

Cooperation and Competition: China and the Asia-Pacific

A ROUNDTABLE DISCUSSION FEATURING:

Moderator: David Sanger

Chief Washington Correspondent, The New York Times

Featured Speakers:

Dr. Bernard D. Cole

Professor of International History, National War College

Dr. Patrick Cronin

Senior Advisor and Senior Fellow, CNAS

Dr. Douglas Paal

Vice President for Studies, Carnegie Endowment for International Peace

Admiral Patrick M. Walsh, USN

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June 2, 2011

5:00 p.m. – 6:10 p.m.

Transcript provided by:

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MR. DAVID SANGER: Thank you very much. I'm David Sanger. I'm the chief Washington correspondent for the New York Times and I'm delighted to be back at CNAS and particularly leading this what I hope will be a very interesting panel on Asia Pacific, a bit of a change in topic from what we've been dealing with here all day.

Let me just introduce our speakers and then we'll go right into a discussion of the state of the U.S.-China relations, of America's posture in the region, of the Korea challenge, and so forth.

On your far left is Doug Paal, who's the vice president for studies at the Carnegie Endowment for International Peace. He has served as vice chairman of J.P. Morgan Chase International. He has worked on Asian affairs for President Reagan, George W. Bush's administration. He was senior director and special assistant to the president.

Admiral Pat Walsh is right next to him. Admiral Walsh is commander of the U.S. Pacific fleet, and in a distinguished Navy career he has served as the 35th vice chief of naval operations. He's also been commanding U.S. naval forces at Central Command and the U.S. Fifth Fleet. And he was – started off early on in his career was a White House fellow, a program that has turned out many of the great leaders in the U.S. these days.

Pat Cronin here is the senior director of the CNAS Asia Pacific Security Program and also had served as director of the Institute for National Strategic studies at NDU, the National Defense University, and has also held director of research positions at several of their think tanks, including the International Institute of Strategic Studies in London, at CSIS, and at the U.S. institute of Peace. In fact, I don't think there's a major think tank that Pat has avoided so far in D.C. (Laughter.)

And closest to me here is Bud Cole. Dr. Bernard Cole is professor of international history at the National War College in Washington. He focuses very heavily on Sino-American relations, the Chinese military, Asian energy issues. He previously served 30 years as a surface warfare officer in the Navy, all of his time spent in the Pacific and recently published the second edition of his look at the Chinese navy called the Great Wall of Sea: China's Navy Enters the Twenty-First Century.

So I think I will join the table here and start off with a few questions and then we look forward to having all of you join in the conversation as well.

So let me start on China issues. And let me start I guess with you, Professor Cole. We went through in 2009 what appeared to be a pretty good year with the Chinese. And in 2010, after the Obama administration began with a remarkable period of cooperation, we headed into a serious year of competition. Now, in 2011, there has been a lot of concern about where that competition is going.

We heard Secretary Gates at one point earlier this year when he was out in China – and I happened to be along on part of the trip – say that he believed that the Chinese had a long-term ambition or could well have a long-term ambition to push the U.S. back to the second island chain and was using this as the argument that the U.S. needs to maintain a significant presence in the Pacific. Was he right? Is that the Chinese long-term view? How does the U.S. counter that?

MR. BERNARD COLE: Well, I think that the island chain theory, which was originally delineated in the mid-1980s by a fellow who was then commander of the Chinese Navy, Liu Huaqing, was really initially devised for interior PLA budget battles if you will. I think at that point the Chinese navy was very much the third of the three services, and Liu I think was successful in using the argument about island chains and China's need for a strong navy to really get the PLAN, the People's Liberation Army Navy, on the budget bandwagon.

I think that that has turned out to be successful from a viewpoint of national security makers in Beijing. China is incredibly dependant on maritime sea lanes of communication and I think they believe that by pushing out their capabilities so that they are no longer restricted say to 100 or 200 miles off the coast but you in fact can go further out to sea that they will be better able to defend those maritime economic interests.

Island chains themselves sort of reflect an army way of thinking – no insult to my army brethren here – but Navy officers generally don't think about lines of logistics and lines of retreat and lines of advance, and so forth. And I think even though he was an admiral for a period, Liu Huaqing was reflecting his army background.

Right now I believe that the national leadership in Beijing is not determined to exert what we would call command of the sea out of the so-called second island chain but they certainly are developing a navy which aims at being able to defend and advance China's maritime strategic interest.

MR. SANGER: Let me ask you, Admiral Walsh, as you – this must be the issue that occupies a good deal of every day for the U.S. Pacific fleet. As you look at how the Chinese have deployed themselves, of what capabilities they are building, what do you think their strategy is and what has the U.S. response been?

ADM. PATRICK WALSH: The strategy is not completely clear. We do not have the strong, mature mil-to-mil relationship. Most recently, after seven actions with regional forum that discussed issues of maritime security and information sharing, I had the opportunity to meet my Chinese counterpart for the first time. So roughly every two and a half, three months or so we get together as a regional group and the latest IMDEX, International Maritime Defense Exposition in Singapore was an opportunity to meet with Admiral Wu Shengli. And that was the first opportunity

that we had for a frank and candid exchange. I would consider that dialogue constructive and positive.

Everything that you've described here is reflective of 2010. As we move into what I think is a concerted effort on the part of both governments to improve the relationship – I certainly want to keep in mind an open door for an opportunity for dialogue.

That said, we're looking at a navy that continues to grow, to mature in its ability to conduct operations beyond the first island chain. We've seen the navy mature in its ability to sustain itself and go through the Aden operations. And we've seen it continue to procure advanced weaponry and technology.

MR. SANGER: Doug, for as long as you and I have known each other, you have been a very keen observer of Chinese strategy, not only the naval strategy but the broader political military strategy – 2009, 2010 as I said at the opening were almost mirror images of each other. How do you explain that? What was going on? Was it them or was it the U.S.?

MR. DOUGLAS PAAL: I think we surprised them a little by not in the first year of the Obama administration following the precedent of previous changes of government in the U.S. where the incoming government takes a tough line with China in sort of out of principle that you get tough with them so you can ease up later on. Obama wanted to work on the big issues of non-proliferation, which are Iran and North Korea, climate change and the global financial crisis and he wanted their cooperation in the first year.

And so there may have been some misunderstanding on that basis. But I think more importantly China had gone through a period from 2007 to the present where they had sort of one major success after another. The management of the global financial crisis, they were the world's gold standard. In the Olympics, everybody bowed to the success of the staging of the Olympics. They went on to hold a Shanghai expo and some other events that really made them feel very full of themselves and expect more from their government than they have expected in the past. And there was a lot of pressure from below of the government to be more assertive in their protection of China's interests when they felt they might be compromised. And so they saw kind of a reaction among officials to growing public pressure on them to be tougher with the U.S. and with other parties where there's an intersection of our interests.

And interestingly, though, in 2010, the Obama administration in September undertook an initiative which hasn't been much documented. Current National Security Adviser Tom Donilon and then Larry Summers, National Economic Council chief, went to China and said to the Chinese, look, we're on a bad (trajectory?) right now. Let's find a way to a better outcome. What would be the

makings of a good state visit by your president, Hu Jintao, to Washington? What would be the components? And they laid it out. It's a movement on the currency adjustment, movement on our trade issues and the Joint Commission on Commerce and Trade, a resumption of our military dialogue, and I could go on, long list.

And the Chinese visibly debated whether this was a good offer or not for a couple of months. And mid-December they decided they would accept the offer of the state visit and start performing on some of these things we hoped that they would perform on. And as a consequence of which since December, when the very day they accepted the invitation to the White House, they published an article in People's Daily which said, China is resuming its path to peaceful development. And since that time, the emblematic obstreperous admirals and generals who were speaking out on various subjects have gone quiet. People have stepped into the party line and we've seen a much colder management of the relationship and that will be marked last month when Vice President Biden is supposed to go to China and then later in the year when the Chinese vice president will come here.

ADM. WALSH: If I could get that – just follow up on one point.

MR. SANGER: Sure.

ADM. WALSH: As we try and autopsy the events of the past 12 to 18 month, there is another event that takes place that may be coincident but is worth noting. In the spring of 2009, 2010 timeframe, there was a deadline for submission on extended claims to the U.N. Law of the Sea on the continental shelf. And we know that some of the neighbors in the region went ahead and made their submissions known and it was about that time when we started to see more and more references to the 9-dash line as well as the expanded sort of sense of what core interests were for China.

MR. SANGER: For those in the audience who don't follow the maps out there, can you just describe the 9-dash line and the importance of core interests as a phrase to the Chinese?

ADM. WALSH: Well, to begin with, "core interests" is a phrase that's used to describe their interest in Tibet as well as in Taiwan. So when that word comes up in the public dialogue it's something that we all key on because we recognize the level of emotion as well as national interest and nationalism that's attached to that word.

Secondly, in terms of the 9-dash line, this is a Chinese view that's dated back to I think at least the 1930 timeframe where there was a sense of either historic interest or national interest. That part is not clear how the Chinese actually characterized this area. But, is you can imagine, to the east of China, about 200 miles into the south of China about 1,600 miles, this is an area that is described on

their charts and maps with a dash line that resembles a cow's tongue and it's often referred that way in the public media.

MR. SANGER: Not to over advertise the website of my employer but anybody who's interested in this interesting issue of the core interests, Ed Wong, who is one of our correspondents in Beijing, did a really fascinating story about this whole debate about whether they even used "core interests" or not, which has been a big issue.

Pat, let me ask you to sum up this period that we've been discussing – 2011 seems to have been a bit of a turn. As Doug mentioned, there were these articles saying that China had resumed this path of peaceful development. When I was in China I said to some of our hosts who were there, I haven't realized that you had made a decision to suspend that. When did that come? They didn't answer that question.

But there was also a very remarkable article written by State Counselor Dai which laid out basically the argument, you know, China can't get out ahead of itself. We have to go back to Deng Xiaoping's initial concept of how China would bring about a peaceful rise.

It raises the question, were all of these articles, all of these statements at the end of 2010 the result of a real conclusion in China that they had overreached at the end of the year and alienated many of their closest allies and really ended up making primarily the North Koreans and Burmese happy or was this something that was all published for consumption for groups like CNAS that study this but didn't really reflect a real change in view?

MR. PATRICK CRONIN: Many actors do evaluate that, David, but it's a great question. I can't help but be impressed by the pace of the growth of China. And Deng Xiaoping is the greatest development economists the world has ever seen. If you consider the fact that the Chinese have gone from 170th the wealth of Americans to one fifth and they're rising still – and we go back to the Asian financial crisis that Doug Paal referenced, the confidence of Wen Jiabao at Davos, for instance, was palpable.

In the last couple of years, the acceleration of the decline, the perception of the decline of the United States because of our economic problems and bogged down in the Middle East. All of these things were factors I think that were weighing in on their minds as well as planes and over the law of the sea. And I think they did overreach. And I think many actors in China realized that they overreached and that was not their real intent. And it did want to go back to Deng Xiaoping as the readers got the definite biography coming out of Deng Xiaoping later this year. We're looking forward to reading that. What a remarkable figure.

And the huge questions about how they're going to move to the next state of economic growth because what Hu Jintao has done has been essentially to respond to the financial meltdown with the world's largest stimulus package and that can't be sustained. They can't – China is no longer an economy that can be based on making socks. They've got to move into the higher value chain and that's going to take a whole different set of economic questions.

And they're looking at America's economy and they're wondering about our stay in power. They're wondering really whether we've already reached our high watermark. And many of them assume we have. And for all the challenges they have, they think that they have advantages at least in the strategic policy circles that do try to influence CNAS and not mention Carnegie and the National War College and a few others. These are our interlocutors and these are the people we're talking to.

But I think that the Chinese know that the United States has a hedging strategy but that at the same time the Obama administration, as Doug mentioned, was trying to accentuate, how do we grow cooperation? How do we build a strategic partnership in 2009? And we overreached with that because they weren't willing to just sort of grasp all those what to us looked like opportunities and when the time when arms sales came about that put the kibosh on the military-to-military relationship at least for the moment and it put the relationship in a downward spiral that everybody wants to pull out and said, wait, we've got to go from optimism to pessimism to realism.

And so we're in a state of realism I think both in Beijing and Washington at the moment. And I think that's good and I think we can build on things like the recent strategic and economic dialogue and the high-level military dialogues. So that's as good as it's going to get right now because we are locked into this long-term rise of China, and how we manage it and whether we have an adult conversation in Washington on this issue, this is what people, our friends, partners and others in the region are looking for and looking at.

MR. SANGER: Professor Cole, when you read the Chinese strategy and you see – there's a huge amount published in China now, as I said before, some of it for our consumption and some of it real – what do you conclude is their belief about our stay in power in the region?

MR. COLE: I think that right now, at the present time they're happy to have us there. I think there's still a lot of concern from our perspective and perhaps unreasonable concern about a rising Japan or a Japan that will rise again. They're also concerned about the Korea situation.

But I do think in the long term they think that our presence there, our military's presence there is a remnant of the Cold War, to use one of their phrases. And I think that the long-range goal is to ensure that events don't happen in East Asia of which they do not approve. I think they want to be able to be the – in other words, when the national security adviser in Hanoi or Manila gets up in the

morning, says I'm going to recommend policy aid to my president, instead of that individual's next thought being, how is this going to play in Washington, they want the next thought to be, how is this going to play in Beijing? I think they want to be able to swing that kind of weight in East Asia.

MR. SANGER: Admiral, we saw one other big shift between '09 and 2010. You'll remember that at the beginning of 2009, just two months after President Obama was inaugurated, the North Koreans set off a nuclear test. Some people send postcards, they set off nuclear tests. Then they did some missile tests and there were a series of sanctions passed at the United Nations to which the Chinese were pretty supportive. And for a while the Obama administration thought that in fact the Chinese may have come around on North Korea and they have concluded that this kind of behavior was not tolerable.

Two thousand and ten was very different. And you saw two very provocative acts on the part of the North Koreans – the Cheonan and then of course the shelling of the island to which the South responded. Can you walk us through your both the sequence of events and your interpretation of them and tell us now that the U.S. has conducted operations there to send a signal to the North Koreans whether you think that the U.S. and South Korea are in a better position than they were say this time last year to deter that kind of activity?

ADM. WALSH: We can have that kind of conversation as long as you understand the remarks on operations are less interesting to the audience. They'd like to know more about policy. (Laughter.) To begin with –

MR. SANGER: We'll take what we can get.

ADM. WALSH: For people in uniform to go visit the Cheonan is an absolutely must. It's a stark reminder of the world we live in and how quickly events can change. There is no doubt in anyone's mind as you walk underneath the remnants of Cheonan split in two what tore that ship apart. Yet in conversations with South Korean officials in the weeks and months after the event and the release of the investigation, there was significant concern that not everybody believed it. There was a substantial percentage of the population – the number quoted to me was about 35 percent.

MR. SANGER: In South Korea?

ADM. WALSH: In South Korea that did not believe that it was even plausible to consider a North Korean torpedo had caused that. And then watch the events that take place with (YP-do?). Within 24 hours there was a swift public –

MR. SANGER: YP-do, the island –

ADM. WALSH: The northwest island, yes, that was shelled – and loss of innocent life there, as well as Marines that were stationed on the island. Swift reaction by the public, the resignation of the defense minister and an absolute commitment that the South Koreans made publicly that they would not withstand another provocation. The rationale, the motivation behind the provocation – hard to determine, although, as you trace through history, these events have happened before. And what the South Koreans have made very clear is that the posture, the alert, the mindset as well as the training and the exercises that they were doing with their navy is one where they have bolstered themselves, their capability and their commitment not to allow provocations in the future.

MR. SANGER: Tell us a little bit about the U.S. operations which came probably a month after that last attack and what you were intending by sending the George Washington into the region and so forth. And what effect do you think it may have had?

ADM. WALSH: Well, the forces that are in the region were available within hours after the attack. The important thing is that we are – we play one role, we are one instrument of national policy, strategic communications and the overall U.S. government effort. And so the challenge for operational forces is to be ready when called. And so the exact timeline of when we went in and where we went in is of less significance to me other than we were part of the national message that went to North Korea that said we are here to support the rock U.S. alliance and that alliance is stronger now than ever before because of this.

MR. SANGER: Doug, in your assessment, was the message received? We have a North Korea that is in the midst of some kind of transition crisis but this is one of those sort of long-running – it sort of reminds me of when the Yankees were getting ready for a new owner for many years, you know, and so we have a very long run transition crisis underway. There are a lot of doubts about whether Kim Jong-il's son, Kim Jong-un, is prepared for the job or even has the full support of the military. At times of transition the North Koreans frequently act out. So when you look at everything that Admiral Walsh and his colleagues did, do you think it's likely to have a significant effect on North Korean behavior?

MR. PAAL: I think it will, David, but I think it's going to have that effect because it has an effect on China's thinking less so on North Korea. I think the North Koreans would at any moment they felt that restraints were off them, resume the provocation that they were undertaking as part of making their succession a success. They were on the way to study escalation in an effort to demonstrate that the new leader could be just as tough as his predecessors.

But China interceded and now getting China to hear the message was not easy. President Obama addressed the subject of North Korean provocations in June with Toronto with Hu Jintao. Ninety

percent of their conversation was on North Korea and the president said at the press conference immediately afterward, they're not listening. And then, after we had the Yeonpyeong Island –

MR. SANGER: He was referring to the Chinese.

MR. PAAL: The Chinese.

MR. SANGER: Yes.

MR. PAAL: And then the Yeonpyeong island incident in November led to a phone call. I think it was on December 2nd when President Obama said, the United States is now changing its national security posture with respect to the Korean Peninsula. He was sending words that meant we were really reacting to this. Don't kid yourself that you can let North Korea get away with this behavior. It was after that that we saw China finally take the move where they sent State Councilor Dai Bingguo in North Korea and we haven't seen this provocation since. And China has reluctantly, with great difficulty but nonetheless effectively signed up in a joint statement between the two presidents in January to some criticism of North Korea's regret over North Korea's behavior and direct criticism of their nuclear uranium enrichment program which China had been willing to more expediency.

So you can see China getting the message, not wanting to get the message, reluctantly accepting it and having some effect on restraining behavior. But this means – I think this is at least a temporary phenomenon and we could easily move back into it quickly.

MR. SANGER: And we've been to this movie before. I mean, this cycle has happened. Pat, at one moment, a moment ago, Doug raised the uranium enrichment program. People had suspected for a decade that North Korea was working on uranium enrichment. The North Koreans at one point early in the Bush administration said, yes, we're working on that and more. There was great debate about it. But it wasn't until last fall that a visiting Stanford physicist, Sig Hecker, was shown an operating or what appeared to be an operating uranium enrichment facility that the U.S. and its allies had not seen be built at that particular site at Yongbyon.

At that time, the administration said that as they dealt with all America's partners in the region, North Korea would pay a price for its uranium enrichment program. What price did they pay?

MR. CRONIN: All the strategies that have been used to try to deal with North Korean changed the regime's behavior with respect to its nuclear program. And really there have been two strategies, one of engagement, the Sunchang (ph) policy of Lee Myung-bak's successor and predecessor governments and then the various pressure strategies that the U.S. and the Korean government of

Lee Myung-bak have reached. And none of them has worked. We haven't fundamentally changed North Korean regime behavior on the nuclear program. That's the reality unfortunately.

What's happening right now with a lot of these incidents that happened in 2010, I can ascribe to two fundamental changes. One of them was that when Lee Myung-bak came to power in the Blue House in South Korea in 2008, he wanted to adopt some of the George W. Bush pressure tactics but have them run out of South Korea. Probably to get that nuclear issue on the agenda but also to discipline North Korea that if they want to deal with the outside world and they want to develop, they're going to have to go through Seoul and they're going to have to play ball with them.

It was the cutting off of \$300 million or more – and this is my discussion with, Hyun In-taek, the implication minister just a week ago – it was that cutting off that precipitated the harsh reaction that spiraled out of control eventually into Cheonan and into Yeonpyeong-do.

But there was another factor that we don't know, and that's this transition because Kim Jong-il had the stroke in August 2008 just when these things were heating up. So we don't know what role the military's playing, Kim Jong-il's sister is playing, his brother-in-law, and so on, probably not Kim Jong-un. He's still learning.

So it is an interesting question about now what can the U.S. do to exact the price on this? Well, the U.S. is stuck still trying to play by international cooperation in trying to get along with China to push pressure on them. I think as Doug Paal indicated, China has after Yeonpyeong-do been willing to put more pressure. And it's interesting to see – China is also investing and giving North Korea more money by investing in Rajin-Sonbong up in the northeast which is the special economic zone that China runs as well as along Yalu River. They're pouring more money in there. That's to offset what the South Koreans have largely cut off and that's why the South Korean pressure tactics are not working.

And so the U.S. is stuck trying to put more pressure on North Korea. China is relieving that pressure, so there's very little we can do to be honest. And China's trying to teach us a lesson. They're trying to say, you're going to have to play the stability game, not the denuclearization gain. Forget denuclearization. Denuclearization is the flipside of a coin that happens eventually in the long term and come back to us. So we are basically right now playing the Chinese game of stability because what is the alternative?

And Lee Myung-bak is playing this game of pressure tactics that are not working and still hoping – and there have been of course stories in the Korean press this week all about these secret discussions to get a summit meeting. And I don't believe the South Korean government has been begging for a summit meeting. They're not begging. They are trying constructively to get back to the diplomatic

track and we're certainly trying to help them do that but we can't really do this. But one saving grace on this highly enriched uranium program that we saw last year is that the indications are that the North Koreans can't get there on their own. They're actually needing help.

So this overture may have been part to show not just what they're doing but also the fact that they're going to need some assistance. And they went to China and Kim Jong-Il got stuck in a train for days. He couldn't get an appointment. The Chinese were teaching him a lesson going back to Doug Paal's point. They're saying, wait. You know, we are going to get something out of this relationship and the Chinese complained to me last week the problem with Kim Jong-il is he just won't take any lessons from anyone. He just won't – he wants his cake and wants to eat it too. So that's a problem.

And so we're all dealing with Kim Jong-il whose longevity is limited more everyday but he's still there. And with great centennial of Kim Il-Sung next year, he wants to have everything. He wants to have Chinese latest technology, wants to have money from the outside, wants to have a nuclear program. And we're stuck trying to do the responsible thing. There's going to be a great global nuclear summit in Korea next year. It will be great if the world got together and said, this is time to turn this program off.

MR. SANGER: You remind me of a longtime American negotiator with Korea who once said to me one night over a drink in Seoul that he felt like the two great failures in his life was he'd never figured out how to talk to the North Koreans and convince them to do anything and the same was true of dealing with his teenagers. (Laughter.)

MR. CRONIN: They're very similar.

MR. SANGER: Professor Cole, as you look at the way the Chinese have reacted to all of this, what we heard from Pat is they want stability more than they want denuclearization. What we heard from President Bush for many years was after he met with Chinese leaders, he would always come out and say, they want denuclearization as much as we do. They care about this. Who's right?

MR. COLE: Well, I think they both are. I think that China certainly would prefer a denuclearized peninsula but I think they are so concerned about the stability of the regime to a certain degree for domestic political purposes or reasons rather. The ethnic Koreans who live across the border in China, their concern about an implosion of North Korea I think drives them to place that well above our concern about denuclearization. So while they would prefer denuclearization, they are much more concerned about maintaining a stable North Korean regime right now. And I think as Patrick said, they're very worried about that because Kim has been to China several times now and apparently is just not listening.

MR. SANGER: Let me just change briefly the focus to a few other Asia Pacific issues and then want to open it up to all of you. Doug, you spent a lot of time in Taiwan and dealing with Taiwan. There was a sense that U.S. has declining leverage in dealing with the Taiwan issue. Is that accurate or not?

MR. PAAL: I don't think that's an accurate statement. U.S. – the leverage remains very strong on the island. And it remains very strong as a component of deterring Chinese use of force against the island. We saw this quite starkly during the period of Chiang Ching-kuo when he was president in Taiwan and I served as U.S. representative there. And so it's less starkly perceptible because Taiwan under a new president, Ma Ying-jeou, has been pursuing a more peaceful approach to dealing with the mainland day to day and has built some economic and other ties with the mainland.

Were the United States to signal in the advance of the upcoming presidential election in Taiwan that the U.S. is unhappy with the current president, are unhappy with the alternative, that would not be inconsequential on Taiwan. Moreover, if PRC were to decide that the current approach – and I don't think that's going to be the case but were they to decide against its expectation that they should toughen their attitude toward Taiwan that it would be an American response it would matter.

MR. SANGER: Admiral Walsh, as you look out about the scenarios that are supposed to keep you up awake at night, is it Korea? Is it Taiwan? Do you think that the concern about an incident in the Taiwan Straits is reduced at this point? Is it elsewhere in Asia or particularly in Southeast Asia that you have your biggest worries?

ADM. WALSH: I think what you've described is the most probably and troubling scenario is the strategic uncertainty. I mean, take for example the event that took place in the Senkakus where a fisherman sparks an event that now brings two countries at loggerheads. You could easily see that scenario play out in the South China Sea over the dispute of rocks, shoals and islands that are there. There's thousands to choose from, many disputed claims there.

So I think the area that we would be really focused on and concerned about is where we're not looking. So we have strategic alliances in place. We have a very, very strong relationship with the militaries in South Korea and in Japan in particular, strong relationships with Australia, very strong enduring partnerships and relationships with both the Philippines and Thailand. But in addition to those security pacts, we have friendships, we have partners that we continue to work with, all are sort of involved in this – or many are involved in a series of competing claims in the region.

Real important to recognize that the peace and prosperity that brought us the economic growth that we have today was based largely on a practical sort of look at even though there are historic disputes and claims that overlap, leaders have found a way to set things aside and operators and commanders

at sea have found a way to continue operations and not let that get in the way of the larger issues of economic prosperity and stability.

So the areas I do get concerned about are the areas that are in dispute as I watch now what prosperity means overtime in terms of countries being able to arm themselves and take issues into their own hands.

MR. SANGER: Professor Cole, you heard a little bit of discussion there of this strange incident involving a fisherman who, if you believe the Japanese story, may have been – let's say had more than a few sheets to the wind before he ended up in this strange situation where he fired upon a Japanese Coast Guard – I'm sorry – attempted to ram it. Attempted to ram it. Attempted to ram it. Yes. And he was arrested. There was some sense that maybe the Japanese overreacted.

But tell us about the Chinese reaction. I mean, the Chinese immediately said that they threatened to cut off rare earth minerals. In fact, I think they may have only cut them off to Japan. And there had been some discussion that they would reduce some of their shipments anyway. But as you look at the Chinese in how they handled this, were they sending a very strong signal or did this spin out of their control?

MR. COLE: First, fishermen are probably the most independent group of people in the world. You go back to the Kaibors (ph) in the North Atlantic. And there have been many, many incidents in the South China Sea involving all the various fishermen in the area. This particular one, where this guy probably was drunk and did something pretty stupid, I think the Japanese either should just have thrown him back or kept him.

But I think from a Chinese perspective, there were several things going on. Number one is the domestic political situation in China. We've got a presidential change coming up which apparently is not as settled or is a sure thing as some of the previous changes had been. So it behooves the political leadership to take a very hard stance, especially with respect to Japan, the historic enemy, if you will, certainly antagonist and backing that up is this whole territorial issue.

Core interests are generally considered to be Taiwan, Xinjiang and Tibet, issues of sovereignty. Well, if you consider the Senkakus, these rocks in the ocean to be a sovereignty issue, then Beijing probably feels for domestic political reasons if nothing else it has to take a very serious view of this dispute. And I think the whole fisherman thing fell into that a bit.

MR. SANGER: Well, let's get some questions from all of you. Do we have microphones out in the audience? I think we do. So, if you would, just wait for a microphone after you're called upon. If

you would tell us who you are and if you could put a question mark at the end of the question would be really fabulous. Sir, right back there. Yes.

Q: Good afternoon. I'm Dave DeChant. I'm a Marine Vietnam veteran and was very active with building our memorial in Washington so I invite all of you to visit our memorial before you leave Washington. I've also been a student of China since I returned from war.

And my question is: you talked about Tibet earlier. The admiral talked about Tibet. What I've done in my research why the Chinese wanted Tibet was because of the vast sources of fresh water there that feed the predominant rivers in six or seven countries there. What are we doing with the Chinese to ensure that fresh water reaches these other nations?

MR. SANGER: Any volunteers on this question? Sure. Professor Cole.

MR. COLE: I think if you look at the map and you look at southwestern China where you see the headwaters of most of the major Asian rivers and then you combine that with the very serious water shortage in northeastern China, you have Beijing attempting this huge project to actually take the water from southwestern China and move it up to the northeast. I think it was about 1998 when the current premier of China said that if they didn't do something, they'd going to have to start moving some of the population out of Beijing-Tianjin. There's a very serious international effect to that as they not only divert waters but also in search for more energy build hydroelectric plants based on dams on the Mekong river in particular where there's a great angst in the southeast Asian nations about what they claim is already a reduced flow of water from the Mekong. So your point is well taken that this is a very serious issue for China, both domestically and internationally.

MR. SANGER: The gentleman right here on the aisle.

Q: Hi. Rob Levinson, Bloomberg Government. There's been a lot of press lately about China's growing demographic problem that they're having, essentially this sort of growing old before they grow rich and they're running out of workers, hard to believe in a country of over a billion people but they actually seem to be facing labor shortages and rising wages. And I wonder if any of you have any comment on what impact this might have on future policy the way China is going and what effect that might have. Thanks.

MR. SANGER: Pat, do you want to take that or anybody?

MR. PAAL: I could jump in. The demographic description you've just given is accurate as I understand it. China does face rather faster than people expect the need to support a lot more older people with a lot fewer workers. They know this. They talk about it in their programmatic

documents that come out of the National People's Congress every year and every five years in the plan. This is a huge challenge.

The Chinese have been driving the growth of their economy not by exports, not by consumer (leg ?) growth but by intense investment leg growth to a degree never seen in human history before, although the similar kinds of growth were achieved in the Republic of Korea and Japan during their gold phases, their industrialization phases.

The transition to something which is more sustainable where you can't depend on suppressing the savings of the average worker, the earnings on those savings in order to give the industrialists the capital they need to build their industrialized society, that has to shift. That has to shift fast for China because they have to meet the social need to take care of the elderly, to grow consumer growth. And this goes to the heart of the Chinese political system in ways that it did not in Korea and did not in Japan. The arbitration between a local capitalist and the banks that give the money to the capitalists is a political process in China. And when the politicians lose the ability to hand the money over to their friends, it's going to really stress the political system.

So I would, yes, there's a demographic problem. There's a reckoning coming up with a vast amount of debt to be kept off the books, a lot of zombie debt in China. And a political difficulty in finding the wherewithal to make decisions to address these problems – 2014 now doesn't look too good.

MR. SANGER: I thought you had an addition to that?

MR. CRONIN: Yes. Two quick comments. One, I think water, I think demographics, the concern about social unrest – these are some of the impediments that China faces which is why so many people say, this is not going to be a linear growth. You can't assume that China's going to make it through all of these challenges. Bill Overholt of Harvard likes to use the metaphor of a man being chased by a tiger and that China's economic is the man, this very fast man but if he takes a nap, he gets eaten by the tiger. And this kind of labor problem is one of those things that could slow it down and cause it to take a nap.

MR. SANGER: We have to show you how much CNAS has really evolved with the times, a Twitter question. Twitter questions are great because unlike questions from the audience, they are actually limited to 160 characters. (Laughter.)

ADM. WALSH (?): There are more than 160 characters in this one.

MR. SANGER: That's right. The downside is that the last part, the last stage of the Twitter question is it has to be written out on a three by five card and is sent without the photos that make Twitter questions so interesting.

This one is: how important will the North Korean change in leadership be in securing China from becoming the possible regional hegemon in Asia? Who wants to take that?

MR. CRONIN: It's an interesting question. I mean, it seems to me the two big strategic challenges the United States faces in Asia, one of them is managing the rise of China and the other one is working through this transition on Korea without a war. And right now, nobody is certain about what this transition means in North Korea. As I hinted at earlier, Kim Jong-il is not really going to be taking the reins of power in all likelihood, that other characters, regardless of their titles, like Kim Jong-il's sister, even though she won't have an official title, may wield an amazing amount of influence behind the scenes. We don't know for sure. The South Koreans don't know for sure. The Chinese are not certain either.

So, what I see happening right now is that China either to put pressure on South Korea or handle her because they want stability first, they're starting to step up their investment in North Korea. You could call it an economic absorption strategy, except I don't really know that it's a strategy, a concerted one. But if South Korea doesn't engage, reengage economically with North Korea, they potentially foreclose the option of future reunification, even long term. And South Koreans are increasingly worried about this.

This is why it's going to be a driving election issue in the general and presidential elections in Korea next year. The Koreans are very concerned about this and it's one reason why you may even see the ruling national party, Lee Myung-bak, who's had his principled approach toward North Korea, putting pressure on them, starting to show some signs of flexibility which is why we're reading stories about the possibility of summit meetings again because there's a concern of both major parties in South Korea, they don't want the next leadership in North Korea to be such a proxy of China that they can't eventually reclaim the Korean Peninsula.

MR. SANGER: Anybody else on this point? Do you have anything you wanted to add, admiral?

ADM. WALSH: Other than the work that we continue to do with the South Korean navy is one that is absolutely resolute in terms of their determination not to let this pattern of provocations continue. So to Patrick's point, this is something that it's becoming very clear that the level of toleration for this kind of behavior is no longer there. And so, the likelihood of a kinetic sort of outcome is very real and to be concerned about.

MR. SANGER: I think that's right. I'll step briefly out of my moderator's rule and just commend to you, if you haven't read it, one of the most fascinating cables that came out of WikiLeaks after we spent many months going through those was a conversation between the American ambassador to South Korea and the South Korean, at that time, deputy foreign minister and now national security adviser who talked at length about what the South Korean plan was should North Korea collapse. And it basically was a plan of trying to buy off the Chinese by offering them opportunities, business opportunities, mostly minerals and so forth in North Korea and to offer the Chinese assurances that the U.S. forces would be kept in their current positions and what is currently South Korea and therefore would not go up to the border. And one of the interesting questions is whether that's a strategy that's actually workable.

Some other hands here. Back in the far corner right there. Is there a microphone coming to you?

Q: Bob Kozak with Advanced Biofuels USA. With the vehicle fleet in China getting so large now that's largest market, even bigger than the United States annual sales of automobiles, with this great demand of oil that is going to be coming in the next few years getting up into the area of United States has, what sort of policies do you think that China will be pursuing to guaranteeing themselves a continued supply of oil? I'm sort of thinking the United States, when we reach the point of large imports, we've made alliances in the Persian Gulf and had the navy protect the sea lanes. What sort of actions do you see the Chinese doing to maintain a supply of oil at the prices they want?

MR. SANGER: Doug, I'll ask you to take that, and let me add onto it that in 2006 or 2007 national security strategy during the Bush administration, there was an explicit warning to the Chinese not to try to lock up oil supplies around the world. I'm not sure that survived in the first Obama national security strategy but maybe you could talk a little bit about this as well.

MR. PAAL: Well, to go to the question, China has since 1999 informed its major oil companies, which are behemoth oil companies in China, to get out and buy resources. In the sense – they were all given the low-cost credits to do that.

In a sense they're repeating our own experience in the 1950s, we ourselves did not really trust markets in the 1950s. We were the biggest guys on the planet so we went up and tried to lock up resources in Africa and Middle East, Latin America as best we could. We didn't have the human resources. We didn't have the local knowledge to do to the greatest job of that. We go to be known as the ugly Americans along the way.

In the 1870s, after the first oil shock, the Japanese tried to do much the same thing. They went to Saudi Arabia, tried to buy a quarter of the country for production. They wanted to guarantee themselves and they didn't trust markets much either at that time.

And I think China is in a very similar phase. And we're seeing the same kind of characteristics where their initial efforts are to go in, take Chinese technology into difficult geologies and try to extract – and then realize that they would have been better off had they partnered with an Exxon or a BP and gotten more advanced technologies and maybe the markets do work. So I've been watching an evolution in how the Chinese behave with respect to these big overseas commodities, sources, and a recognition increasingly that they need to train the people, develop the technologies, and have to cooperate internationally if they're going to get the maximum benefit.

Now, at home they've got to deal with consumption. China still pays more for a barrel of oil overseas than it charges its consumers to burn it in their cars. And so long that's the case, they're not going to have a lot of restraint. They don't even pay the market price, let alone a tax to price to try to restrain the growth of the auto industry and other kinds of consumption of petroleum in China. They have a long way to go on that one.

MR. SANGER: Sure.

MR. COLE: I think when we discuss the oil import business with China, you have to bear in mind that over at least 70 percent and probably more of China's daily energy requirements are satisfied by indigenous coal. And the vast majority of the imported petroleum goes to the automobile sector. And as Beijing demonstrated before the 2008 Olympics, if they want people to drive less or to stop driving, they can make them do that, something we certainly can't do in this country. As far as ensuring the supply of oil, which I think is a very active concern in Beijing, they are looking at various methods, pipelines primarily, perhaps – (inaudible) – canal and so forth, all sorts of ways to try to reduce their dependence on seaborne imports of oil.

MR. SANGER: Pat, let me ask you one other element of this which is you saw the Obama administration, at least up until the beginning of the Arab Spring press the Chinese very hard to join in on Iran's sanctions and bring their oil in elsewhere perhaps in the deal with the Saudi Arabia. The Chinese were somewhat receptive to this for a while and then it sort of went quiet. What's your analysis of what's going on?

MR. CRONIN: They need resources. And as much as they're willing to try to be cooperative on non-proliferation, they need resources more. And I think that's then the big problem. Even on the North Korean sanctions the Chinese went ahead after the second nuclear test and went along with the United Nations Security Council resolution but they didn't actually enforce those sanctions if you didn't notice. And it's what the Chinese tell me that they didn't bother to enforce them and that's because they couldn't really afford to do that. On Iran as well, they want to be cooperative but they need resources so badly that my take is that they're just not willing to rein in Iran.

ADM. WALSH: So we see this pressurization on resources. This is the dilemma now that regional navies have that they must confront. Remember, in the economic exclusion zone we have really elements of customary international law. In other words, countries need to decide whether or not they're going to patrol those economic exclusion zones to the point of confrontation with other fishermen that represent other countries and run the risk of a head-to-head confrontation state to state or withdrawing from those patrols, allowing others to come in and to fish their zones and risk losing those resources.

So when you look at the consequences of all the growth and all the prosperity that comes in Asia Pacific and you see demand for hydrocarbons, water, coal. It is pervasive throughout the region. And I think that's one of the reasons why you see greater interest taken in the South China Sea now because of the potential for hydrocarbon exploration.

MR. SANGER: Another question. We have a hand right back here. Just wait a moment. There's a microphone coming.

Q: My name is Nathan McDermott (sp). I'm a recent graduate from the American University School of International Service. And in this past decade or so there's been a lot of fear in the United States over Chinese economic and military rivalry to the United States. And one aspect of American foreign policy that I feel is often ignored is American soft power, which I feel China doesn't have much of comparatively speaking. So my question is what role or how can America effectively wield its soft power globally to counteract Chinese influence?

MR. SANGER: Who are our volunteers here?

MR. CRONIN: Sure. I'm sure all of us want to take a whack at it. Certainly, Joe Nye, who's a great friend of the center and is a – (inaudible) – friend as well has written a new book even on this topic and would make that same argument about soft power.

If I can fudge the definition of soft power and go ahead and include economic power, and some definitions don't include that as soft power, one of the things that the United States needs to do that it has not done enough of is to take full advantage of the dynamic economies of the Indo-Pacific.

And when Tom Donilon, the national security adviser, talked last year about rebalancing American power away from the Middle East and toward Asia Pacific, I agree that needs to be the strategy but there has to be a huge trade in investment and economic engagement part of that for our soft power to really work. Unfortunately, that's been very slow to materialize for a lot of reasons.



We've also gotten caught up on the Arab Spring, by the way, so a funny thing happened on the way to rebalancing, but that's a separate story from the soft power except it gets into the democracy issue and human rights and this question of can we through power of example of democracy and human rights have sway on the political makeup of the region. I'm not sure that we've been very successful at that.

And one country that we keep beating up on is the Junta in Myanmar. They're not very good people so it's pretty easy to beat up on them but on the other hand, China's monopolizing Myanmar. They're not going to give in to our demands to recognize the outlawed NLD and Aung San Suu Kyi. And we're going to have to fund another way to engage with a country like that.

And soft power there is something we should be doing. We should be engaging on education for instance and thinking about this as a generational challenge. Our universities are soft power, for instance, and we can be inviting more in and trying to use that as a long-term lever. That's one example of soft power but we should be engaging in things like 21st century technology so it's not just the economic engagement but it's thinking about what ideas will leave the 21st century, and some if this is green technology and these are the issues that we should also have an advantage on, this knowhow.

MR. SANGER: Anybody else on this question? Admiral?

ADM. WALSH: Within hours of the earthquake and tsunami in Japan we had all the ships underway in Yokosuka. We had soldiers from Zama, Okinawa Marines, airmen from the Yokota Air Base and Misawa mobilized, actively engaged in one of the most remarkable humanitarian assistance and complex operations to date.

The earthquake that shook Japan changed the tilt of the earth's axis, moved (Hangzhou ?) seven feet and dropped the coast line a meter. So when the tsunami came in, there were no architectural designs or engineering designs that could take into account losing that much ground and the impact it would have on the wave. It was then complicated by the loss of primary, secondary, tertiary power at Fukushima power plant.

So, when you think about what you can do with a force that's forward, ready and has relationship already established in the region, look at Operation Tomodachi because what it shows under the umbrella of soft power is what one country is willing to do for another in an area of uncertainty and unknown about a contaminated radiological environment yet willing to risk themselves in order to help out their fellow man. Really impressive.

It seems to me when you get into the area of problems that we need to solve together, this is an opportunity I think to work with and help China see the norms of behavior of what's already in play in the international system. This is a positive contribution that I think we should try and encourage with any kind of dialogue or interaction with the People's Republic of China.

MR. SANGER: A question right down here.

Q: Atul Singh, founder and editor-in-chief of "Fair Observer" which is a new multimedia journal to cover global issues. So my question is the elephant in the room is the fact that China is investing too much. It has zombie banks and as you alluded to, and the U.S. is consuming too much and the global economy needs to be rebalanced. Given the (friction ?) of engagement between the two countries, where do you think are going – what do you think are going to be the most acute areas of friction and where do you think are the greatest opportunities of cooperation?

MR. SANGER: Doug, do you want to take a shot at that?

MR. PAAL: I mean, on the question of friction, we still have an abiding mutual strategic distrust. And the United States is a – and every man has kind of a distrust that China wants to take our jobs away and in the strategic world of the United States there's a concern about China's long-term military ambitions. And if you go to China, you find ordinary Chinese constantly sense that when we respond to what they do, we're trying to encircle them, contain them, keep them from developing to their full potential.

And that mistrust can explode in a variety of ways, depending on circumstances but it's the underlying mistrust that I think is what needs to be attacked and not – to their credit the presidents of the two countries have made some early efforts, strategic and economic dialogue and trying to build on that but there's a vast amount of public education that will – and mutual accommodation down the road that will be necessary to deal with that.

For great opportunities, obviously we have a very broad global agenda in the conversation about Himalayan water sources from the five major rivers of Asia. That's a climate change problem. And whether we can get China to take the 70 percent of its energy, which is burned up in coal, and find some other ways of developing that energy safely – hydroelectric is turning up to be not so safe and certainly the Three Gorges Dam looks like a real problem, those are much more of a common challenge that we and the Chinese ought to be able to work together on.

MR. SANGER: We have time for just a couple more questions. So let's see if we can get a few in. The gentleman right back here. Wait just a sec. Somebody is coming to you.

Q: (Off mike.) The question – there’s been some discussion about the United States – (off mike). Do you think that would have an effect on China and the territorial presence and issues in the South China Sea?

ADM. WALSH: This is on U.N. law of the sea which the United States has signed but not ratified. The Law of the Sea Convention continues to be an issue in the sense that we’re not there participating in helping resolve some of the issues that are tailor made for the Law of the Sea Tribunal to review and to look at.

I think it’s very important to understand this is how nations assert their national interest which is to participate and then lead. We can’t very well be a critic, nor can we identify bedrock principles for which we stand and then not be part of something here that is really holding the international community together.

Let me make the point just slightly different. When you fly from here to China, you don’t require an F-16 escort. You have the International Civil Aeronautics Organization born out of the 1944 Chicago convention that defines what’s international, what’s sovereign, what are the protocols, what are the rules that are in place. If you look at how operations occur at sea, it’s anarchy by design. That’s why sailors get their reputation. (Laughter.) Or the fishermen.

So the Law of the Sea Convention was the product of a series of treaties trying to resolve issues in terms of how do you define what’s the taxonomy for what’s sovereign and what’s not. The three-mile limit came from the idea that you couldn’t enforce anything beyond three miles with a canon. That’s where the international standard for the three-mile limit came from.

So when we look at where we at today and all the vexing issues that are taking place with regard to EEZs and the demand for resources, which is really the issue that is underlying I think a number of friction points as countries realize that per capita income, wealth and health can go in the right direction if they have the proper amount of resources. In a globalized world where everyone knows what the other one has, it seems to me that to not participate in this, to not participate in an area where we’re going to see thawing in the arctic and we’re going to have another sea lane open up here, it just is paramount that we assert the national interest inside this convention.

MR. CRONIN: David, could I just say very briefly –

MR. SANGER: Sure.

MR. CRONIN: David, can I just say very briefly, I mean, I agree entirely with what Admiral Walsh has said. In addition to what he said, ratifying the U.N. Convention on the Law of the Sea is

important just because the United States purports to uphold a rule-based global system and this is one of those institutions that we purport to adhere to but we haven't ratified. But on the other side, the limitations – we still have to recognize there will be limitations. Just because you agree to an international legal convention does not mean that the Chinese government is going to take our interpretation of what constitutes a peaceful activity, peaceful military activity in EEZ of a foreign country. That is they don't want us spying in 200 nautical miles or less of their territorial waters or their EEZ. So that issue is not going to go away but it's still going to make us give us a process and give us a common sort of international processes that we can then deal with those different interpretations.

MR. SANGER: There were two more –

MS. : Excuse me. (Off mike) – asking question by many that I think have no control on what they're asking, can I say something? I'm a Tibetan and I'm very happy that saw you guys talk a lot about China and mentioned a lot of the word "Tibet" – (off mike) – and I'm very thankful. But before we – I ask something stupid about what's happening between China and Tibet, et cetera, et cetera, I would like to ask one question. (Off mike) – deep issues not just for the sake of the U.S. but also on a higher level, an international level. What were the nuclear arms race that we are talking about? Just give us – (off mike) – we are taking 200 nautical miles away from here or whatever. What are you guys agree on – (off mike) – electronic gadgets that are in really trying to – (off mike) – like me. I'm nobody and I care for everybody. And here's a guy who says he works for China – (off mike) – and I love him really. He looks like my brother you know.

MR. SANGER: Can you either ask a question or could move on?

Q: I have a question. I have a question. I do not wish you do something about one sitting up there asking question from here and there's an actual – (off mike) – just spinning and spinning and spinning. We should – (off mike).

MR. SANGER: In the absence of a question, let's trying one more out here. We'll get the gentleman right here and just bring him the microphone. Thank you.

Q: What is being done to stop this, to let them telephonic gadgets and make people – (off mike).

MR. SANGER: Thank you. If you'd provide him with a microphone.

Q: Thank you, ma'am for that question. Good afternoon gentlemen. My name is Jagon Lee. I'm under no official affiliation at this time but I do have operational experience with – (inaudible) – and Special Operation Command in Korea. Before I get into my question, a considerable amount of my

time and my colleagues' time at First Special Forces Group has been spent conducting joint combine exchange training with host nation forces in the south or Asia Pacific region.

My question to you gentlemen is that an avenue we'd like to pursue with the People's Republic of China and if not, what are the impediments against that, namely Taiwan or something of that nature. Thank you.

ADM. WALSH: I think if we're talking impediments in the (AA 2,000 ?) has very clear explanation what we can do and what we cannot do. But in terms of being open to overtures with China and future dialogue with counterparts and senior naval leaders one comment that I made to the delegation that was participating in index for really the first time in several years is you need to go to more of these because the outcome that we're trying to get to is a China that interacts and understands the norms of behavior and where they fit and what everyone else is doing. So for us to have over 100 delegations at the International Sea Power Symposium in Newport, Rhode Island, and not have China present is a big gap and a big hole in our relationship that we need to try and figure out a way to move beyond it.

MR. SANGER: Professor Cole, when the Chinese have to make the decision about whether or not to participate in these things, we've seen them turn the faucet on and off even in the past year and a half. Does this reflect a signaling they're sending to us or a struggle going inside China?

MR. COLE: I think it's usually when these things happen it's in response to something having to do with Taiwan. And in that case it's an official policy. In my own experience I think many times at the lower ranking, that is one and two start level in the People's Liberation Army and below, they want to interact. And they're told not to either by the very senior military command or by the political command, for reasons such as potential arms sales or actions like that to Taiwan.

I think there's also a reluctance in China based on a cultural factor about they're just much more concerned about giving things away perhaps than they should be. And they're determined to keep a focus on domestic priorities as well.

MR. PAAL: One historical I think note that I think really is a very telling insight into this issue and I've had it in discussions over years of members of Congress. When the Japanese high command had a vote on whether to go to war with the United States in 1941, only one admiral in the entire high command voted against war, (Isoroku Yamamoto ?). He'd gone to school here. He'd seen it. We want people on their side to have come here and seen what they'd have to contend with. That should be our guiding spirit.

MR. SANGER: And, Admiral, do we have enough of those programs underway now?

ADM. WALSH: I think the relationship was severed over the recent sale of arms to Taiwan. Our goal here is to pick up wherever we can in dialogue whenever we can. Just to point last raised here. In my conversation with my counterparts, they had the benefit of visiting the United States. And when I asked them for their view – this was in 2005, 2006 timeframe. When I asked them for their view on what they learned from that, they were profound in their respect for the people that showed them around. They were very respectful of the ships that they had visited and they were very complementary of the professionalism of the force. And the only comment I could add to that is that's what we would like to do with you. And so we have not been able to have those sorts of exchanges and I think they're very important for all the reasons that you got here.

MR. SANGER: I think we're going to take one more and let's see who we have out here. I'm having a little hard time – (inaudible) – picking it out. There's a hand right over here.

Q: Mark Woodberg (sp) from Arizona State and I want to bring out –

MR. SANGER: Hold on just a moment. There's a microphone coming to you.

Q: Mark Woodberg from Arizona State University. And I want to ask a question about a smaller country and that is whether or not the U.S. foreign policy establishment has noticed the emergence of a relatively strong pro-democracy movement in Singapore.

MR. SANGER: Pat?

MR. CRONIN: Well, when I was there last week, I didn't notice the real strength of it but things are definitely changing. But the way the Singaporean interlocutors, both from academia and from the official quarters said is that, listen, things are changing gradually. They're changing – Li Qonyou is finally not going to be minister mentor but he's – how old? He's in his late 80s?

Q: Eighty-seven.

MR. CRONIN: So things – they're pointing are still changing slowly and that's the way they want them to change. That is they like what they have. They don't want to lose it but they know that they need to be more democratic. And I think can they manage that going forward? It's a small place. They've historically been able to do this incredible thing. On the one hand, economic miracle; on the other hand, a very slow democratic process. Doug Paal knows a lot about Singapore and I hope he comes in and adds to this.



MR. PAAL: I would echo what you've just said. The Singaporeans now have had the government's ruling party, the PAP suffered declines in the total vote year after year in their elections. And that has a beneficial effect on building a civic society where there's a more sense of responsibility among the voters for the votes they cast. And the fact that some very capable ministers were turned out in this electorate, not of office in this election, shows visibly to ever voter the power of their individual votes.

MR. SANGER: Well, thank you. I recognize this panel was the last thing between the audience and the bar at the reception – (laughter) – which is usually an important signal to the moderator to make sure that it ends on time. But I wanted to thank each of our panelists for what I think has been a very instructive discussion about – a breadth of Asia issues. And I want to thank our audience for such great questions. Thank you very much. (Applause.)