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PANEL ONE

ASIA POLICY UNDER THE NEW U.S. ADMINISTRATION

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Welcome Remarks

Paul S.P. Hsu
President, Epoch Foundation and Chairman and CEO, PHYCOS International Co.

Richard Bush
Senior Fellow and Director, Center for Northeast Asian Policy Studies, Brookings

Keynote Address: U.S. Foreign Policy in the New Administration

Strobe Talbott
President, The Brookings Institution

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Michael Schiffer, Program Officer, Stanley Foundation

A view from Hong Kong
Frank Ching, Senior Columnist, *South China Morning Post*; CNAPS Advisory Council Member

A view from Japan
Tsuyoshi Sunohara, Senior Staff Diplomatic Writer, International News Department, Nikkei Newspaper

A view from Korea
Wonhyuk Lim, Director, Office for Development Cooperation, Korea Development Institute; CNAPS Visiting Fellow, 2005-2006

A view from Taiwan
Erich Shih, News Anchor/Senior Producer, CTi Television, Inc.; Visiting Scholar, Peking University School of International Studies; CNAPS Visiting Fellow, 2003-2004

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Richard Weixing Hu, Associate Professor, Department of Politics and Public Administration, University of Hong Kong; CNAPS Visiting Fellow, 2007-2008

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Wing Thye Woo, Senior Fellow, Foreign Policy and Global Economy and Development, The Brookings Institution

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Zhang Wei, Visiting Fellow, Global Economy and Development, The Brookings Institution

P R O C E E D I N G S

ANNOUNCER: (In progress) Dr. Richard Bush will chair this panel. Let's welcome Dr. Bush and the panellists.

RICHARD BUSH: Thank you very much. The title of this panel is "Asia Policy under the New U.S. Administration." This is a subject on which there are many questions, and maybe a little bit of anxiety here in this region because there's always a little bit of anxiety when change comes. To address the questions about the policy for the new administration we have a really outstanding panel and since you have their biographical information, I'm not going to spend much time introducing them. I'll just say a little bit about each person and then we'll begin.

To my right is Michael Schiffer with the Stanley Foundation in Iowa. Michael has worked in Washington, D.C., but he has played an important role more recently at the foundation using his position there to help frame discussion in the United States about U.S. policy toward Asia and has performed a really outstanding service. Frank Ching, I think, is known to everybody here. He is one of the most outstanding columnists about issues relating to China, U.S.-China relations, the Taiwan Strait issue and so on, as well as Hong Kong itself. To my left is Tsuyoshi Sunohara, a really good friend of mine from Japan. He works for Nikkei Media and is probably one of the best informed people in Japan about Japanese foreign policy, the U.S.-Japan alliance, and Japanese domestic politics. Sitting to Michael's right is Wonhyuk Lim. Wonhyuk was a visiting fellow at Brookings a couple of years ago. He works for the Korea Development Institute, but knows a lot about many things including inter-Korean relations, U.S.-Korea relations, and so on. And then finally Erich Shih, who was a visiting fellow at Brookings a few more years ago, and is a real expert on U.S.-Taiwan and cross-strait relations. So let's jump right in and start with Michael with some remarks about providing the perspective from the United States. Michael?

MR. SCHIFFER: Well I just want to start off by expressing my thanks to Richard and to CNAPS and Brookings and also the Epoch Foundation for making today's discussion possible. Much appreciated.

I know that everybody here wants to hear specifics about President-elect Obama's policy in and toward Asia. And so I know that I'm bound to disappoint you all right at the outset in telling you that I really can't provide you with many, if any, of the answers to the questions that you're looking for. Usually in my relations with people it takes a little while before I disappoint them, but I figured I would just cut right to the chase here today. The simple fact of the matter and the reason why I can only provide you with limited insight is that, although the transition is now several weeks underway, we don't yet have a new administration. That won't happen until January 20th. And even when we have a new administration, it's going to take time, an awful long time as many of you know, before a new administration is able to staff itself and orient itself, let alone before the administration is able to start articulating its policies with any precision. So

we don't particularly have policy statements in the administration that we can point to either.

Just to give you a sense of comparison for how long this process can take: as some of you may recall, on September 11, 2001—only nine months into the Bush administration—there were two confirmed political appointees with policymaking positions at the Pentagon, Secretary Rumsfeld and Secretary Wolfowitz who had just gotten confirmed one week earlier. So this whole process, even though the formal part of the transition ends on January 20th, actually takes quite a while. And while I suspect that President-elect Obama's team will do better than the Bush administration team did, the larger point remains. And what that essentially means is that we, the United States, we need to impose on our friends for an awful lot of patience over the next period of time as we go through this transition process. It's going to take the new administration a while to sort out the sort of policy detail that I know you all are anxious and looking for.

Now as I think I have something like eight or so minutes left to go here and I don't want to get in trouble with Richard, I thought that perhaps what I might be able to do that would be useful would be to build on some of the comments that Strobe Talbott made earlier and to try to point out some of the foreign policy and national security themes that emerged over the course of the campaign and have emerged during the first two weeks of this transition process, themes that I think you might find useful in thinking about as you consider how the new administration is going to approach the world at large as well as the Asians and the region specifically. And I should stress in highlighting these themes that these are my own personal inferences and speculation. It's based purely on my role as an observer and analyst watching the campaign and the transition process, not based on any particular special inside or insider knowledge.

So, the first theme I'd like to point to is the idea that U.S. national security interests don't change just because an administration changes—even when the campaign slogans change, and even if the change in administrations is across party lines. National interests are or are supposed to be enduring, not subject to changing partisan or ideological interpretation, and not subject to personal acceptance. This is something that Senator, now, President-elect Obama has pointed to in a number of statements he's made over the course of the presidential election process.

And so, for example, I don't think that you'll see in the Obama administration a sort of reflexive ABB—"Anything but Bush"—in Asia the way that you saw ABC—"Anything but Clinton"—in the early days of the Bush administration. Where there is progress and merits being built on them, I suspect that we will see an Obama administration that will see to do so, and in areas where the United States needs to reorient policy and rebalance its national security portfolio, I'm guessing that they will seek to do that as well.

Following from this approach, I think there's a feeling—a bipartisan one as Strobe pointed out—that U.S. policy needs to be guided by pragmatists using all of its national power as appropriate to secure national interests. I think we're going to see a

real functional problem solving orientation for the new administration driven by what works and what is effective in the real world and not by a sense of what ought to work as a matter of theory. And I think you can very much see this pragmatic orientation reflected in the choices that President-elect Obama has made for his cabinet and his national security team in particular.

The third theme that I'd like to point to is that within the President-elect's team I think you can see an appreciation that some of the old categories and ways of thinking about the world and how it works may no longer be helpful or useful or appropriate given the realities of the 21st century globalized world. There are new patterns in the distribution or diffusion of power. There are new challenges and issues, like climate change, where solutions may defy some of the traditional approaches to the national affairs. I find it interesting, if not necessarily significant for example, to know that one of the early foreign policy issues that Senator Obama focused on when he first came to the Senate was the threat of avian flu and pandemics in Southeast Asia and building a more effective regional and international response mechanism.

The fourth theme that I'd like to point to you from President-elect Obama's statements on the campaign trail is an appreciation in U.S. position in the world is best and can most effectively be pursued when we work with our friends and partners. If you go back and read President-elect Obama's campaign statements, there's an emphasis on strengthening bilateral ties and making sure that the United States gets right its relations with key partners in the region—like Japan and South Korea—relationships that have been adrift or gone off track in recent years. At the same time, there's also a deep appreciation of the need to more effectively connect the United States in the emerging multilateral order and multilateral international institutions. This is reflected in making Susan Rice as the ambassador-designate to the United Nations a cabinet-level appointment, which is a tremendously important symbolic move about the importance of the new administration places on U.S. engagement with the international community.

More specifically in Asia, I think there is an understanding that while we don't need to be in every institution, the U.S. can no longer afford to be absent in the creation of a new set of Asian political, economic, and security institutions. So I suspect we will also see a renewed commitment to U.S. participation in regional architecture and institution building efforts.

Even with this emphasis on multilateral ties and multilateral structures, I think that another one of the themes that emerged during the campaign is that it's not particularly helpful to divide the world into “us versus them” and that there will be a new emphasis on finding ways to listen and to talk with others about both similarities and differences. On the campaign trail, for example, Senator Obama was always careful to characterize the U.S.-China relationship as having elements of both cooperation and of competition. In some ways, the approach of Senator Obama on this set of issues is very Asian. It's an attempt to seek harmony in the system: placing emphasis on finding areas of cooperation commonality, where they exist; and seeking to build and expand on them. This approach should not be taken, however, for any naivete or illusion that with some, at

least, real differences don't exist or lack of willingness to take the preparations and be ready if efforts to forge greater cooperation fall short. It's simply—as we saw in the debate during the campaign about when, whether, and how one negotiates with rogue regimes—that the United States should not be afraid to engage with their adversaries diplomatically when it serves our interest to do so in the right way, of course, and with due preparations.

There are very few illusions, for example, about the chances of success when it comes to dealing with the regime like the DPRK on its nuclear weapons programs, but that does not mean that sustained direct diplomacy should not be given every effort. And I'd even offer that in failure, the hand of the United States can be strengthened if the diplomatic effort builds greater legitimacy for the U.S. position and policy and helps us to forge more effective multilateral coalitions to deal with whatever the challenge is that's at hand.

Lastly, one of the clear themes that I think emerged from the campaign is a need for the United States to reinvigorate its own values, to get our own house in order at home as a predicate for being able to pursue a successful foreign policy abroad. That we need to be unified at home, that we need to live up to our own ideas and our own ideals, that we need to address our own economic and fiscal challenges before we take our ideas abroad. That's a brief overview touching on some of the themes that I picked up—obviously a very impressionistic listing and look forward to hearing your thoughts and comments when we turn to the discussion. Thank you.

DR. BUSH: Thank you very much, Michael. You were quite accurate when you emphasized the slowness with which our system moves from one administration to another. But I think that you provided a lot of substance on what one might anticipate when those details emerge. We now turn to Frank Ching.

FRANK CHING: Thanks, Richard. I'd also like to thank Paul Hsu, president of the Epoch Foundation, and Strobe Talbott, president of the Brookings Institution, for making this conference possible. I'm going to make few remarks on U.S.-China relations. I remember talking maybe 15 years ago with the then-president of the Chinese Academy of Social Sciences in Beijing about U.S.-China relations and he said, you know, the relationship is not going to get either very good or very bad. It's not going become an excellent relationship with no problems and it’s not going to become a relationship that cannot be retrieved. And as Michael said, our national interests don't change with elections, so I expect this situation to continue in the Obama administration and I don't think the Chinese leadership is very worried about what President Obama might do even though he talked a lot about change during the campaign, I don’t think that he's going to bring any change to the U.S.-China relationship.

Now I know that different presidential candidates have wanted to change U.S. policy and I do remember just one year after normalization, Ronald Reagan said if elected he would change policy and would revive an official relationship with Taiwan. But, of course, after he was elected he had second thoughts, and didn't do that. And Bill

Clinton said he would link China's most favored nation trading status with its human rights performance and he tried to do that for one year and then he said, well, we've come to the end of the usefulness of that policy, and moved on. So I think that the policy presumably is a quite good one because there is no alternative to what has been U.S. policy now for three decades.

Now, I think that China is a little unsure of what Obama means by "change." I had an informal discussion with a Chinese official recently and he said, you know, when China talked about change 30 years ago, it was very clear what China wanted and was going to be reforming and opening up and we've stuck to this change for this 30 years. But when Obama talks about change, we don't really know what he means, what he's going to do.

China was not a campaign issue and I think that was very good because whenever China or Asia is the campaign issue, it's not good for that part of the world. But Obama did say some things about China. One thing I remember him saying one time was that if he was president he would ban all toy imports from China. I don't that's meant to be taken seriously. But he did talk a number of times about the Chinese currency and he said that China was manipulating the value of its currency in order to gain trade advantages. And I think that he has said this so many times that he probably has to do something about this, but as you know factories are shutting down in China, so I don't think that pressure on China to revalue its currency is going to be effective. It's probably going to be counterproductive. But, Obama wrote a letter to the National Council of Textile Organizations in October where he accused China of "manipulation of its currency's value" and said to that the country had to change its foreign exchange policies. And he promised to use "all diplomatic means at my disposal to induce China to make these changes."

Now, I think it's fortunate that he used the term "all diplomatic means" because diplomatic means can be exhausted without his having to take real actions such as legislation or imposing surcharges on Chinese imports. So he may have left himself enough wiggle room there.

Now, sometimes I think with China preferred John McCain to have won this election. Historically, people think that Republicans are more free-trade and China might get along better with a President McCain, but there are some things that John McCain said during the campaign that I don't think China would have liked. For instance, he talked about setting up a league of democracies and I think a league of democracies would have been seeing us directed against China. So I'm sure that China would have reacted negatively to that. And the former League of Democracies involving in the U.S., Japan, India, Australia as we see, is no more. Taro Aso made it very clear that he's not going to take part in that. And so a new league of democracies, I think, would not have been welcome in China. And then after the Bush Administration came out of its arms sales package, Obama voiced support for this, John McCain went even further and said that it wasn't enough and that the U.S. should have included in that package things like submarines and F-16s. So I think that from that standpoint, Obama

might be a better person—from China's standpoint—might be a better person to win the presidency than McCain.

During the Bush administration, I think there were times when the U.S. tried to put China in its place and I'm wondering whether this might also happen in the Obama administration. Shortly after the Bush administration was formed, the Deputy Secretary of State Richard Armitage was sent to Tokyo, Seoul, and New Delhi to discuss American plans for building and deploying missile defense systems. But very conspicuously, he did not go to China. The trip to China was given to a lower level official, Jim Kelly, the Assistant Secretary of State. And then in 2005, after China proposed a "strategic dialogue" with the United States, the U.S. accepted but refused to call it the "strategic dialogue" because it said the word "strategic" is reserved for allies like Japan and the United States. So while China calls this a "strategic dialogue," the U.S. calls it a "senior dialogue," because "strategic" could not be used where China was concerned. And then you remember in 2006 when Hu Jintao went on his first visit to the United States as the President of China, the Chinese wanted to have it be a state visit and the U.S. refused to call it a state visit. I think that these are very small things, but put together it probably is not good for the relationship.

And how would China rank in the Obama administration? We don't really have very many clues to go by as yet. But, you know, after Obama was elected, he received congratulatory messages from leaders around the world including messages from both President Hu Jintao and Prime Minister Wen Jiabao and he started to call back these world leaders, I think, on November the 6th and the first people he called back were American allies and American neighbors like Canada and Mexico, and allies like Australia, Germany, France, South Korea, the U.K., Japan. By the 8th, he got around to calling Hu Jintao and Hu Jintao was among the third batch of people that he called back. Hu Jintao told Obama that the two countries should accommodate each other, especially on their key concerns—sensitive issues like Taiwan—and Obama told Hu Jintao that China was a great country.

But, I don't think Hu Jintao felt snubbed that he wasn't among the first group of countries to call back. At that time there were still other people who had not received phone calls from Obama. I think by the 9th, maybe the Prime Minister of India had not received a phone call. The President of the Philippines had not received a phone call. And I assume they had had their calls back by now. There were some people who never did get a call—the President of Iran congratulated Obama which was quite remarkable—the first time in thirty years that an Iranian leader has congratulated the winner of an American presidential election. And President (inaudible) also said congratulations and I don't think he got a call back probably for the same reasons.

So I hope that the exact order of telephone calls will not be a guide to the Obama administration's order of priorities. Actually many people feel that the Bush administration's China policy has been a very successful policy, one of the few, I guess, components of Bush foreign policy that is successful. And so I think it would be good if the new administration did not change that radically. But I think if the new

administration can deal with China with a sense of respect and China will deal with the new administration with a sense of respect, that that would be conducive to developing the bilateral relationship in a positive direction. Thank you.

DR. BUSH: Thank you very much, Frank. Now we go to Sunohara-san.

TSUYOSHI SUNOHARA: Thank you, Richard. And like my colleagues I'd like to say thank you very much to Mr. Hsu, the Epoch Foundation, and other Taiwanese friends for making great efforts to set up this wonderful event and it's my pleasure and honor to be a part of this event. Thank you very much.

As a Japanese journalist, over the last 20—more than 20 years—I've been observing the U.S.-Japan relationship and alliance, and the U.S. policy toward Asia, as well as the Japanese policy toward the United States. I'd like to tell you something: Japan is a Republican country. And this is widely perceived not only by Japanese, of course, by American friends including Democrats like Strobe or Richard or other people across the Pacific. And I can tell you the reason. The reason why we Japanese—which excludes myself—in general Japanese believe while Republicans are in White House, the U.S.-Japan relationship is good. Ever since Reagan came in, I got some access. Special assistant to Gaston Sigur he told me this secret story. He got an order from President Reagan: hey, Gaston, we need to have a new Asia policy. Give me a memo, just one line. And he said, okay, and he gave a memo: let's focus on Japan for Asia policy. I guess Gaston told this story to a lot of Japanese officials as well as lawmakers. Ever since that time, the Japanese political or policy elite do believe that when Republicans are in the White House, it's okay about the U.S.-Japan relationship.

On the other hand, we do have some problems with some Democratic administrations—say during the Carter administration, President Carter all of a sudden announced to withdraw their forward presence from Korean peninsula. President Clinton actually studied a so-called trading initiative with numerical targets with Japanese counterparts. And also he made that very famous, among Japanese, trip to China which we call “Japan passing” which means without dropping by Tokyo that time. And because of those two combinations, we do believe that when Republicans are in control over U.S. legislative branch or the executive branch, it's okay.

But, now when we have a new democratic administration, we should catch up and we should change our policy. But yet I can tell you Japanese elite still very much obsessed with what I call “Republican-first approach.” On China, as you might remember, during this presidential campaign, we couldn't see a lot of China passing rhetoric or remarks by both candidates, Senator McCain or Senator Obama. And this is lucky for Mr. Obama to inaugurate his days as a president because he has a sort of free hand in terms of the China policy. To look back upon say the 2000 election, Bush called China the “strategic competitor.” Look back on '92 election, Mr. Clinton actually criticized Mr. Bush—senior Bush 41—for his soft posture on China. But Mr. Obama didn't say anything negative publicly. That means, from our Japanese perspective, that he has a free hand in terms of the China policy.

And these two stories, about our Republican-first approach and Barack Obama has a free hand in China policy, actually gives us a huge handicap from our Japanese perspective in terms of how to maintain a very unique and sensitive strategic triangular relationship between Washington, Beijing, and Tokyo.

And having said that, I'd like to tell you that we do have a lot of issues now between Washington and Tokyo in terms of foreign and security policy. As you know, one of them is, of course, North Korean's nuclear problem, but at the same time, we do have a lot of domestic or bilateral issues like realignment of U.S. forces stationed in Japan, or the Okinawa issue, a related issue to this realignment. And also the F-22, whether we can get F-22s from the United States or not. Or how to modernize the nuclear umbrella given the new reality in terms of a security environment in this region. But I don't see any sign—especially on the part of Japan—to get ready to talk vigorously and honestly with our U.S. friends. And this is again reality.

And recently, as you know, Mr. Obama announced that BobGates is going to remain as the Secretary of Defense while he also nominated Hillary Clinton to be Secretary of State. This will be interpreted by Japanese kind of as a mixture of some good news and bad news. Good news of course Bob Gates remaining in his seat. He is widely respected, not only by Americans but also by Japanese, and he's deeply committed to the realignment of those U.S. forces in Japan as well as to keeping a strong commitment to the defense of Japan. And again I brought some stories and memos to Japanese officials, in public or off-the-record basis, in which I insisted we should get working to work with Democrats -- especially Hillary Clinton, earlier this year. But a lot of people inside the Japanese government actually criticized me a lot and in the hope that the Hillary would not make it. They are right. Hillary could not make it. But now Hillary can make it as a Secretary of State. So to my surprise, it's too late for the Japanese government to get ready for how to cope with the Clinton—I would say Clintons—not only Hillary, but Bill Clinton.

So we are now carefully watching who is going to be key advisors not only to Hillary Clinton, but also of course to President Obama. Say namely Deputy Secretary of State, Senior Asia Director at the NSC, and also of course, Assistant Secretary of State. As you know, Chris Hill current, acting Secretary of State who is vigorously engaged with North Korea, he is not so popular among Japanese because of his commitment to North Korea. There is a stupid nickname among Japanese about Mr. Hill, I would say I should reveal this. His nickname among Japanese is Kim Jong Hill. This is stupid. I'm telling officials you should not spread out this kind of stupid nickname because he is your counterpart. No matter what policy he's going to do, we should work on it. And we should cooperate together with him. But because of their growing frustration about this posture toward the DPRK, Japanese are very much frustrated, very much unhappy. That's why they are pleasing themselves by ridiculing Chris Hill with such kind of stupid nickname.

And as a conclusion I would say given the political climate right now in Tokyo, we are now killing each other among Japanese. Sometimes some kind American friends also tell me that we Japanese are in the process of self-marginalizing. This means that we are putting aside for the mainstream of the foreign policy arena and that if we tack in that direction, China absolutely would come in. So is this okay with us? Is this okay with the United States? Is this okay with Taiwanese friends? Or South Korean friends? Absolutely not. We should get ready. And we should learn how to work with Hillary Clinton as well as a Democratic president and then what we call bipartisan diplomacy. That is something we have to find out in coming months. I don't say in coming years—in coming weeks or months. The time is running out, but we are still very much behind. We are heavily handicapped in this regard. Thank you very much.

DR. BUSH: Thank you very much. I would just note two anomalies in your excellent presentation. Number one is that Chris Hill is working for George W. Bush who is very much a Republican leading a Republican administration. Number two and more seriously, this idea of Republicans being better than Democrats for Japan, is inconsistent with Michael's idea that national interests are the same across administrations. Maybe we can get to that question. Wonhyuk?

WONHYUK LIM: Thank you, Richard. In my talk I will try to provide a broad context of U.S. foreign policy first and then talk about the new administration's Asia policy as much as I understand it and then move on to Korea policy.

As Strobe and Richard said this morning, in many ways Senator Barack Obama's victory in the 2008 presidential election was a watershed and it marked the end of an era in U.S. domestic politics. In the eyes of many, to quote Judith Warner of the New York Times, this was “an era of unbridled deregulation, wealth-enhancing perks for the already well-off, and miserly indifference to the poor and the middle class; of the recasting of greed as goodness, the equation of bellicose provincialism with patriotism, the reframing of bigotry as small-town decency.” Pretty harsh words. New York Times.

And it also meant a return of those who basically dropped out and tuned out after the assassinations of Martin Luther King and Bobby Kennedy in 1968. And the powerful image we remember from the election day is that of Jesse Jackson's face drenched in tears in Chicago, and the election basically gave a reason to hope again for these people and take pride—a justified pride—in the vision of a nation where people are judged not by the color of their skin, but by the content of their character.

Now at this point, a cynic might say how can you justify such pride when you just gave the world's worst job to a black man? But let's just say, the job has a great upside. Now the international significance of the election may be not as great as the domestic ramifications. But still there's an unmistakable sense of goodwill expressed towards the United States after the election and in spite of the challenges posed by the wars in Iraq and Afghanistan and other threats, this changed international environment and this new emotive connection with the United States gives the new administration a chance to have a new start.

And I think Senator Obama knows that very clearly. As Michael mentioned, they have yet to produce—the administration has yet to take office, so we don't have an official policy statement that we can gauge what the administration's Asia policy is going to be by looking at the campaign platform and documents. And let me try and quote at length, because I think it's worthwhile, from the document titled Strengthening U.S. Relations with Asia that came out in August 2008, and I quote, "Our narrow focus on preventing the spread of weapons of mass destruction and prosecuting our war on terrorism have earned us some cooperation, but little admiration. The war in Iraq has lost us goodwill among both allies and adversaries and has distracted our attention in policy initiatives from Asia's issues. Our occupation of Iraq has given a strategic advantage to China in the region with as yet uncertain consequences." End of the quote.

And as the quotation shows, I think President-elect gets it or at least his advisors get it about what's going on in Asia. And Senator Obama believes that the United States needs to strengthen alliances and partnerships and engage more broadly the regional trend toward multilateralism in order to build confidence, maintain regional stability and security, restore U.S. international prestige, and promote trade and good governance in Asia. I think it's critical to note that the emphasis on combining bilateral alliances and multilateral cooperation is clearly stated in this document, and also the idea of promoting trade and good governance. But note that the phrase is "good governance," not "democracy." I think that "good governance" is a much more inclusive term and you can have good governance even if you don't have a competitive election. If a government is responsive to the needs of the people and accountable in some ways, through some mechanism, for its actions, it could have good governance. So it's not a repeat of the Bush administration's aggressive democratic peace theory that's restated here, but rather a much more expansive vision of Asia.

And in the same document, Senator Obama says that the United States will reengage with and listen to our Asian friends after years of giving the region short shrift. So the operative word is reengagement and combination between bilateral alliances and multilateralism, and what's added there is also the idea of sustained, direct, and aggressive diplomacy. This phrase comes up when it describes its policy towards North Korea, but it could be applied to other regions as well. And this has implications for the new administration's policy toward the Korean peninsula. In fact, it almost reads as a sort of breath of fresh air to someone like me who has struggled over the past eight years to try to convince the U.S. colleagues that United States national interest is served by reengaging in Asia and placing itself firmly in the region as a stabilizer and participating actively in multilateral institutional initiatives. So in many ways, the new administration's expected policy toward the Korean peninsula seems in line with this idea of a U.S. and Asia approach.

Now one problem we've been having in Korea over the past month or so is the possible difficulty in coordinating policy between the Obama administration and the current Lee Myung-bak government in Korea, because, in many ways, Sunohara-san said

Japan is a Republican country, but the Lee Myung-bak government's preference was obviously toward the Republican administration, and there's a sense that they have to rework its policy to be in line with the new U.S. administration's policy.

The question at hand is what to do with the summit agreements between Kim Dae Jung and Kim Jong Il in 2000, and Roh Moo-hyun and Kim Jong Il in 2007.

Now the Lee Myung-bak government has tried to differentiate itself from the two previous governments by trying to sort of stay silent on these monumental agreements.

But that has had a very negative effect on inter-Korean relations, because, after all, North Korea is a dictatorship, and the documents that the dictator signs carry a lot of weight in North Korea. And basically, North Korea's political system is made up of the dictator and people who are afraid of their own shadows. So to get things done, you do need some summit-level diplomacy, but the Lee Myung-bak government has been very slow to recognize that, and wait it out until things improve.

Now, there's great uncertainty as to how inter-Korean relations will evolve. But, at the same time, I remain cautiously optimistic because the six-party process is in place and also, as I mentioned, much of the Obama administration seems to understand what needs to be done to solve the North Korea problem, that is, to take a phased and reciprocal approach to denuclearize the Korean peninsula as well as to improve bilateral relations with North Korea. Thank you very much.

(Applause)

ERICH SHIH: I'll try to be as brief as I can. Basically, the overall picture of the Obama administration and its policy toward East Asia, Taiwan, and the People's Republic is not going to change that much from before. Just like Strobe has said earlier, it's an element -- an issue of continuity.

And if the current situation between Taiwan and the People's Republic can be described as all "all quiet on the Strait." And why? We start with the United States. First of all, their short-term to mid-term interests vis-à-vis cross-strait relations is peace and stability. And so far, this policy has been working for the past almost 30 years -- five presidents. And nothing really needs changing in terms of this basic approach. So why fix it, when it's not broken?

Secondly, from the U.S. perspective, of course, is the worldwide financial crisis. And it highlights the interdependence and the necessity for the United States to rely on partners, not only the EU countries, but as well as the People's Republic. And, as we know, tomorrow will be another round of SED security and economic dialogue led by Hank Paulson.

On the other hand, China plays a major facilitating role to the U.S. regional and global issues—regional issues like the Six-Party Talks; and the global issues like global warming, energy issues, and the Iran nuclear issue. And if the United States has no incentive to change its policy and from the PRC's perspective, well, it is also in their interest, at least in the short-term to mid-term, not to drastically change in terms of cross-strait issues or Sino-American and Taiwan relations, because it is in their national interests. What they want has been peaceful development, and the core objective for the People's Republic has been and will continue –to be to maintain and achieve a good relationship with the United States.

From Taiwan's position, of course, given that now it's the Ma administration, what he's pursuing or trying to achieve is peace and economic development. At least this is likely to be the gist until the end of Ma's term in 2012. If in the short-term to mid-term the situation is not going to change much, do we have to worry about that? Probably not, because from, again, for the United States, they have their hands full—the world economic crisis, the sub-prime mortgage crisis, and the Iraq and Afghanistan issues. So cross-strait relations or even East Asian policies are not their highest priorities.

And, of course, added to that is the fact that most of the members of Obama's foreign policy team, from Richard to Jeff Bader and to Jim Steinberg, all from the Brookings Institution, they are all known quantities. We know them and we know what they think. It is generally reliable for us to make projections based on what we know about them. And, of course, when the primary focus for the president is not in East Asia, then that is good, because that means the policy will be run by the experts, starting with Richard, with Jeff Bader, Frank Jannuzi or Jim Steinberg. And if it's not run by the President, chances are the policy toward that particular region is not likely to be messed up.

From the PRC's perspective, of course, why are they going to stay the course? The reason is simple: because they want to stay the course of peaceful development. And also judging from not only what they say, but what they do, there's no obvious outside or inside pressure for them to do otherwise, to act erratically or through out of the blue surprises. And especially President Hu Jintao has honored his side of the bargain so far. Taiwan has no reason to rock the boat, simply because, first of all, that's what President Ma believes in. And secondly, frankly speaking, he has no better choice than pursuing this peace and economic development. Of course, he's betting that a peace dividend will materialize in Zhongnanhai. But, of course, it may take a lot longer than he had expected or all of us expected.

If short terms and long-term, the situation is going to be stable and even predictable, that does not mean there are no problems in the long term, because long-term wise, from the mental divergence in national interests, of course, if the United States has pledged that it will take no position on the outcome as long as both sides agree on the final arrangement.

And the United States has stayed true to its one-China policy, the three communiqués and the Taiwan Relations Act. But what if the United States has to deliver on its promises? What if cross-strait relations reach a stage where that sort of unification is possible? How will the United States react? That's the big question.

And from the PRC's position, of course, they want a peaceful relationship with the United States and good relations with Taiwan. But what if reunification takes forever? What if the separatists or the Chinese term the "splittists" are in power after 2012? How would they act? And so, to wrap things up, Cross-Strait relations right now are stable, yet fragile, and there are some major challenges that can be seen at indicators of what lies ahead. Of course, first of all, it is the WHA issue. And also, this test of Ma's diplomatic truce or diplomatic cease-fire. Can that be maintained? And, of course, it's the economic openness to the People's Republic, will that really bring substantial and concrete benefit to the economy of Taiwan? It remains to be seen.

And, of course, even the financial crisis and China's problem in terms of export, and now we've seen the talks about the depreciation of the RMB. One possibility is if China cannot sustain its growth, people suggest about seven percent or eight percent then it will face problems in terms of internal stability. And if that becomes the case, that can be a major contributing factor to destabilizing the region. So, I'll stop here. Thank you.

(Applause)

DR. BUSH: Thank you very much, Erich. Thank you for your confidence in me, even though it's not clear that it's going to be needed. Thank you to all the panelists.

Now we have about 35 minutes for questions. And I would ask anybody who asks a question to ask a short and concise question. As you can tell, all the panelists are very smart, and so you don't need to ask a long question for them to understand what you're getting at.

(Laughter)

And that will ensure that more people get to ask questions. The gentleman over here had a question. Wait for the mike, please. Please identify yourself.

QUESTION: I'm Maurice Marwood, a local businessman in Taiwan. After having lived her for about almost five years, I've struggled to really understand what the U.S. policy is in Asia, and that's what we're all about here.

And I finally boiled it down to what I would define as two words: deliberate ambiguity, and I think the last two hours have reconfirmed that my definition is not too far off. And I would really like to have you enlighten me if you think it's different from that; and a good policy can be stated in one simple sentence if it's well

understood. And if you choose not to do that, then do have a one-sentence statement as to what you think it ought to be going forward? Thank you very much.

(Applause)

MR. SCHIFFER: You know, I'm not sure I can provide you with one sentence statement on what it ought to be going forward I certainly wouldn't be presumptuous to speak on behalf of the new administration and President-elect, considering that I have no connection with the transition process or with the new administration.

There are few things that are more dangerous than people going around, as some are these days, presenting themselves as being able to speak with authority on behalf of the new administration that's not yet come into being.

I think as a general statement of more than one sentence is -- the statements that Senator Obama made during the course of the campaign, including some very basic fact sheets that the campaign issued, present the case for American interests in the interim -- political, economic, security, cultural and virtually every single dimension -- as being absolutely fundamental to America's role in the world and our position in the world to American security and prosperity.

And so, I think it's as simple as that, that there's a fundamental interest in positive engagement by, with, and from the United States in the region and as what I think drives policy and has driven policy across several administrations. And I'm not sure if there really is much complex or opaque than that or Richard has further thoughts?

DR. BUSH: Well, I would sort of take a shot at it sort of more looking back than looking forward, and then I'll come back to the looking forward part.

And I would say that the fundamentals of U.S. policy since the end of the second world war have been to create an environment in East Asia that has a bias towards peace, stability, and prosperity, creating incentives for others in East Asia to work towards those objectives.

Now how we do that can vary depending on which part of East Asia we're talking about, depending on the problem. We sometimes do that better in some circumstances than others. Vietnam is the example of where our desire to promote peace failed miserably. But I think that that's the desire to create that kind of environment in favor of peace, stability, and prosperity is what we've been about for decades, and I think what you are likely to see going forward is going to be very consistent with that.

DR. BUSH: Liu Shih-chung.

QUESTION: Thank you. I have two short questions, one for Frank and one for Erich.

I believe that campaigns tend to be black and white, and governing tends to be gray. So, I totally agree with Frank that it's too early, and also, Richard, it's too early to guess what kind of policy or what kind of new change that a new administration is going to bring in, in the next couple months.

But I do have a question for Frank and based on your observations, because, Erich said that President Obama would be, in terms of his Asian policy, and people like Jim Steinberg or Jeff Bader or even Richard that got recruited, we will be in good hands.

So usually the outcomes, especially of the China policy, the outcome will be kind of a product of inter-governmental conflict. Now we've seen a lot of this, especially in the first Bush administration with the political struggle between the neocons and the moderates, and also this change during the second Bush administration.

So my question is, we don't want to guess, but how do you evaluate the future in terms of the leadership style or the extent to which a different kind of agency, a different kind of a department might have or bear influence on the Secretary of State, and on President Obama?

My second question is for Erich. I understand your description that this notion of since everything is going well, why not (inaudible). But the question is, it seems to me, that President Ma has made a tremendous effort to try to forge peaceful and stabilized cross-Strait relations. But on the other hand, the Chinese also made some concessions in the case of Paraguay, in the case of sending Chen to Taiwan despite the opposition's protests in terms of agreeing to send Lien Chan to APEC on behalf of President Ma.

But it seems to me that the tempo, on each side and also the goal assumed by each side are not very consistent. So they are more and more worried and concerned about what we have in the upcoming WHA from the Taiwan side. And you also mentioned what kind of an impact that might have on President Ma pursuing a diplomatic truce.

So my question is, based on your current residence in Beijing, what's your feeling about the Chinese reaction to President Ma's approach? I mean, I have heard some suggestions from the Chinese counterparts that President Ma might push too hard—like, okay, I made a lot of concessions. Now it's your turn to give some favors to Taiwan.

How do you see the Chinese reaction to that, and how do you see their cost and benefit calculation at this moment? Thank you.

MR. CHING: Well, you know, this question of whether policy should be conducted by the experts or directly by the president, I'm not saying that when George W. Bush first became president -- I thought that it would be better if he allowed the experts

to handle China. But subsequently, I think that he personally handled the China issue very well. And I think this is, in part, because he had visited China in the 1970s, when his father was the head of the U.S. liaison office in Beijing. And after he became president, his first visit to Beijing in 2002, he went to the Great Wall, and he said, "Same wall, different country."

I was quite struck by that, because he was in a position to compare China in 2002 with China in the 1970s. He saw the progress that had been made in China. And I think he found that China was moving in the right direction. He wanted to create conditions under which it would continue to be opened up.

Now I'm a little concerned about Obama's understanding of China. I don't know if he's been to China where he's been to. I gather he has a half-brother who lives in Shenzhen; I don't know if he is providing any input. But I think that certainly he will have the right policy advisors in a government to advise him. But I do have a slight concern in that I don't think he has direct personal experience of China.

DR. BUSH: Erich?

MR. SHIH: Answering your question, I think the overall objective of the Beijing regime toward Taiwan and especially toward President Ma is not going to change that much, because the objective has been set -- we want to pursue a peaceful relationship and economic openness. And it's not going to change simply because what Ma does or what Ma doesn't do, or he pushes one thing too far or the other thing not enough.

But I do sense a profound sense of sadness on how the Chinese, especially given the pushing incident of Zhang Mingqing, and also the treatment of Chen Yunlin. And there was a sense of sadness in terms of they don't understand why the Chinese envoy can or should be treated that way.

And that, interestingly, is linked to their assessment of President Ma. And, of course, one fundamental reason that the Chinese, we all know, is determined to deal with Taiwan the way it is, is because they believe Ma has the ability to govern Taiwan. And he has the ability to bridge the gaps and to reduce the intro frictions to a manageable level.

But right now, not only people in Taiwan, but people in the United States, and the people on the mainland are starting to question Ma's ability to achieve all those goals.

This is an open question, and I'm not passing any judgment here, but this is going to play some role in their tactical considerations. I think, of course, if their feelings were hurt by Chen Yunlin's visit and the Zhang Mingqing incident, it may have some impact in terms of their tactical management of how they approach the issue. And, for example, this time when Lien Chan was sent as a leadership delegate to Peru, it is believed that in Beijing that because of the incidents, President Hu had to spend his own

political capital to make sure that his meeting with former Vice President Lien can happen exclusively.

And, of course, they still have high hopes vis-à-vis President Ma, even though they are kind of feeling that the relationship could have been a lot better if Lien Chan was the head of the cross-Strait delegation.

And I believe the Chinese will even suggest that if Lien Chan is the head of the Strait Exchange Foundation then next time maybe it's not Chen Yunlin who comes to Taiwan; maybe it's going to be Zeng Qinghong, the former Vice President of the People's Republic.

So, many things remain to be seen. But one thing is for sure, given the current ups and downs or more ups and downs, we have to make a bold projection into next May. Regarding the WHA issue, it think it's a foregone conclusion that the Chinese will accommodate Taiwan's participation, but in what form and to what extent, of course, remains to be seen.

QUESTION: My name is Charles Huang, I'm Paul Hsu's colleague. I'll be as succinct as I can. This is to Mr. Schiffer. When we talk about the issues, there are more regional, national interests and all that. I'd like to focus more on sort of broader universal issues, like human rights or slavery issue, poverty issues, disease issues. All these are rampant in all parts of world and in Asia.

My question is that would these universal issues be on the new administration's agenda, and what form or shape would that take? And how would that affect the foreign-policy issues of the current government and the Obama administration vis-à-vis Asian nations. Thank you.

Well, I think the question is for Richard and perhaps Michael as well and anyone who would care to jump in. Thank you.

MR. SCHIFFER: I can give you a simple and short answer: yes, those issues are on the agenda of the administration, and I think they are, as Strobe Talbott indicated when he talked about themes of common humanity and common security. And they're issues that the President-elect and several of his senior advisers have thought deeply about and are deeply committed to. So, yes, they're on the agenda.

In terms of the other aspects of the question you asked, what form will it take and what will it mean in terms of relations in the region, I think it's a little too early to be able to tell exactly how it will play out. But clearly it's -- I think it will be part of the agenda. It's an important part of the agenda for the new administration.

DR. BUSH: I would just add that my colleague, Susan Rice, who's been named to be U.S. Ambassador to the United Nations, focused at her time at Brookings before she joined Senator Obama's campaign team on the way in which the problems that

you cite, which are domestic problems, can become the source of international conflict; and on the need to address this and mitigate those as a way of reducing the chances of international conflict and reducing international tensions.

So she certainly is very focused on that, and I think she was the source of the ideas of common humanity and common security in Senator Obama's campaign.

Let's see. I want to move the questions around. Sook-Jong?

QUESTION: My name is Sook-Jong Lee from Korea. I am a former CNAPS Visiting Fellow. Ever since Mr. Obama talked about tough and direct talks with North Korea, big questions arose in the two Koreas. And after Hillary Clinton is nominated as the future Secretary of State, the questions got bigger. Obviously, North Korea is expecting there will be more direct talks and negotiation with the USA maybe early next year, and then they began to press South Korea by cutting and closing down Kaesong and cutting the number of workers in Kaesong Industrial Complex. And it's a very expected tactic of North Korea, trying to bypass and isolate South Korea, that there was a strong signal from USA.

And for South Korea, these former Clinton administration North Korea hands are going to be participate in the next administration, and the South Korean government is worried that the new American government is going to take the driver's seat in dealing with North Korea.

Obviously, the position of our government is that, okay, as long as the USA can bring some breakthrough in order to settle North Korea's nuclear issue permanently, we welcome that kind of move. At the same time, I think our government wants very close consultation with new government and wants to hold our seat as a driver, rather than being a passenger or sitting in the backseat.

So I guess the new government has to satisfy these different expectations from the two Koreas in the Korean peninsula. So far, many American officials have been saying, be patient, we are very slow, and there will be a continuation of the Six-Party Talks.

But I guess you better hurry up, because North Korea is trying to distract the new government by imposing more drastic actions and new governments sometimes tend to, you know, just following the suit of the past government. So I would like to hear some more peaceful approach to deal with the North Korea nuclear issue maybe from Richard and from Michael. Thank you.

DR. BUSH: I guess the one thing that I can say is that when President Lee Myung-bak was in Washington, DC for a special set of circumstances, I was in some meetings that he had. He was in Washington, D.C. for the G20 meetings, but there were other meetings related to the U.S.-ROK relationship. And the theme of those meetings was the importance of close consultation and coordination between our two countries.

And I think that would be taken very seriously. I think there's an understanding of the trends going on in inter-Korean relations and the possible motivations behind it.

And that's all I think that should be said. But, you knan ow, I think if people are sort of realistic and not naïve about what's going on.

QUESTION: Thank you, Tomohiko Taniguchi, former CNAPS fellow. Mine is a very much simple yes or no question. Do you detect in Washington, DC among its policy circles an awareness, growing awareness, that you'd better be prepared for the ultimate collapse of Kim Jong Il's regime?

DR. BUSH: Yes.

(Laughter.)

QUESTION: My name is James Saffron from the Chinese Council of Advanced Studies in Taiwan. My question is that, as we know, Vice President Cheney played a very important role in formulating U.S. policy in the Bush administration.

My question is whether Vice President-elect Joseph Biden is an expert on foreign policy, and what role is he going to play in formulating the U.S. policy, especially East Asia policies. Thank you.

MR. SCHIFFER: I mean, I think the simple reality is that just as before Vice President Cheney became Vice President, there was not appreciation of the extent and degree of role he was going to play, there's not appreciation of the extent and sort of role that a Vice President Biden is going to play in the Obama administration, either. I think that is largely due to the simple fact that all of those issues are still being worked out and are still being discussed amongst the principal players.

I mean, there are two statements that have been made that I can point you to. One is that, you know, there is an acknowledgment that Senator Biden has some unique attributes and competencies that he can bring to the table in dealing with a whole range of foreign-policy and national security issues and that it would be counterproductive for any President or any administration not to want to seek to tap into that expertise and make sure that Senator Biden, as Vice President, is fully involved in the foreign-policy decision-making process of the administration.

On the other hand, there have also been statements to the effect that there is an appreciation that some of the ways in which Vice President Cheney has acted over the past eight years might charitably be described as—my personal opinion—as extra-Constitutional. And those are not exactly precedents and modes of action that an Obama administration, I imagine, will want to see pursued.

And so I think it will be a very interesting balancing act and very interesting question as to how they structure an appropriate role for Senator Biden, given

his expertise and given the tremendous assets that he brings to the table, but doing it in a way that properly reflects the role that the Vice President is supposed to play in our system.

DR. BUSH: I would only say that in recent history there are examples of a constructive role for the Vice President that fall between the role that Vice President Cheney has played and doing nothing at all. I point to Vice President Gore, Vice President George Herbert Walker Bush, Vice President Mondale. And as Michael says, this is an issue that has not yet been worked out. The outcome will be the result of a conversation between President-elect Obama and Vice President-elect Biden. And they'll work on a relationship that they're both comfortable with.

Hiro?

QUESTION: I'm Hiro Matsumura, a former CNAPS Japan fellow. My question goes to Mr. Sunohara and Mr. Lim. Mr. Sunohara, you characterized Japan as a "red state." And, Mr. Lim, you characterized South Korea and the current government as pretty much Republican.

Well, as far as Japan goes, maybe Sunohara-san and myself and other two Japanese representatives maybe (inaudible) in Japan, specifically Japan. You tried to explain with this simile with an anecdotal episode and also the interpersonal relations. I buy that. But don't you think are other structural factors Japan should consider.

Strobe Talbott described that maybe Obama explored pragmatic multilateralism. But in the end, Japan has faced a democratic government, which tried to pursue multilateralism but happened to end in disaster or dysfunction.

And on the other hand, Republicans, except one like Bush which appealed to the very idealistic and on pragmatic untilateralism, most of the time Republicans tried to focus on management of alliances through the hub and spokes system. And then we have a reasonable level of stability in the bilateral alliance relationships.

So that's my hypothesis. But don't you see that any more long-term structural factors why Japan gets constrained to be a seemingly Republican state. And a similar question goes to Mr. Lim. Thank you.

MR. SUNOHARA: One of my best friends in Washington, Kurt Campbell, who is now working for President-elect Obama, he used to say U.S.-Japan relationship is sort of V-shaped. The bottom line, on the working level, it's very close. At the top level, presidential level, Prime Minister level it very much needs more.

But when Bush came in and our former Prime Minister Koizumi came in his office, all of a sudden this relationship reversed. And he said a couple years ago, he's wonderingwhether this relationship will reverse again after the departure of Mr. Bush

from the White House and after Mr. Koizumi from the Prime Minister position. Actually, after the departure of Mr. Koizumi, it became back this way.

And why? What happened? I mean, because of the good relationship at the highest level between Bush and Koizumi we forgot to maintain, a key high quality of this working relationship between Washington and Tokyo.

And as a consequence of this, what we call the "hollow alliance" all of a sudden appeared in front of us. And, it's very rare administration, as I pointed out, that your working level as I pointed out, but then-Assistant Secretary of Defense Richard Armitage or his aide Jim Kelly or Torkel Patterson, they all are communicating well with their Japanese counterparts— as are former Ambassador from Japan to Washington Kato Ryozo and former high-ranking officials at MOFA.

But they're gone. Richard Armitage left his office, and pupil Mike Green left his office. And what happened to us is kind of again a vacuum in the alliance. And so, your question is what, you know, actually pushed this direction of Japan as a Republican country or a "red state" as you call it.

I mean, I think because this very high-quality working relationship pushed us into that direction that in the hope again that when we have a good friendly Republican in control of the White House, it's okay about U.S.-Japan.

But again, this good working-level relationship is gone now, and we should start again to reestablish the good working-level relationship, not only with Republicans but also the Democrats. And that's what I believe.

DR. BUSH: But to follow up, if there is not a convergence of strategic interests, does it help that much to have friends in both parties?

MR. SUNOHARA: Yeah. I think so. Everybody actually shares my view that we do have common interests: peace and prosperity and stability in this region. And I believe that this common sense is shared by not only Japanese but with Chinese and Taiwanese friends and South Korean friends and Americans. And in this regard, we do believe that we should pursue again what I call bipartisan foreign policy toward the United States, no matter who is in the White House.

But here, again, maybe our Taiwanese friend can share some of my sentiment. In Asia, we do have some special feelings based upon our long-time tradition and history and religion, which I believe we can't share with some Western people.

And even President Bush and our former Prime Minister Koizumi did say this U.S.-Japan alliance is a value-sharing alliance. I don't think so. I do believe that this alliance is an interest-sharing alliance. And in this direction, we should go forward.

But too much emphasizing on the value aspects, actually the majority of the Japanese just dislike that. When I give a lecture to the younger students at Waseda University or Rikkyo University, I ask my more than 200 students, do you believe we share some values with the United States? Just 10 out of 200 raised their hands. And this is reality. This is what I'm talking about to my American friends. Okay. We should empathize on interest aspects, and this is what I believe.

DR. BUSH: Wonhyuk?

DR. LIM: I don't think the Republican preference is as deeply engrained in Korea as in Japan. In fact, Syngman Rhee, the first president, had his issues with Eisenhower, who was a Republican president. Park Chung-hee had a very good working relationship with Lyndon Johnson, a Democratic president.

These facts are perhaps not well known outside Korea, and what tends to be emphasized is the tumultuous relationship between Park Chung-hee and Jimmy Carter, and Kim Dae Jung and George W. Bush. But if you actually look at the past 30 years or so, Roh Tae-woo who had a very good working relationship with Bush 41, and Kim Dae Jung had a very good relationship with Clinton, as well as Obuchi and Zhu Rongji.

And I think what drives Korea's relationship with other countries is more interests rather than values. And even after Senator Obama's election, President Lee went out of his way to emphasize the similarities they share. They tend to be both pragmatic and also they tend to also seek change in the two countries.

And, as far as the North Korea policy is concerned, Senator Obama made a floor statement back in February of this year where he said the U.S.- South Korea relationship has been "adrift" in recent years: "At the heart of it has been our respective approaches to North Korea. The Bush administration has been divided within itself on how to deal with Pyongyang, branding it a member of the Axis of Evil and refusing bilateral discussions with it before substantively reversing course. This unsteady approach not only has allowed North Korea to expand its nuclear arsenal, as it has resumed reprocessing of plutonium and tested a nuclear device."

So, I think he understands the context of the North Korea nuclear problem that has been going on for more than 20 years, and I think he will take a phased and reciprocal approach.

Now on the South Korean side, I talked about President Lee's desire to differentiate himself from Kim Dae Jung and Roh Moo-hyun initially, but there was this problem of what to do with the June 15th agreement and the October 4th agreement. And the whole relation he eventually found was to place them within a series of inter-Korean agreements, like the July 4th agreement in 1972 to Korean Basic Agreement in 1991.

And in a speech in front of the National Assembly in the summer, President Lee basically said we are going to uphold these agreements and work with

North Korea to work out the details in implementing these agreements. That actually happened on the day a tourist was killed in the Mt. Kumgang area by North Korean soldiers, and the subsequent public backlash pretty much killed the speech. But what is interesting about the speech itself was that President Lee had apparently been briefed of the killing prior to the speech, but still went ahead with it. So that tells something about the president's natural instincts regarding North Korea policy.

DR. BUSH: Thank you very much. I'd like to thank each of the panelists for doing an outstanding job. I'd like to thank all of you for your outstanding questions. I wish we could go on some more, but we have to bring the session to a close. And we will reconvene at 1:15 p.m. for Vice President Siew. Thank you very much. We'll see you in an hour.

(Applause.)