

The Strategic Landscape and Potential Flash Points

John Swenson-Wright

Head, Asia Programme, Chatham House

Michael Green

Associate Professor of International Relations, Georgetown University

Kerry Brown

Associate Fellow, Asia Programme, Chatham House

Chung Min Lee

Professor of International Relations, Yonsei University

Chair: David Warren

Associate Fellow, Asia Programme, Chatham House

13 June 2014

The views expressed in this document are the sole responsibility of the speaker(s) and participants do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions. The published text of speeches and presentations may differ from delivery.

John Swenson-Wright

Ladies and gentlemen, it's my great pleasure to welcome you here today for our conference on Security Challenges in the Asia-Pacific. My name is John Swenson-Wright and I'm the Head of the Asia Programme here at Chatham House. It is, I would argue, particularly timely to be looking at the question of security in Asia, broadly defined. Those of you who saw Gideon Rachman's column in the *Financial Times* a few days ago will know that there is a growing sense of anxiety about the risks of conflict both in the East China Sea and the South China Sea. We've seen incidents involving Chinese and Japanese aircraft just two days ago. Aircraft from the two countries came within 100 feet of one another. There have been clashes, as you know, between Vietnam and China.

The rhetoric of diplomacy within the region is arguably getting hotter and more intense and of course there are a series of fundamental structural challenges, both the rise of China, China's desire to in a sense increase its maritime presence in the Asian region, changes in defence doctrine. Perhaps most prominent of all, the new, more flexible dynamic defence doctrine of Japan. The perennial problem of North Korea, both as a de facto nuclear state and a state which given its ballistic missile capabilities presents a real danger to its neighbours and the wider world.

Questions to do with the reliability of deterrents and the effectiveness of existing alliance structures. Then if we look to South East Asia, doubts about the stability of the individual countries in the face of separatist movements. Questions about the reliability and durability of particular regimes. One thinks of the political changes that have gripped Thailand in recent months and years. Alongside those structural changes, of course, questions about personalities and new leaders.

In a sense, in the words of Donald Rumsfeld, 'known unknowns', about the nature of those individuals at the head of these key actors, these key governments, whether it's China and Xi Jinping and his willingness to engage in this war, apparently combative way with his neighbours. The debate over Prime Minister Abe and whether he's a pragmatist or as some critics would argue, a politician with a nationalist agenda. In South Korea the question of Park Guen-hye and the legacy of the authoritarian past represented by her father.

Lots of questions about the nature of these new leaders and their personalities. Alongside all of that, debates about the logic of international relations and whether rational explanations and rational motivations can provide the best impetus for resolving some of these tensions in the region or whether emotion, increasingly associated with debates over history may play a more prominent role in affecting relations between the key countries.

Against that backdrop of growing uncertainty and I would argue, growing risk, important questions about appropriate solutions or means of reducing the level of threat and the level of tension. Is this solution best framed in legalistic terms and the importance of a new code of conduct, particularly in South East Asia? Is the effective solution diplomacy and the development of new bilateral ties? We've seen very welcome developments in terms of relations recently between North Korea and Japan.

Should the focus be on strengthening and renewing existing alliances? Is the American pivot to the region another source of reassurance and stability or is it fair to argue that certainly on the part of South Korea and Japan there are growing doubts about the reliability of America's commitment to the region in the face of both domestic politics within the United States and competing security challenges. Most notably, of course, in Europe, over the Ukraine and of course in the Middle East.

In terms of other solutions, of course the perennial question about the role of economic integration. A hundred years on or so from Norman Angell's *Grand Illusion*, the assumption that economic integration will bring states closer together can offset some of these security challenges. All of these pose, really I think, important questions about the direction of travel in the immediate future.

We have a very distinguished group of academics who have come together today to talk about these issues. We have representatives from both North and South East Asia, from the United States. The home team, I'm pleased to say is also well represented in the form of David Warren and Kerry Brown, my predecessor as head of the Asia Programme. So we have a lot of expert comments.

We've divided the afternoon into two sessions and we'll focus first on the traditional strategic challenges and David Warren, former Ambassador to Japan will chair this session. Then we'll follow that after a brief break with a second panel looking at security more broadly defined. I hope you find this a worthwhile and stimulating event. We welcome the views of our panellists but also very importantly, we welcome your views. The entire session is on the record and I should also say just a few brief words to say, thank you for the support we've had from the Japanese Embassy. Our consultation with them has been extremely helpful in shaping some of the issues that we're looking at today.

Without further ado I'll hand over to David.

David Warren

John, thank you very much indeed and thank you for setting the scene so clearly and setting out the agenda for this afternoon's discussion and may I add my words of welcome to everybody who is here. It's great to have a fantastic turnout to this very important symposium.

I'm David Warren. As John said, I was the British Ambassador to Japan from 2008 to the end of 2012 and I am now, among other things, an Associate Fellow of the Asia Programme at Chatham House. I'm delighted to be chairing the first session this afternoon which is going to look at the strategic context and the landscape of international relations in the Asia-Pacific region, with particular focus on the flash points which John has already addressed and many of which were described in Gideon Rachman's article in the FT earlier this week.

As John has said, we have a very distinguished panel and I'm going to ask each of them to say something about the subject over comments about 10-15 minutes. After which we'll

have a general question and answer and discussion session which I shall moderate and our aim is to conclude this session by 3:45. So we have just over an hour and a half.

The first speaker from the panel this afternoon is Michael Green who is the senior Vice President for Asia and the Japan Chair at the Centre for Strategic and International Studies and Associate Professor at the Edmund A. Walsh School of Foreign Service Georgetown University. He is, of course, also a former Director for Asian Affairs and then Special Assistant to the US President at the US National Security Council and a distinguished commentator and analyst on East Asian affairs for many years.

I'm going to ask Professor Green to talk about the US-Japan Alliance and America's role in the region. Professor?

Michael Green

Thank you Ambassador Warren and thank you John for inviting me here and all of my friends and colleagues at Chatham House. It's nice to see John, we were together at Johns Hopkins contemplating the future of Japan together back in the, I think it was the Meiji, the Meiji Era, something like that. We go back a long way. We both aged well.

I've been asked to talk about US strategy towards the Asia-Pacific, how Japan fits in that strategy. I'll also touch on how Japanese strategy is evolving and how the US fits in Japan's strategy, briefly, as a context, which I think is important for understanding exactly what is at stake and what is the bottom line for Washington and Tokyo in these territorial and other disputes. I'll draw a bit on some polling we did at CSIS very recently, in April, of foreign policy and strategic elites across the Asia-Pacific region, particularly with a focus on, of course, the US and Japan.

First the US. The US strategic tradition in the Pacific, for at least a hundred years has been, in effect, to maintain a favourable balance of power and to ensure that a rival hegemon does not rise to threaten what otherwise is a Pacific conduit for American trade and values westward and prevents hostile threats from coming east to the United States.

It's the corollary to a hundred years or more of American foreign policy towards Europe and the Atlantic but there are some important differences worth mentioning, since I'm in London. The first, every president for the past hundred years has had a Europe first strategy. Woodrow Wilson tolerated Japanese expansion in China because Japan was aligned with Britain during World War I. Franklin Delano Roosevelt agreed with Churchill even before Pearl Harbour that the strategy would be to defeat Germany first in spite of a very strong pushback from the US Congress and the US Military. So for almost our entire history we've had a Europe first policy.

Another important difference is that the American isolationist streak that's so often commented on, applies much more to the Atlantic than the Pacific. In 1939, for example, after the Second World War broke out, Gallup pulled Americans and a large majority said, 'We should have nothing to do with this war in Europe', which is of course a famous poll and cited as examples of pre-war American isolationism. In the same poll Gallup asked,

'Should we increase sanctions on Japan over China, even if it risks war with Japan?' and over 70 per cent of Americans said 'yes'.

So a number of observers of American foreign policy towards the Pacific had noted that we are not isolationist in the same way that we traditionally have been with respect to Europe. This is changing, by the way. Some of you may have seen the German Marshall Fund and other polling where Americans are asked, what is the most important region in the world to the United States? For decades it was Europe, this is an awkward thing to say in London but a few years ago, pluralities and then majorities of Americans consistently started answering the most important region is Asia. There was another question, 'What's the most dangerous region for the United States?' where a large majority correctly said, as we're seeing today, the Middle East.

So that's the overall sort of bottom line for American strategy. The question then is, how do you organize American strategy and American foreign policy to prevent the rise of a rival hegemon to keep the Pacific balance of power? Here I think, broadly speaking, it's possible to point two strategic instincts or traditions. One represented by the top row here. Drawing from Alfred Thayer Mahan's concept that the country that controls sea lands controls the world, that that's America's natural strategic position as a maritime power. Embraced by his friend Theodore Roosevelt, updated for the Cold War world by George Kennan, with a focus on Japan, on control of the offshore island chain in the Western Pacific and balancing continental Asia from the sea.

The other tradition in the bottom row draws from Mackinder's theory of the Eurasian continent being the centre of global power. In an American context it has meant focusing on China for our foreign policy in Asia. Making sure that China is whole and aligned with the US and that that is the highest priority. No one, I'm sure, and I'll be quite impressed if anyone knows who Humphrey Marshall is? Maybe my friend Tom Burger, but he was the US Commissioner in China in the 1850s. A crazy, Kentucky cavalryman who later fought on the wrong side in the Civil War and therefore became obscure to history.

When he was in China he wrote cables or what were then long letters back to Washington saying, in effect, we need to centre our Asia policy in future on China. It became what was known later as John Hay's 'open door notes'. Henry Kissinger is the most prominent modern continentalist. Some argue that it has less to do with strategy and that other factors were at play. Veterans of the state department noted that when Henry Kissinger travelled to Asia with Nixon and he stopped in Japan, the Japanese government would send earnest young foreign ministry diplomats to translate but when he went to China there would be tall, attractive Chinese women translating who were trained to laugh at Nixon and Kissinger's jokes, no matter what they were.

I'm a structural realist, I will go with the structural interpretation of why Kissinger and Nixon had this continental strategy. The Obama administration with a pivot, is focusing on Asia but saying we're going to focus on Asia is not a strategy. It doesn't answer the question of how you organize it and the Obama administration has sort of veered, almost unwittingly between these two traditions.

The first visitor to the White House in 2009 was Taro Aso, the Japanese Prime Minister from the top column tradition. Then in November 2009 the President in Beijing agreed to Hu Jintao's proposal to recognize China's core interests. China recognized America's core interests. To allies in the Pacific, it sounded an awful lot like spheres of influence and this continentalist Kissingerian tradition that sort of terrifies our Japanese and other allies.

Then in 2010 and 2011 as China became more assertive, there was the announcement of pivot and Pentagon three balance strategy, but then the pivot, so to speak, pivoted back the other way. In 2013 the second Obama administration national security team embraced Xi Jinping's proposal for a new model of great power relations which was basically a replay of the core interests to the enormous dismay of our allies, especially the Japanese.

Then as you saw in April, the President went to Japan and gave a full endorsement of Prime Minister Abe's security agenda. So discount this slightly for a member of the loyal opposition, the Obama administration has gotten every aspect of American foreign policy strategy in Asia. It's just sort of done it, you know, [indiscernible] instead of all at once.

Japan. Japan's strategic tradition and some people like to argue Japan has no strategy. I'm of the view that every country has a strategy. As Trotsky said, 'You may not be interested in strategy but strategy is interested in you'. You can't live where Japan lives and not have something like a grand strategy. The tradition, I think, is largely defined by the relative power of China. Japan's own foreign policy begins with that. Highly sensitive to the Korean Peninsula, the dagger aimed at the heart of Japan. Since the Meiji period, designed around alignment with the world's hegemonic power.

First the UK, then the Germans and the Italians, they got that one wrong, at least the Italian part, probably the German part and then of course after the war, the United States. For Japan these alignments with the world's hegemonic power are designed for maximum autonomy within Asia. How do you do that if you're Japan and you're facing across the table the United States of America?

There have been several strategic traditions in Japan. The mainstream tradition for the post-war period was that of Yoshida Shigeru, align with the US, but trade with Asia. Keep your flexibility and prevent entrapment in American wars against China and Russia and Vietnam by using Article 9 of the Constitution and the associated interpretation that the right of collective self-defence – in effect, coming to the defence of the Americans even when they're not actively defending Japan – collective defence, that that, while constitutional, will not be applied. That gives a kind of break against entrapment in the American Cold War strategies.

Second tradition or effort to establish this autonomy is best represented by Kishi Nobusuke, Abe's grandfather and the Prime Minister who negotiated the new US-Japan security treaty signed in 1960. That model is very focused on the US, in effect, making Japan the Britain of Asia, accept more risk, be more Mahanian, align with the maritime powers but in exchange, get more influence in the alliance and in Asia.

Then the third tradition, I'm not including the socialists and communists who have their own, but within the ruling Liberal Democratic Party, the third tradition represented here by Yukio Hatoyama, Hatoyama Yukio and his grandfather, Hatomaya Ichiro is, keep the alliance with the United States but have a more explicit alignment with Asia, especially China, to counter-balance the Americans' overwhelming influence.

Today the Kishi or now Abe strategic view is the mainstream view. It was always considered the anti-mainstream view with Yoshida, the mainstream, but today it is this more ambitious view of the US-Japan alliance and higher willingness to take risk that characterized Kishi and characterizes Abe and characterizes the mainstream within the LDP and the opposition, DPJ.

You can see in some of the polling, I'm going to skip some of these, that we did among strategic elites in Asia. We asked between about between 50-100 foreign policy thinkers in 12 countries a series of questions about the future. One was on the impact of China's rise on economics in Asia and on security and the blue bar represents economics. Overwhelmingly, with the exception of Japan on the end, a positive view of China's impact on economics.

The red bar shows those who thought that China's rise had a positive impact on the security of Asia. The Chinese are quite confident, as you can see on the left, in their positive impact on security but what I would call out to you for today's purpose is the US, it's a bit harder to see, right here, and Japan. The most closely aligned in Asia on the significance of China's security challenge. Now the economic, views of economics are a bit different but I think that structural fact, that view here represented by a poll of strategic elites shows you some of the sort of the bearings right now or the foundational strength of the US-Japan alliance despite various challenges.

The most acute issue as John mentioned is the territorial set. This was a question where we asked what are the major security concerns. Economic and financial crises, particularly in South and South East Asia were quite high but after that, the major concern was territorial or historical disputes, especially in North East Asia and especially for Japan. We were a bit surprised by the next result. We asked if the territorial dispute you're in ends with the other side taking your territory unilaterally and diplomacy fails, would you support the use of force?

Americans, 88 per cent, yes, Koreans, 86 per cent yes, Chinese, 83 per cent yes, Japanese support of use of force, 81 per cent yes. This is not Yoshida Shigeru's Japan. Now these are elites, public opinion polls are different, but there's a willingness to contemplate force, there's a focus on balance of power that I think is quite new. This also explains that Japan is not backing down which is why you have fighters closing within a hundred feet of each other as John mentioned.

In Washington there was not a strong consensus on this territorial question. I think within the administration and in the sort of think tank world and the congress there was a sizeable minority that thought that the core of this problem over the Senkakus or Diaoyu Dao was Japan provoking and the core of the South China Sea was Vietnam and the Philippines provoking. The continentalist view that we've got to get China right.

So there was some ambivalence when Mr Abe came to power in Washington and uncertainty about whether we were sort of risking our own entrapment for the first time in the alliance, that Japan might pull the United States into a conflict. The Chinese, I think, quite skilfully tried to play on this. They tried to play on the American fear of entrapment by calling out in newspapers and in meetings how dangerous Abe was and then tried to play on the Japanese fear of abandonment by playing up the core interests in the new model of great power relations to the Japanese. That Chinese strategy had some success until the ADIZ announcement in December.

I think for the past six months the consensus in the US is shifting and as you saw, only 1 per cent of American experts thought China was having a positive impact on security. I should have shown the others which you'll find on our website at CSS but over 80 per cent of American experts thought China was having a negative impact on security. That would have been different a year ago and much more of the blame would have been to China, to Japan, excuse me.

So here we get to the crux of one of the most important issues in the US-Japan alliance right now which is the review of the defence guidelines and Abe's decision, we think, soon, as in next week, to move forward with a recognition of the right of collective self-defence. What was ambivalence as you saw with President Obama's trip to Japan is now enthusiasm for Japan taking this move. Two basic reasons. If you want to dissuade and deter China from using coercive force, then you need to demonstrate there's no daylight between Tokyo and Washington and if you're concerned, I'm not, but for those who are concerned about Japan unilaterally escalating, then you want more joint-ness.

What's quite amazing for me and I don't know if Tom or John or other students of the history of alliance would agree is how the Japanese government now is willing to embrace in effect what we have in NATO, or what we have in the US-Korea Alliance which is virtual joint-ness and an operability and in effect combined commands. So we're in this together, no matter what. This is what Abe's about.

Very briefly to end, the economic partner, I just mention this because it's interesting, if you look at the countries in Asia who say the US will be their most important economic partner in 10 years, which is blue, the red line is China, you'll see Korea and Australia, close allies choose China. The Chinese choose the US which is important to keep in mind. We are, after all, their most important economic partner, but the Japanese, 71 per cent say in 10 years it will be the US. This is not Yoshida, this is not Hatoyama and it reflects, I think, the reality of Japanese investment in the US.

It's also reflected in views of what's the best regional economic framework. Overwhelmingly the region shows trans-pacific architecture for trade, RCEP, the regional one in the US is not in, it's towards the bottom. APEC, G20, TPP are all higher up but for Japan they're absolutely the highest, it's trans-pacific architecture. When we asked in the region, what would be the most desirable regional order in Asia in the future, in 10 years?

We gave them five options: US leadership, even if China's relative power is rising; a balance of power, Japan, India, Korea, Australia; a new community of nations, multilateralism, liberal idealism. When we asked what you'd prefer, I should actually

show you this. When we asked what you expect, no one expected multilateralism to work, except the Indonesians, God bless them. Our Korean allies and Japan were extremely sceptical about this and thought that US leadership would continue. Interestingly, so did a majority narrowly of Chinese experts but for the US-Japan alliance the interesting thing here is, what's the best outcome for you, the most desirable regional order among the experts? Overwhelmingly for the Japanese it was a US led regional order.

Multilateralism which is all the rage in Japan is that tiny little yellow line all the way on the left there, under the Japan column. So the structure of international relations in Asia is, you know, largely responsible for Abe, frankly and is largely responsible for the US-Japan alliance structurally being in very strong shape. That said, there are management problems and there are challenges at an operational level that we've never seen before. How do the US and Japan operate together? How do we respond if there's force used in the Senkakus, in the Diaoyu Dao?

We've never been in this place before because Japan's never embraced this role and we've never had this in the front lines like this before. So the structure of the relationship is solid, but the challenges, operationally, tactically are big, very big indeed. Thank you.

David Warren

Thank you very much indeed. I'm going to ask Kerry Brown now to talk about China's changing geopolitical posture and how much of a regional challenge it is. Kerry, as John said, was John's predecessor as Head of the Asia Programme here at Chatham House, is now at Sydney University where he's director of the China Study Centre and Professor of Chinese politics. He's also a former colleague of mine in the Foreign Office where he served for some years dealing with Asian affairs. Kerry, the floor is yours.

Kerry Brown

Great, thank you very much, it's good to be here, great to see you all. I'm going to talk mostly about domestic Chinese issues because I'll argue that there is a very intimate connection between what goes on inside China and how it is behaving externally. I suppose the three things I'll talk about really are the issue of narrative, the issue of status and the issue of history.

I think if we were going to give a critique of Hu Jintao's period in power, it would be right, I think, to say that he never quite nailed the national narrative. You had this sort of extraordinary moment when China visibly became stronger and more powerful just when its GDP rocketed up and yet you also had this feeling that the national message, the kind of national core identity was never really kind of communicated in a way that the Chinese leadership were particularly happy with and they got quite frustrated sometimes with how we just didn't get it.

I think there are two key drivers that we're dealing with now. The outfall of them are the impact of 2008 and the economic crisis and the big, big domestic problems that China has suffered since then with Tibet, Xinjiang, inner Mongolia and other kind of critical areas, but not Taiwan which has been more successfully dealt with.

The economic crisis, in fact has been referred to by two of the key leaders in the current Politburo, Li Keqiang and [indiscernible] in very specific ways. So Li Keqiang who is now the kind of chief macroeconomist is the premier and he'll be in the UK next week, has written quite a lot and spoken quite a lot about what Chinese leaders both during and after the economic crisis were to conclude. A few times, particularly at the Davos forum, I think, but also in the party theoretical magazine [indiscernible], seeking truth, he writes about the fact that the leadership and Chinese people can learn from the economic crisis and its aftermath, particularly in Europe and America from 2008, that you should never trust and rely on foreign markets in the end.

You shouldn't have too much confidence in these being a great source of growth through exports and other economic goodies because they are untrustworthy, they can disappear quite easily as they did and in 2009 of course China's export collapsed. So Li Keqiang from this time, about 2009, talks about unleashing the domestic sources of growth, what he calls 'empty spaces for growth within China' and he talks about the four great drivers for economic growth which kind of basically evolve domestic consumption and things like that. The gaped sort of issue really is that you've really got to be more self-contained.

I think a harsher kind of ideological message comes from Liu Yunshan who is now basically in charge of ideology and indeed has, at the time in 2008, at the party school, right at the end of 2008, he made a speech about what kind of conclusions can Chinese people draw from the holding of the Beijing Olympics, the dealing with the earthquake in 2008 and a kind of host of other issues, including the economic crisis and his approach before he even knew that he would be elevated in 2012 onto the standing committee was very similar... That you really, in ideological and in messaging issues cannot rely on the outside world because in the end, foreigners just don't get it.

Well, I actually met Liu Yunshan the other day in Denmark. I didn't bump into him in the street, I was part of a group of 12 European scholars who had a roundtable with him about China and the world. It was very strange to see in 2014 that this same kind of mindset came forward because he talked really about the fact that the party did not feel that it needed to explain anything. It had legitimacy, he referred to the Pew research which said 85 per cent of Chinese people are supporting the party. He referred to a European survey that said 75 per cent of Chinese people supported the party and therefore he said, why do you foreigners keep on talking about our legitimacy when your electorates don't even bother to turn out and vote?

He also used an interesting formulation which I had not heard before. He gave us, and we being obedient students of the party, of course, faithfully wrote this down in our little red books, but he gave us five key things in order to understand the party. The one that most struck me was that he said, 'The Communist Party is a cultural entity. It is in fact absolutely allied with China's glorious and splendid 5,000 years of civilization and that it therefore has a mission from this culture. It represents the party of the country, the party represents its culture and its values are from that cultural basis.' Now that is an awful, strong thing to say.

The second driver, I suppose, since 2008 has been this sense of a kind of crisis because of the handling of Tibet and Xinjiang and these issues, of course have been recurring and

have proved more and more difficult for the mindset of the party which is basically to try and deal with economic materialism to deal with the particular issues in these areas and partially in inner Mongolia. I think that those two, the economic crisis externally and the internal sense of a kind of phoney crisis, a crisis of legitimacy of the party and some of its most contested areas, these, I think, have created this sort of, you know, need for a different framework, a different kind of national narrative. That pasture I think explains the way that Xi Jinping and his colleagues are now approaching their global and regional role.

The point is, to come to the narrative issue, that the narrative of China is of course intimately linked to its role in the world. It cannot itself articulate strongly some extraordinary new idea about what it is without of course involving the world. One of the interesting things when you look at Xi Jinping and other leaders, when they talk about the maritime issues and the issues in the kind of contested areas around China, is that there is this sort of haunting idea, I suppose, or this problem that they think that they are really talking about domestic issues. They don't really think they should talk about these issues as being external because they are part of China's national, you know, kind of a territory and therefore why on earth should the rest of the world have any opinion about these kind of areas at all?

This idea of boundaries and where those boundaries are marked is a kind of quite contentious one, a quite difficult one. The second thing I think in addition to narrative and this idea of trying to articulate a vision of, you know, the country which Hu Jintao really didn't do and which he's doing really through this sort of very abstract language of a 'China Dream' and these kinds of more kind of, you know, sort of grand and ambitious language that he deploys... The kind of thing that's interesting is that there is a link between narrative, national narrative and status and status as a solution. You know that the great Chinese nation in the way that leaders talk about it, having restored itself economically, now being the world's number two, maybe soon the world's number one economy, having this extraordinary kind of global impact and footprint, that this status is an enormous political asset and that therefore it is there and ready to be used, domestically and externally.

Status I think is a very, very weighty thing when Chinese leaders speak, when they operate. I think the kind of receipts and benefits, the capital of that status are very, very important. There is, of course, a problem because as soon as they talk too much about status and as soon as they show too much an awareness of status, then the rest of the world gets rather nervous and starts to think that there is this moment of extraordinary exposure when we see into the soul of China and we see kind of extraordinary ambition to basically march across the rest of the world and take us all over.

It's also something that I think domestically within China, intellectuals in particular refer to this sense that they have a right for strategic space. They have a right for symbolic space. Wang Wei from Beijing University in 2009 talked of the fact that we live in a world, this is his words, in which, 'the borders of America come right up to our borders, in which we can't look anywhere without the emporium of America sort of being around us. Where is our legitimate space? As soon as we say what we want we're told that we shouldn't want that because America can kind of dictate to us.' So this sort of links in with the increasing

talk of containment and the kind of frustrations and emotions of those frustrations that one sometimes also hears from different figures in China.

I suppose the final thing is, I mean this issue of emotions, I mean John Swenson-Wright referred to it. It's not a usual approach to Chinese politics to think a great deal about emotion in its role in Chinese politics and its role in the way that China presents itself to the world because it has been a kind of academic taboo to try and treat China in this way. I think we are quite structural, we are quite intellectual, we are quite sort of, I think we have a specific framework in the academies and in the intellectual communities in the West that like dealing with China and that therefore we give it a sort of deliberateness and we give it a kind of structure which in fact, it might not have.

The interesting thing is when you hear people like Liu Yunshan speak, I mean they clearly think that there is something absolutely fundamental about their politics, about the way they operate, that we don't get. Even people that devote their lives to sort of trying to understand the policies of the Communist Party and trying to understand how the Party operates is something that we just don't get. I think that's because we are very poor probably at translating the sorts of emotional politics, the emotional tone, the emotional language the Chinese leaders sometimes use or try to use into a kind of more palatable, political vocabulary or programme that we can relate to and understand.

I mean we in Western politics kind of have space for emotion in our politics but in China, of course, it's been very difficult after the sort of enormous problems with the Mao period when Chinese politics was probably extremely emotional. [Indiscernible] in fact is the kind of most kind of forensic critic of Chinese, I think culture, in the last 20 years, wrote in an interesting piece five or six years ago before he was imprisoned about the mindset really of officials in most government departments in China is to return China to its central role in the world. There is this sort of ambition and desire but it's something that is not easy to state, it's not easy to kind of put out in the open but it is an extraordinary important resource to draw on.

I suppose the final thing that I would say is, of course all of these issues of narrative and status are linked to history and the extraordinary weight of history, specifically of course with Japan and with some of China's other neighbours, probably less heavily, even Vietnam because of the two rather difficult military interventions it had in '79 and then less significantly in '84 with Vietnam. I mean is this sort of extraordinary minefield of history around China's borders and a kind of lack of a non-contentious or a sort of helpful framework in which everyone can come together and try and talk about these issues.

Japan and China did have a historic project, a project of historical research over the last few years and it did achieve some consensus, at least, amongst a small group of historians about what actually happened and how should it be interpreted but it has been incredibly difficult as a process. So this weight of history, the fact that this history is in some ways an extraordinary powerful emotional and narrative resource for contemporary Chinese leaders... I mean that is obviously a very, very important thing, but of course, it again ratchets up a lot of the tensions with China's neighbours.

So all of that, I suppose, in conclusion, would make you think that this is not going to be an easy situation for anyone to extricate themselves from. I don't see how China can reverse out of the kind of area it's got itself in now, largely because so much of the leadership's political capital has been put into this particular issue of a new national mission, a national narrative of that mission, more status for China and more emotional politics. This is a kind of really tough, perfect storm and I guess the final thing that you could say is that this does really pose powerful questions for all of us who relate, either as governments or as observers to this region because of course it asks very testing questions about what space we are likely to be willing to cede, what new frameworks we are able to think about, what new ideas we are able to bring to this whole kind of contested area.

I think therefore to come in full circle that really though China has been searching for its narrative in the last 10 years and creeping towards it, I guess it's also shown that all along we did not really have ours sorted out. Thank you.

David Warren

Kerry, thank you very much indeed. Now our third speaker will give a Korean perspective on the flash points, Professor Chung Min Lee who is Professor of International Relations at the Graduate School of International Studies at Yonsei University and also Ambassador for National Security Affairs of the Korean Foreign Ministry. Professor Lee is going to talk to us about Korea's trust politic and the situation on the Korean Peninsula and the middle power diplomacy. Professor Lee.

Chung Min Lee

Thank you very much Ambassador Warren. It's a real pleasure to be back at Chatham House. I think the last time I was back here was in 1994/95 or somewhere there about but let me thank Chatham House and to John Swenson-Wright and to all his colleagues for inviting me to Chatham House. I am very glad to share this stage with my very good friend, Michael Green whom I probably see more of than I do most people which last I saw about three or four weeks ago Mike?

Michael Green

Three or four hours ago.

Chung Min Lee

Three or four hours ago. Let me just begin with a brief background to set the stage of where we are and then I'll go into the specifics. For the past 60 years, if I could surmise or summarize Korean foreign policy I think there were two key essential tasks. The first was maintaining our all important security alliance with the US for obvious defence and security reasons, vis-a-vis North Korea and number two shaping an environment that was conducive to rapid economic growth. I think on both points the Koreans with our friends obviously succeeded beyond our wildest imagination.

Today if one thinks about Korean foreign policy, that type of linear bi-dimensional picture no longer applies. Part of it is because we're living in a very different world than say 50-60 years ago but two things I think critically happened over the last 20 years. One was the end of the Cold War and the fact that all of a sudden Korea was open to this new Pandora's Box by establishing ties with, for example, the former Soviet Union, the PRC, etc. And the second, of course, was democratization at home. Since 1987, for those of you who don't follow Korean politics, we've had six peaceful transfers of power and unlike what's happening unfortunately in Thailand today, I think no one in South Korea worries about the army coming back into politics. So this is a huge milestone in Korean policy.

That said, however, I think, regardless of whether you agree with the current government or not, I would argue that this government and in particular all Korean governments to come, face five primordial foreign policy challenges. The first is managing a North Korea that has already tested three nuclear weapons, may be on the verge of testing a fourth nuclear weapon at some point in time and although North Korea says it is a nuclear weapon state, none of us have accepted it as such. North Korea does have an X number of nuclear weapons and if you match that with a miniaturized warhead with their ICBM capable launchers, for example, it is a huge threat to our American friends, our Japanese friends and others. So we're dealing with a North Korea that is very, very different but also a North Korea that is essentially difficult because it is in many respects a perfectly failed state.

The second is we have the closest of alliance with America, poll after poll after poll indicates an overwhelming majority of South Koreans, 90 odd per cent supports a ROK-US Alliance and yet at the same time our biggest trading partner is now the Chinese. So if you look into the next 10-20 year time frame, maybe even longer, I would argue that amongst all the countries in Asia, South Korea is the only country that really will face huge pressures in managing the so-called G2 relationship.

Third, of course, is how and when will unification occur. The President is very keen on this particular subject but nobody really knows exactly when unification will come although we do have a fairly good idea how it may arise but all I'm saying is that we need to really think about the guide posts for unification which I'll go into in a little while.

The fourth major issue is we have great rival or great power rivalries and historically animosities just simply won't go away. Unlike any other sub-region in the world, I would argue, you would have the concentration of the world's great powers here in North East Asia and in particular, on the Korean Peninsula.

Last, but not least, we have profound demographic earthquakes and when I tell my students this they really think twice about thinking about the so-called longer term, so-called, you know, Japanese security threat. Why is this? Japan's current population of 127 million people, according to UN projections and the Deutsche Bank data will shrink by 42 – 45 million people by mid century. By 2050 you will have a total of some 82 – 85 million Japanese. It is one-third the size it is today. So unless something drastic happens that will increase fertility in Japan, you will see a dramatically different demographic makeup in Japan.

The problem is, of those 85 or so remaining Japanese, 37 per cent will be 65 years and over. It's the exact same demographic for South Korea. So both Korea and Japan are ageing in the most rapid way possible and in both countries fertility rates are dropping and although the government has tried both in Tokyo and in Seoul, I think reversing this demographic earthquake is not going to really change overnight. That is something that our Japanese friends have to really factor into consideration. So how Koreans and Japanese overcome very negative demographic drivers will have a huge impact on how they pursue their national security strategies.

Finally, of course, how does Korea maintain economic competitiveness in this era? So as a result, if you cluster all that together, I think there are three major tasks for any Korean government, including the Park Geun-hye administration. First of all I would argue it is time for a bipartisan foreign policy. It is time for a bipartisan North Korea policy that survives these five year single term presidencies. Since '87 we've had, according to the Korean constitution, the President serves for a single five year term. He or she cannot run for a second term.

So whoever replaces the Park administration in March 2018, I would hope would basically pursue roughly a policy that is not all that different from what the government is doing today. Second, I think it is very clear that it is time to tell our allies and the world exactly what type of unified Korea we aspire to. My personal feeling on this question has remained very stable, consistent for the last, I don't know, 20 odd years as Tim and Mark and Mike and others know, in this room.

Number one, a unified Korea must be totally nuclear free. We must adhere to every single non-proliferation treaty and regime. Period. There are some people in South Korea who talk about, for example, reproducing US tactical nukes or even having some type of an own indigenous nuclear program. I would argue that is a worst possible choice for Korea. The moment that a unified Korea aspires to become a nuclear weapon state, it will be an automatic target vis-a-vis China, Russia, Japan, it will basically result in irreparable damage I would argue, to the ROK-US Alliance.

So, once again, a unified Korea should not have any nuclear weapons, period and if we are able to unify Korean Peninsula under South Korean auspices, then all of the North Korean WMD programmes must be dismantled, permanently, under international inspections.

Number two, a unified Korea must be free, must be democratic and there should be a free market. Number three, it must not be a threat to the regional powers and finally, it must have very strong ties with the US and China and Japan and Russia. How we actually achieve that will depend on how much research Michael Green does in the next 15 years.

Now, so we then turn to, then the third, I think, facet of this is we need a new strategic consensus. I would argue, whatever you call it, each incoming government in Korea, they have their own slogans, they have their own platforms, as any other democratic government, but I think we need a consensus. Much like the Truman Doctrine did, for example, or even the Monroe Doctrine, earlier, in the earlier periods of the US, we need a so-called Korea Doctrine that really does embrace all of the points I've just mentioned.

So as I wind down, what then are the core challenges confronting Korea today? When President Park came to office a year and a half ago she really wanted to do one thing which is to normalize what she perceived to be abnormal things, whether it's political, economic or even in the foreign policy arena. If you look at the Eurasian land mass on the left-hand side of Eurasia you have the EU which has its own issues, obviously but Germany plays a central role as does the UK and France, of course. But a strong, unified Germany has played a very positive role, I would argue, in this new Eurasia.

Here on the other end of Eurasia, here in North East Asia we still have a divided Korean Peninsula, so if you're able to unify Korea peacefully, her thinking is, Korea will make a major contribution towards stabilizing this huge Eurasian land mass. But more specifically I would argue, no country in the world, as I said, has such a dilemma that's approaching us than Korea in terms of managing our relations with both the Chinese and our American friends.

Let me give you some poll numbers. Well according to the Asan Institute for Policy Studies that did a poll recently, 90 per cent of Koreans want some type of an alliance with the US. 85 per cent want to maintain a strong, robust ROK-US alliance even after it's unified. 62 per cent of Koreans believe, South Koreans that a country that begins with 'C' would be the biggest threat to Korea after unification and it is not Cambodia.

So, but of that threat 56 per cent believe it will be primarily economic, so when Koreans think about China's long term aspirations, we understand that China wants to be, or is already a great power and should rightly have its own voice in Asia but amongst all the countries that surround China, all 14 countries that surround China, I think Korea has had a long, long, long footprint of both the ups and downs of managing ties with our Chinese friends.

As I once told a senior American policy-maker, why, he was really upset at me because he said, you know, Koreans don't vocalize the so-called China threat as much as our Japanese friends do. And I said, well that's very simple. The Chinese have never invaded Japan and we have been invaded by various forces in mainland China 900 odd times in our history. So when we think about the China threat, is a much more calibrated response I would argue, than from other perspectives.

So how we do this really depends on, I would argue, on the deduction of foreign policy and my final comment as I leave all of you is this: We have today a very difficult relations with one of our closest partners historically, which is Japan. You're all familiar with the historical issues that Korea and Japan face, whether it's the plight of the comfort women, whether it's territorial issues and the list goes on. I'm not here to give you a textbook case speech on what we should be doing but all I wanted to emphasize was that the stakes are too high for us to fail. I know that Mike has worked throughout his professional life on strengthening the US-Japan alliance and I'm proud to say that I've played a small part in shaping the US-ROK alliance and of course our ties amongst the three of us.

So I think one of the core remaining agendas for President Park Geun-hye and Prime Minister Abe in the next couple of years is to really come to grips on making a new chapter in Korean-Japanese ties. Notwithstanding the fact that there are difficult hurdles

that we must pass. Why? Because if we don't do this we will not be able to show the world the real success story of post-war Japan and post-war Korea. That Asia can be wealthy, free and responsible and I think we owe it to the outside world, to our friends and to future generations that Koreans and Japanese can overcome their differences. Not resolve all their problems, that's not going to happen in a long, long, long time, but I sincerely hope that in the remaining months of both governments we will move towards really forging a stronger relationship because that will only, I guess, go towards buttressing the all important US-Korea-Japan relationship. Let me stop there, thank you.

David Warren

Thank you very much Professor Lee and thank you to all the members of the panel, three marvellous presentations. Now we're going to move to the general discussion and I'm going to take questions and comments from the audience. We have roving microphones. When I point to you, please stand, give your name and your affiliation please and please try to keep your question or comment as concise as possible. We have about 45 minutes and I'd like to get through as many as possible. I will take individuals to start with and as time moves on we may take groups. Firstly the gentleman standing there, sitting there, yes.

Question 1

Thank you, Chair. Two questions, one to Michael Green and the other to Kerry Brown. To Michael [indiscernible] and the question for the rest of the world is what are we going to see? So my question to you is what is the US prepared to see? Kerry, in your depiction of how China sees their attitude towards [indiscernible]. There's one [indiscernible] that doesn't seem to fit, where China and Russia have demarcated [indiscernible] and I just wonder if you think about [indiscernible] on the Russian side about possible Chinese [indiscernible] could this change or why has this been an anomaly [indiscernible]. Thank you.

Michael Green

I think it's the wrong way to ask the question, what is the US prepared to cede and I would argue that with the exception of the period from 1949 – 1971, and particularly since 1972, the US has done more than any other country in the world to help bring China into the world and to give China position, including most recently the G20 and voting shares in the IMF and other international financial institutions.

When Americans are asked in polls if they're comfortable with some larger role of China in the world that the numbers haven't been so bad actually, it's what China does with its power that gives you the answers that I put up there. Deep anxiety and worry about coercion, especially recently. So what the US, and I think this is true for our allies, for the most part, but the US seeks is a China that doesn't use coercion, mercantile, military and other coercion to try to upset the status quo.

The US, as you probably know, has no position with respect to who actually owns all these islands. Our concern is that the issue is settled peacefully and without coercion. So I think

that's a lot of scope there and I thought President Obama put it very well when Hu Jintao visited the US a few years ago when he said, the US has a stake in China's success, China has a stake in the US success. It doesn't have to be zero sum. The reason it is right now is because of the means China is using to effect its interests which involve, you know, various forms of coercion against smaller states which threatens the entire order in Asia and that's the crux of the matter right now. In the long-term I think the American public is much more prepared than the immediate events would suggest to see China play a larger role.

Kerry Brown

Yeah, I think there's a recent book called 'Ten Dialogues on China' by [indiscernible]. And you're in it. Okay, so apart from you, the others, a lot of them in the dialogues of the Chinese representatives like [indiscernible] and American representatives talking about US-China issues and they keep on coming back, I think, to this issue, no matter what they're talking about, whether it's economic relations or values issues or geopolitics of the issue of trust and how it is a pity. I think [indiscernible] says from Beijing University, it's a pity after so many years of having a relationship that the US and China don't trust each other more.

Whereas, I suppose with Russia, I mean the great thing is that there is no trust at all. So they're incredibly pragmatic and as we saw last month, was it last month when Putin at a very opportune moment went and flogged that enormous amount of resources from Siberia, you know, when they need to do the deals they do the deals. I don't think anyone talks about trust. I mean you could say if you were very cynical that China is kind of positioning itself to economic annexation of Siberia because who would be able to exploit it apart from China? You could say that Russia is being incredibly manipulative and kind of getting close to China and all its other friends have disappeared but I don't think that this is a relationship where people need to talk about what their long-term kind of visions for each other is because they've got a long history of not needing to have that.

The only other thing that is interesting about China's geopolitical position is it's kind of anti-alliance. It seems to me it does want these alliances. It seems to sort of want to be in a space where it doesn't have the kind of responsibilities of treaties, it doesn't have all of this sort of collateral of having to be obliged to sort of, you know... and China sort of maybe is very ambiguous about the fact there is this enormous wall of treaty alliances from New Zealand to Australia to kind of Philippines, to Japan that America has which is a sort of blessing and a curse because of course it means that America has to take positions on almost everything whereas China can kind of be much more strategically free. So I think that does kind of impact upon its geopolitical behaviour a lot.

Question 2

I have two questions. First to Professor Green and Mr Brown. The beginning of this week there was an article written by Gideon Rachman in the *Financial Times* about how to resolve territorial issues or the regional issues between China, Japan and others through international legal process like an ICJ and from a viewpoint how in particular can we

encourage two countries like China and Japan to both adapt legal process, that's my first question.

Then my second question is to Professor Lee, you mentioned about the vision of a unified Korea, like in the nuclear free, or peaceful, democratic and so on, but what is the scenario in mind how Korea could be unified? What is the most plausible scenarios for a unification? Thank you.

David Warren

Michael, would you like to take the first?

Michael Green

Sure. I had lunch with Gideon yesterday and we went back and forth on this. The previous Japanese Foreign Minister, Mr Genba wrote that if China has a claim, it should, you know, seek international arbitration and live with the consequences which is what Japan is prepared to do. What the Japanese government has not done is said to China, let us go together to the ICJ and that's for the reason that Japan's position is there is no dispute, so why should Japan propose dispute resolution? It's a little clever, some people don't like it, but the bottom line is China wouldn't accept it. So at most it would be a Japanese talking point to propose this. It wouldn't actually solve this. The Chinese are not prepared to, at least for the foreseeable future abide by the arbitration result.

Therefore in my view the most important thing to avoid conflict right now is not to try to resolve the underlying territorial or even historical disputes but to have confidence building measures to avoid conflict. When you have fighter jets and patrol planes within a hundred feet, that's very dangerous as we found when a Chinese fighter bumped into our EP3 in 2001. President Bush, I was in the White House at the time, called Jiang Zemin 12 times and the Chinese leader would not pick up the phone. He eventually caught him, I think in Brazil and called Lula and said, 'Hey is Jiang Zemin there?'

If that's what two major and three major powers in Asia are reduced to, we have a problem and I think most people in the Obama administration would confess that 10-12 years later we're not much further along. So even the US and China have this fundamental problem. The navy chief, Admiral Greenert recently got all the navy chiefs in the Pacific, including China to sign on to a navy agreement that they would communicate in English and avoid crashing into each other if there's an unexpected encounter at sea. Then the Chinese PLA navy came out immediately and said, 'Of course it doesn't apply to the East China Sea and the South China Sea which are not international waters,' but it was a small step.

Japan, I think, has been quite open to these CBMs. I think China is allergic to these things. I think the PLA's view is that transparency is a tool of the strong. I think it's deep, deep in PLA doctrine to sort of mask capabilities and I think, as I said earlier, it's part of China's strategy in this territorial dispute to maintain a level of tension and uncertainty that forces compromise on the other side. I think that's where we should focus, is CBMs,

let's first prevent a conflict or an accident. The underlying issues will, it will take time, 15 years right? That's what Chung Min Lee gave me.

David Warren

Kerry, from a Chinese perspective.

Kerry Brown

I'd agree with, I think that they won't want to get involved, yeah, I'd agree.

David Warren

Professor Lee.

Chung Min Lee

Just quickly, on the specific scenarios, since this is an open discussion isn't it?

David Warren

Yes it is.

Chung Min Lee

So I'll be very diplomatic because I am, after all, a diplomat. So I'll leave the hard questions, hard answers to Mike, he can be very free. Let me just say two things. When Germany was unified, the Soviet Union was at the nadir of its power. When Korea is unified, China will be at the apex of its power so that these strategic circumstances will be profoundly different from the German case and the Korean case which also complicates the entire scenario, as you've pointed out.

My personal view is that whatever we envision for a unified Korea, linear transitions are not going to be all that likely. I'm not going to tell you what non-linear transitions are, I'll leave that to Michael but my personal view is that we have lots of mountains of scenarios, contingencies and so forth but history tells us that when events happen they have a curious way of having their own minds and not listening to political leadership. So let us hope that it will be containable within the tools we have but I think the worst case scenario probably will not happen which is unification by war. We're all hoping that the unification by peace is of course the desired template. How far we veer from those two extremes is something that we have to figure out.

Question 3

I was just wondering to what extent economics is going to play a role in the security realm. We recently had at LSE Michael Pettis from Peking University who is predicting a kind of debt crisis for China in two or three years. He talked about the Third Plenum and whether Xi is able to implement these reforms fighting elites and so on within. I mean to

what extent, is there a sense of opportunism with Chinese foreign policy at the moment. You know, there's a narrow window, so to speak or not at all and how to some extent should we all be thinking about Chinese foreign policy given this economic prediction?

David Warren

Who wants to take that?

Kerry Brown

Yeah, I mean I think the party's elite leadership has consistently said its legitimacy is based on economic growth and I mean that's still the case. That's the case even when Liu Yunshan talked to us a couple of days ago. We are keeping the country sort of wealthy and making it stronger and richer so that's good. Economic wealth equals power but I think that they must be searching for new sources of legitimacy and after all, the Communist Party of China only has 7.5 per cent loyalty, you know, and as that 7.5 per cent loyalty creeps away then what's left behind? I don't think then people will look at the spiritual civilization bureau of the central committee of Beijing as a source of their sort of optimistic future.

So I think they're resting with this idea of the vision thing beyond the world of GDP, it's a big challenge.

Chung Min Lee

Just quickly. As I said earlier, if you look at the, just the demographic drivers in China, it's not really all that plausible, it seems to me, they will have high growth rates forever and ever. This is not going to happen and at some point in time when China is able to, what comes down to much lower growth rates, as the Japanese and the Korean economy is already, are in, you'll realize that a one party system has huge disadvantages in coping with multiple, multiple expectations and changing variables within any society. So I think that's where the Chinese have a huge problem. I don't foresee this juggernaut growing at 12-13 per cent. That's not going to happen anymore.

Michael Green

I agree with that and I think the middle income draft report of the World Bank which Bob Zoellick oversaw and he and his staff know the Chinese economy well, was a warning that it can't keep going up forever and history suggests that when high growth authoritarian systems suddenly hit that wall, two things can happen. One is the example of Japan in the 1930s where after considerable convergence going on the gold standard and so forth, the world economy failed and that backlash against that really fuelled militarism in Japan as it did in Germany, I guess.

The other example would be to a country like Brazil or even Korea or Indonesia where a financial crisis delegitimized the authoritarian centre but there was a big enough middle class and there was a context regionally that had moved towards democratization, more

effective through an efficient growth. In China's case I would bet on the latter. I think that's more likely but the former is a possibility, to not be discounted.

Question 4

Yes, thank you very much. My question to both Mike and Professor Brown about first of all, before that, well wearing an embassy hat, just want to say just one point about what Mike said about litigation. I just want to point out that it is always the party with complaint which brings the case to the court, be it in a domestic hall, international. And I think the question is, really, if China brings the matter to the ICJ and also if China brings, accepts the compulsory jurisdiction of ICJ to bring the matter to a court. By the way, Japan already accepts a compulsory jurisdiction.

My question is, well, my hat as I think, former think-tanker but I think the biggest, one of the biggest challenges for the current strategy environment in Asia is how to ensure China's rise is really peaceful as they really say and I think from that, also to make sure that their behaviour is much less belligerent and aggressive. I think for that it is very important to, well I don't know if it is a correct word but 'shaping' their perception, the calculation is very important and what would be the appropriate measures to shape correctly the Chinese perception and calculation? That's my question, thank you.

David Warren

What would be the correct way to shape the Chinese perceptions and?

Question 4

Calculation, strategic calculation, strategic calculus, yes.

Kerry Brown

Well, as I said when I spoke, I guess it's not irrational for them to want more strategic space. It's not irrational for the world's second biggest economy to be more pushy. I mean that's not the right word, to want greater status and in view of the history, it's not irrational for a domestic politician to choose to exploit that history in order to prosecute a domestic campaign of support. As I say, with the falling growth rate which is inevitable, because the system now is unsustainable, then you do have to seek legitimacy in other areas and I think being tough on your neighbours is probably likelier, more likely.

So I suppose we just have to be smart in choosing the kind of things where we just look at these as symbolic clashes and the areas where in fact it's really, you know, becoming dangerous. I don't think, if you look at what's to be lost, I think Professor Lee said, you know, none of the legitimacy of the domestic politicians in any of the countries we're talking about can survive if they have a huge... I mean if they wanted to have conflict, they will be shooting their brains out economically. So I don't think that they'll do that, but the problem is that nor can they, with falling growth, easily get lots of public support except from these kinds of nationalistic campaigns.

So Abe is kind of doing the same thing I guess, you know, getting support, getting support domestically from these external sort of, you know, strength. I mean I think that seems to be pretty logical. So we just have to have a kind of way of carrying on talking although the atmospherics might be very, very poor. I mean I don't think it's going to get, I think it's going to get much, much worse, but I don't think there will be conflict because I'm optimistic and I used to work here, we're world leaders in optimism.

Michael Green

The survey we did of elites in Asia was interesting in a number of ways. Of course it's not scientific, it's 50-100 experts but it's suggestive or revealing in some ways. On the question we asked about what the Asian order will look like and what the Asian order should look like in 10 years, the majority of Chinese responded and said the US would lead the Asian order but then when we asked what should the order look like in Asia, every one of the countries had a strong consensus and as you'll recall, Japan, Korea, US, Australia, Singapore, US led order is in our best interests. Indonesia, India, developing South and South East Asia didn't think it would happen but preferred some form of multilateral East Asian community.

The one exception to this rule was China where the response was very diverse and 10 per cent of these Chinese [indiscernible] and so forth think-tankers said a US led order was in China's interest, only 10 per cent and the rest were pretty evenly distributed between or among the options of Sino-centric order, the US-China condominium or multilateralism. None of the Chinese experts like balance of power because to them, I think, that conjured up Japan and India, sort of in a dangerous game with China.

There was real ambivalence about a Sino-centric order, real ambivalence. So I think this is consistent with what Kerry said but I think much of what China is doing can be characterized as defensive, as they see it and reactive as they see it. At the same time, I believe that there is a fundamental underlying doctrine, at one point it was called the Near Sea Doctrine, promulgated by the central monetary commission and Xi Jinping has Vice Chair oversight, and has essentially said that China will seek denial and then control out to the first and second island chains for defensive reasons, over time. It didn't stipulate how or when exactly and it certainly didn't call for a conflict.

So I think that that, the pace at which China sort of tests boundaries and tries to implement that doctrine will be determined to a significant extent by outside actors and I think the most important thing we can do is be consistent. I think the Obama administration, although every administration including Bush has suffered from this to some extent, but the Obama administration has been particularly inconsistent about what our position is on these things and that doesn't help.

The other thing is Abe himself has a very strong external balancing strategy to compensate for Japanese relative weakness, strengthen ties with outside players, he's doing very well with Australia, especially the Abe government. Very well with India, he'll get even better under Modi and quite well in South East Asia as was evident in the Shangri-La dialogue. The weak point in its strategy is the most important actor for Japan other than US which is Korea.

So one of the best things Japan can do for its own survival and frankly for all of us is to strengthen ties with Korea and find a way to manage, if not solve these issues which suggests that there could be a kind of continental maritime split, with that, as has historically happened, so often Korea could be in play among the great powers. So there are things we can do to sort of shore up the stability and consistency and predictability of the system because the Chinese, I think, are sort of testing as they go, feeling the water as they cross the, I forget the Chinese six character phrase. Testing the water is a step across the stones, or whatever.

Speaker

Feeling under the stone.

David Warren

That's it. Now, I'm going to go to the gentleman in the second row and then I have two questions from the central part of the hall but I want to go after this gentleman to the gentleman who is sitting over in the corner, otherwise some of the wings will feel that the Chairman is forgetting them. Yes sir?

Question 5

I was struck with Michael Green and Kerry Brown talking about the difficulties of handling the big alliances in the region but then Professor Lee talking very much in terms of, if you like, a split family and if you like, the idea of foreign relations has actually been, you know, relations within a family. To what extent do the speakers see the different actors in, particularly in China, Japan, Korea, Vietnam as treating each other as if they were completely different sort of allies like the United States and Europe or as having part of a family dispute and seeing each other in terms of tense, psychological relationships with their history, with their own history? In other words when the Chinese and the Japanese and the Koreans are talking about friendship, are they talking about the same thing?

David Warren

Thank you, I might ask Kerry since Kerry's presentation concentrated as much on the emotion as the analysis behind policy, to take that first.

Kerry Brown

Well, I mean it's clear that they don't share a lot of the values. They talk of a kind of common cultural basis but they're profoundly different and so it would be quite difficult in the foreseeable future to see them sitting down and kind of having this family feeling because when you talk about the kind of things that allies or families can talk about, contentious issues in the past and things like this, the whole thing falls apart because just an enormous amount of emotion by quite young people actually, invested in these historic issues. So that's an immediate kind of killer really for having a sort of easy kind of 'trialogue', or whatever we want to call it.

I suppose also, I don't know about Japan or South Korea but I mean the people who have a vested interest in these issues in China, I mean it's not unified, so people have written quite a lot about how many people have an impact on policy-making in China, on foreign affairs and kind of, maybe it's very hard for us to sort of nail down at the end of the day who is going to make the decision about what specific things happen and sometimes of course these things that are provocative happen with people quite low down the chain basically, acting unilaterally. I mean it's hard to sort of get to the people who probably will be able to sort that out.

The other thing is, if you think, so we think that China is a sort of strong actor and it's got this kind of quite powerful, increasingly powerful impact in the region, but then why is it so woefully kind of useless at dealing with North Korea? You'd think North Korea would be, you know, it could sort out in an afternoon wouldn't it? I mean just turn off the energy and sort of stop the aid and then the whole thing collapses, but obviously they're not going to do that. Despite the fact that this leadership doesn't have the kind of personal links that the last leadership did, including people like Zhou Yongkang and [indiscernible] would go to North Korea, look like they were having a good time there and this leadership hasn't been there much and certainly Kim Jong-un has not been, I don't think, to China since he inherited power.

They have a kind of policy that's in disarray at the moment and seem to be begging America to come back in. So if they're such a big powerful sort of actor, then why is this sort of extremely important issue one that they don't seem to have a framework for dealing with, particularly well?

Chung Min Lee

Just briefly. About a month ago there was a large meeting in Seoul and I asked a very prominent Chinese scholar, name me three friends you have in the region.

David Warren

Challenging.

Chung Min Lee

He said, Pakistan, North Korea and Myanmar. I said, 'Well, you know, I can name Australia and Japan and the US and also Indonesia and Vietnam,' and so on and so forth. So if you look at the legacy of smart power and what the US alliance really has done over the last 60 years is that despite the fact that we are quote, unquote 'All Asians', we have very different political values and I get very upset at this idea that Asian values as some prominent Asians have defined it, really is antithetical to democracy and freedom and human rights because the Japanese and the Koreans and the Taiwanese and others have shown that this is eminently possible.

So before we feel this real good euphoria about this Asian home, I think we have to put to rest the notion that Asians can't be wealthy and free.

David Warren

Thank you. I'm going to go to the gentleman in the corner over there.

Question 6

Hi Mike. Mike and I have had dialogue about these issues for a long time. Mike you as a, not only great scholar, but as a former official, it was a very convincing, reassuring talk, that I as an irresponsible pure scholar, just want to raise a question of doubt, a little uncertainty. I think based on your analysis we are seeing a situation where the Chinese are playing chicken. They're going to continue to play this, a game of chicken and I think the probability of some kind of very unfortunate events is increasing and that may continue I believe in a single situation.

If we have collisions, especially between Japanese and let's say Chinese military forces, plane collisions or whatever, I am worried that the whole tension in our strategy between engaging China and reassuring Japan and other allies is going to get to a point where we can't handle it, we won't be able to achieve these goals very well. We already saw the differences over the ADIZ issue.

So what happens then is I am worried that the Japanese may lose their admirable discipline, that they may do things that they've been talking about like stationing personnel on the Senkaku Islands, authorizing ASDF forces to fire warning shots and so forth and they start to play chicken and I just wonder what we should do? Perhaps Kerry Brown and Chung Min Lee can say something about this. What can we do after an incident in order to try to square the circle, [indiscernible] the Japanese while engaging Chinese enough and is there any way we can start thinking about deterring the Chinese from this type of behaviour?

Kerry Brown

Well, I tried to end my talk with a dot, dot, dot, melodramatic, but again we handle the actual crisis because I do think the evidence is strong that structurally, I didn't add values or pulling on people to people relations between the US and Japan which are as strong as US and Korea, stronger actually in some polls. So structurally I think we're bound together by the nature of international relations and values and concepts of regional and global order. But if you have a Chinese ship land people on the Diaoyu Dao/ Senkakus or if there's a collision in the air, it will be one of those moments that will define American credibility.

In the first instance I personally think it's very unlikely that any of the things that you hear in Tokyo about surface to surface missiles or landing people on the Senkakus, very doubtful that will happen in the first instance but if the US response to this scenario is too weak then the odds go up, the hedging increases. That's why to me it's been quite worrisome that the Obama administration has not a theory of the case, did not have a consensus on why these incidents are happening. I think they are moving in the direction of understanding that this is fundamentally a test of wills and that dissuasion and deterrence have got to be consistent.

I think that was Hilary Clinton's view, but she's gone and I think it's slowly moving back in that direction and so now we're getting down to brass tacks with the Japanese as we talk about planning. It's going to be hard, so for example the Japanese planners would, and we're only starting to talk about these things because we didn't know what we thought on the US side. Now that we are Japanese planners are very interested in the role of the military in what's called Phase Zero, before the fighting starts, in the coercive stage, and the Japanese side is very eager to find with the US 7th fleet what the Japanese self defense forces will do in these scenarios and the Americans who have a lot more experience in planning are saying, 'No, no, in that initial phase the last thing you want to do is escalate too much, let's think about diplomatic tools, economic tools,' and then the Japanese response is, 'You're not going to defend us?'

So we're just starting to get into some of these, between professional planners, military, diplomatic experts, the White House and Japan's NSC and it's going to be hard work. We have to be consistent at it and we have to have a theory of the case which we haven't had. I think now there's at least some consensus that deterrence and dissuasion matters. That's important finally because I think what the US needs to convince Japan to do is think about deterrence and dissuasion but think also about reassurance. What's the way you prevent escalation, what's the way you reassure China? That has to be a part of the strategy.

We earn that with Japan by being credible on deterrence. So the process is starting and hopefully it will shore up stability and hopefully there won't be a crisis before we're ready.

Question 7

Thank you. I have two questions related to that portfolio. Chung Min, I was delighted that a united Korea would need to be nuclear free. I know that's government policy, but you said it more strongly than I've ever seen it stated and now that you are a diplomat, we can take that as a strong statement.

I don't know if you were reading Talking Points. If you were reading Talking Points, I don't know if you would have said that North Korea has several nuclear weapons. You might have said nuclear devices, I'm not sure. The question is this. The Asan polls that you cited, 60 per cent or more of the recipients talked about that they wanted nuclear weapons of some sort and it's not just one poll, but two. So what are we to make of that?

Michael, I wonder what Washington makes of that. Is there any rising level of concern about that or about Japan? Are there any indicators in Japan that give one a little bit more reason for concern about the potential for Abe as he moves down the path of becoming more normal defence nation, might go overboard in that sense?

Chung Min Lee

Thank you Mark. I don't have any talking points Mark, but you know, my President said a few weeks ago in an interview that if we don't, the stakeholders, don't resolve the North Korea nuclear issue, there will be opportunity cost including a potential nuclear domino and there were some people who argued, well, does that include, for example, a South

Korean 'independent nuclear capability'? and my answer to that is very simple. Obviously not.

She was rating the spectre of not doing something in particular by reigning in the North Koreans. When you allude to those polls, I think Mark, part of the reason is because we have the one, two, three, ROK-US civil, nuclear agreement that has to be renewed. It's been renewed for two years, but both negotiators are talking, as we speak, trying to hammer out an agreement that basically meets South Korea's longer term nuclear energy aspirations and needs and America's non-proliferation concerns and I'm quite sure that we will be able to come to an agreement fairly soon because we are running out of time.

As I said, there are people in South Korea who may think about an independent nuclear, I guess, [indiscernible] but that's not going to happen because it is not only government policy, number two, as I said, every major stakeholder in the Korean government, in the military believe very, very clearly that we should not do anything that would permanently damage our alliance with America.

Michael Green

Well thanks Mark. When Mark was in the State Department and I was in the White House he was always right. There are not many officials I'd say that about and unfortunately we didn't always listen. Japan, in my view, not as a matter of official policy, but as a reality has maintained a latent deterrent for decades. If anything, that's under pressure now because of the post-Fukushima difficulties sustaining public support for nuclear power. There have been officials in Japan and politicians who have talked about the nuclear option. Part of it is a sort of feel good saying we can, just reminding themselves, we can. I think a lot of it is aimed at reminding the US how important our extended deterrent is.

In Korea the latent nuclear deterrent is much less sophisticated. We actually caught [indiscernible] trying to do it and shut it down pretty effectively several decades ago but I think there is a desire to have that latent deterrent and I think that's one reason why you hear engineers and scientists in Korea talking about nuclear sovereignty and it's not just comparing with Japan. It's a capability a lot of people want.

After the North Koreans tested their first nuclear device, in public opinion polls 80 per cent of Japanese said, under no circumstances do we want nuclear weapons, no circumstances. 80 per cent of Koreans said, well... Now some of that I think is that for Korea it's a little bit more cavalier. You read the wrong newspapers. Well, of course, recently John's and my fellow IISS alum, Chung Mong-joon, a very prominent, conservative leader has been talking about re-introducing tactical nuclear weapons which was an idea in Japan as well among some conservative thinkers.

I think he's trying to be thought provoking. The bottom line is, I don't think proliferation of nuclear weapons in Japan or Korea is a very real problem. As long as we can maintain a credible extended deterrent, I think we are doing that on the capability side in terms of our warheads and our, you know, we don't use certain things we used to use, like tactical nuclear weapons. I think we've maintained credibility on the capability side, but as you know very well, extended deterrent is measured by our allies in terms of intentions too.

There we're not always quite so reliable and I don't think senior people give that enough thought.

The bottom line is, for both Japan and Korea, very unlikely and any path to nuclear weapons development goes through extended US deterrents. So we'll have so much time to do something about it, it would be our fault.

David Warren

Now I think we've got five more minutes. So I'm going to take a group of questions. Gentleman in the front row and then gentleman in the second row.

Question 8

I just wanted to ask. So Mr Green, you mentioned that China has increasingly become assertive and coercive, also using increasingly more military power and I think it seems to many scholars or many seem that China basically holds the view that China is the main source of instability in the South China Sea by increasingly asserting its territorial claims. I would like to here quote like General Wang Guanzhong basically he stated that the speeches of Mr Abe and Mr [Heigl] during this year's Shangri-La dialogue were pre-coordinated and I would like to quote that he said, 'China only takes counter measures against others' provocation and increased assertiveness has come from the joint actions of the United States and its allies, especially Japan, not China.'

So my question is, is this view that yes, security challenges in the Asia-Pacific area are a problem of an increasingly assertive China, not a biased, like not based on a biased few, like not a biased few based on a US-centric perspective.

Question 9

Thank you. First of all, thank you very much Professor Lee, I totally agree with you on what you have said about Japan and South Korea, has a wonderful opportunity to work together, produce something very positive for the world peace, so that we hope we can focus on what we can provide, not divide us. Join us, yes. One comment, Mike is right that what we need is kind of some emergency communication networks but I think this is pretty urgent that, not just confidence, we do need some mechanism to... Is there anything that you can think that the United States can somehow help us to do that?

The question to Mr Brown is that while Mr Abe that is mentioned in Singapore, that [indiscernible] and then is there, well, I also want to be very optimistic about the kind of China and China's behaviour in the future but is there any way for us to be optimistic about that China is going to be respecting more the rule of law? Is there anything that you can think about that the international community can do?

David Warren

Thank you, that's fine. Brief responses please and then I'll take two quick.

Michael Green

The US and Japan as allies coordinate a lot but frankly one of the problems right now between the Abe, the prime minister's office and the Obama White House is they don't pre-coordinate these things very much. I think frankly both Heigl and Abe's message might have been a little more subtle had they thought through the combination of messages but they're generally coming from the same place.

Is it a US-centric view that China is being assertive and using coercion? I don't think so. One reason we did this survey was to see what foreign policy experts around Asia thought and it's pretty broadly agreed and particularly strong in countries like Japan and India. We didn't even include the Philippines and Vietnam in our survey. So I would expect General Wong to say no less than it's Japan's fault and the US fault but I think the dynamic in Shangri-La was such that the Chinese finally realized that that dog ain't hunting, we say in Maryland.

On CBMs, there's a lot the US can do. We have to be careful not to be a kind of neutral broker, since we are allies with Japan. I think, I would like to see Abe with a little more reassurance message, just a little more on that side and I think we should be pressing China to have dialogues. Xi Jinping plans on having no dialogue with Abe until he buckles and that's just not a healthy thing between two important powers like Japan and China.

David Warren

Kerry, anything quick on maritime?

Kerry Brown

Yes, that China will accept the rule of law of the sea when it's in its interests to do so. It obviously doesn't think it is at the moment.

David Warren

I'm going to take two very, very fast comments/questions from the gentleman who has got the microphone in front of him and then the lady in the row in front

Question 10

Thank you, very quick question. Two questions to Kerry and Mr -

David Warren

I think it must be just one question. Sorry, we don't have time for two.

Question 10

Okay, I think the most serious Chinese problem in China is the corruption issues and I think minority issues and authoritarian regime is corrupt and China doesn't have an

accumulation of experience for management of ethnic minority. Do you think Xi Jinping administration can somehow address this problem?

Question 11

My question is for Michael Green. I was really interested to know if you did a study on how each country perceived China, like what characteristics of China make up Japan's perception of China and what characteristics of China make up Indonesia's perception of China and how you compare them, if they're very different or if they're very similar? Basically my question is, it sounds very simple, perhaps it is very simple, is whether China, which in my opinion encapsulates a very complex set of values and interests -

David Warren

Thank you, I'm going to stop you there. First one to Kerry and then Mike.

Kerry Brown

Yeah, on corruption. I mean it seems a sort of very political and tactical kind of campaign that's been sort of undergone for the last year, year and a half and I can't see a profound sort of idea of the party sort of ethical basis. I mean the Communist Party still searches for a sort of party ethical basis and I don't see that being articulated through this campaign, this is about something completely different.

Michael Brown

We didn't ask that explicit question in this survey of elites but there was evidence, I think, in the responses to indicate there are very different interpretations of what China is, depending on whether you're Korea or Japan. As Chung Min said, for Koreans, it's largely an economic threat, for Japanese it's overwhelmingly a security threat and so there are differences in terms of what China they see, what their historic relationship is.

The common denominator though is much less, well the common denominator is real anxiety about a Sino-centric system and so the narrative of China, [indiscernible] and others about peaceful rise being, you know, historically and natural in the interests of Asia because they're tributary states, never got attacked and everybody was legitimized through trade, yada, yada, yada, which works very well for a Marxist like Xi Jinping, study of Marx, student of Marx because of dialect of materialism and trade patterns define history.

That narrative is increasingly dissonant with what the rest of Asia sees which is a real allergy to this idea that Sino-centrism is good for Asia. In economic terms, it's good, most people think, but the use of coercion, everyone is feeling it, or almost everyone is feeling and I think what would be healthy for the region is if Chinese experts begin to internalize some of this and think through how these clashing narratives hurt China's interests. That's an optimistic outcome and maybe we should end on that optimistic note.

David Warren

Let's do that and let's flag that up as a theme which might be reflected in the second session this afternoon when we get into some of the sectoral and thematic issues. Thank you so much for some fantastic questions. Please show your appreciation to the panel.