to the US—not unlike other smaller nations which have attempted to play the US off other nations in military support and economics. Having a greatly reduced support or even suspicion by the US of suddenly or gradually turning to China could see tension between the US and the ROK which could degrade the current trade prospects with the US market.

There is a possibility that China might become collapsed. The inequality and discrimination based on politics, religion, and race and imbalance of wealth are aggravating in China. The inequality in wealth is highly serious as one billion people among the entire population of China are in the poor strata, and less than 5% of the population account for the vast majority of the wealth. Such disparity is getting worse as China's economy grows and could create instability.

In his thesis "Will China (continue to) Rise?" Nicholas Eberstadt examined that China is already in "lethal systemic crisis" due to changing demographics.¹¹ China's birth rate in 2009 was 1.7, which implies that China's population will decrease. The age

¹¹ Gary J. Schmitt (ed.), *The Rise of China: Essays on the Future Competition* (New York: Encounter Books, 2009). Ch 7. Nicholas Eberstadt, "Will China Continue to Rise?" pp. 131-154.

median of Chinese people was 22 in 1980, and 32 in 2005, and if the current pace continues, half of the population will be more than 42 in 2030, which will have great impact on China. Eberstadt analyzed that the aging phenomenon in China is disadvantageous and different from other developed countries such as Japan because most developed countries gained economic strength before the aging phenomenon took place, but China is experiencing aging phenomenon before the well-being of most people is improved, and this will bring fatal consequences. The aging phenomenon is discussed as a major social issue in China.¹² Moreover, the imbalance in sex ratio caused by China's son preference tendency, the sex ratio of children under four years old was 123 males per 100 females in 2005, so when the children become adults, a quarter of them will not be able to get married due to a shortage of women. Such geopolitical, political, economic, and social conditions hinder China from being the hegemony and support the view that the US will continue to be the world hegemony. These factors alone or combined could create instability and cause China to be unable to effect regional stability or honor potential commitments to the ROK in the future. Partnering with the US ensures a more stable partner from a changing demographic perspective.

George Friedman described 2020 China as "A Paper Tiger".¹³ The reason is that the exponential economic growth that reaches up to 10% annual average will not guarantee continuous growth in the future. In fact, China's rate of economic growth has

¹² James P. Smith, "China's Aging Population Poses Challenges, but Changes to Health and Migration Policies Can Help" (RAND: 19 January 2015), "China Scrambles for Stability as Its Workers Age" New York Times (22 Mar 2007) < <http://www.nytimes.com/2007/03/22/world/asia/22china.html> >

¹³ George Friedman, *The Next 100 Years: A Forecast for the 21st Century* (New York: Doubleday, 2009), Chapter 5.

been declining from 2010 to today and is expected to be 6.5% in 2017.¹⁴ If the high-speed growth stops, China can face a serious crisis politically. China could be lining up for an economic bubble collapse. Many well-known experts such as Krugman, Roubini, and Patrick warn that the phenomenon of a bubble collapse might happen in China and give a fatal impact on China's economy.¹⁵ It is difficult to know what is actually happening in China because the economic indexes and data that the Chinese government presents lack reliability, and economic growth is based on a full market capitalism economy but with artificial factors produced by the communist government. Paul Krugman notes, "in fact, we cannot know what is actually going on in China because the statistics China presents are fictional more than any other country."

Moreover, geopolitically, China is a country that is difficult to overgrow toward insular countries. China has frontiers with fourteen countries and is currently facing major and minor disputes. There are many countries that are not favorable toward China in the historical and sentimental aspect. Siding with China could affect relationships negatively with other countries in the region whereas siding with the US is more likely to develop positive relations with other regional nations.

China's current rate of economic growth has decreased to 6.5% and is expected to decrease more. With the 2016 standard, the GDP of the US and China is 18 trillion dollars and 11 trillion dollars respectively, and arithmetically, it will be difficult for China to surpass the US by 2020. The improvement in labor productivity, which Fogel

¹⁴ "China Aims for 6.5% Economic Growth Over Next 5 Years, Xi Says" New York Times (3 Nov 2015), <<https://www.nytimes.com/2015/11/04/world/asia/china-economic-growth-xi.html>>

¹⁵ Paul Krugman, "China's Bubble Is Visibly Bursting," New York Times (20 December 2011).; *Time*, <<http://www.time.com/time/magazine/0,9263,7601111031,00.html>>

and Jacques presented as the basis for the prediction, is highly unlikely to increase considering that the wages are rising dramatically in China.¹⁶ The average wage of Chinese laborers is increasing exponentially as below.¹⁷



Furthermore, many companies are relocating into other regions such as Vietnam for low-wage labor.¹⁸ With low cost labor movement, this may create a backstop for future significant economic growth for China while also decreasing China's power in the face of many smaller powers that could work together against China or align themselves as well with the US.

Fogel's argument that China's political system enables China's sustainable growth is also in the face of many problems. China's communist one-party political system has been taking the lead in China's rapid growth, but this method is only possible in underdeveloped developing countries and not available in China anymore. Maintaining

¹⁶ "China's Rising Manufacturing Costs: Challenges and Opportunities" (8 July 2014, China Briefing) <<http://www.china-briefing.com/news/2014/07/08/chinas-rising-manufacturing-costs-challenges-opportunities.html>>;

¹⁷ Source: Trading Economics.com(Searching Date: 10 April 2017) <<http://www.tradingeconomics.com/china/wages-in-manufacturing>>

¹⁸ "Will tech manufacturing stay in China?"(27 Aug 2015, Fortune) <<http://fortune.com/2015/08/27/tech-manufacturing-relocation/>>

the price of the assets including stock price, currency, and real estate through the arbitrary market intervention of the government is becoming more difficult. Recently, the Chinese government intervened in the stock price and currency market, but the effect was minimal and diminished their international credibility causing a leakage of foreign capital.¹⁹ What is more serious is that the international society no longer trusts the Chinese government's report on the major indices.²⁰ Moreover, China's inequality in wealth is creating a great degree of despair and disintegration in China's society.²¹ China is one of the countries that has the most serious wealth gap between the rich and poor, and billions of people in China are still in the life of poverty and distressed with inflation.

Military strength is one of the most important requisites for China being the hegemony. According to the 2017 standard, the national defense expenditure of the US and China is \$596 billion and \$215 billion respectively,²² and the military force is 1.49 million and 2.33 million respectively. The US is employing various advanced weapons and a technology-intensive military, while China is employing a military based on manpower. Although China is recently increasing their national defense expenditure,

¹⁹ "The Meaning of China's Stock Market Intervention"(23 Jul 2015, Bloomberg): prices." <<https://www.bloomberg.com/news/articles/2015-07-23/the-meaning-of-china-s-stock-market-intervention>>; "The Myths of China's Currency 'Manipulation'"(8 Jan 2016, The Wall Street Journal) <<https://www.wsj.com/articles/the-myths-of-chinas-currency-manipulation-1452296887>>

²⁰ Bloomberg, "China's Economic Data: The Taste of Mystery Meat"(22 March 2017) <<https://www.bloomberg.com/quicktake/chinas-economic-data>>; Derek Scissors, "China's Economic Data Are (Still) Not Credible"(17 January 2012, The Heritage Foundation) <<http://www.heritage.org/asia/report/chinas-economic-data-are-still-not-credible>>

²¹ "China Is One of the Most Unequal Countries in the World, IMF Paper Says"(26 Mar 2015, *The Wall Street Journal*, <<http://blogs.wsj.com/economics/2015/03/26/china-is-one-of-most-unequal-countries-in-the-world-imf-paper-says/>>

²² Stockholm International Peace Research Institute, 2016 Fact Sheet and SIPRI, Military Expenditure Database. <<https://www.sipri.org/databases/milex>>

considering that it is difficult to construct military strength in a short period of time, it is estimated that China's military strength will not be equivalent to that of the US for quite some time.

The Korean People's Considerations

The most important matter in the ROK's strategic choice will be the will of the people. With China's dramatic growth, the relationship with China as an economic partner has been emphasized more than the US, and many news reports and companies have advocated for China. However, when the ROK's warship Cheonan was sunken by North Korea's submarine attack in 2010 and when North Korea bombarded Yeonpyung Island, China defended North Korea and did not hesitate to support North Korea even under international pressure. Moreover, the antipathy of the Korean people toward China is aggravated greatly due to China's crude measures against THAAD deployment in the ROK. Measures taken by China include suspending Korean private enterprises arbitrarily and prohibiting travel to Korea by Chinese government officials. This led to Korea reinforcing the Korea-US alliance in order to respond to North Korea and China.

CONCLUSION

Unfortunately, it is very difficult for the ROK to resolve the current situation by its own efforts. It requires a partnership or strong alliance using the DIME concepts with a regional power or hegemony. Therefore, the most beneficial alternative plan is to align with the US. The issue regarding economic relationships with China can be solved if the ROK lessens its trade dependency through diversification. However, the issue regarding national security is irreplaceable. In the realistic perspective, making the strategic choice

of disregarding the US which has been and will continue to be the hegemony as well as a strong ally of the ROK and siding with China will be a very unrealistic and risky choice. Therefore, the ROK should reinforce its alliance with the US.

It is naïve to think that China will side with the ROK and ensure the national interest of the ROK. Historically, China is enraptured in Sino centrism, it prioritizes its own national interest, it concentrates on winning a hegemony position in the world, and supports North Korea. As a result of the summit meeting between Presidents Trump and Xi, China agreed to support strong pressure against North Korea, but China has precedents of reversing such statements. As long as China's national interest and grand strategy does not change, China's conduct of considering adjacent countries as subject countries will not change as well.

This essay has deduced the situation of the Korean peninsula according to the hegemonic competition between China and the US in order to find the resolution to which country the ROK should choose for the sake of national survival and prosperity in a realistic perspective. This essay examined the benefits and drawbacks of each partnership and added the Korean people's point of view. It can be concluded that the US will still remain as the hegemony and the ROK should choose the US for its stability and prosperity.

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