

THE BROOKINGS INSTITUTION

THE INTERNATIONAL ORDER UNDER SIEGE

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PANEL ONE: AN INTERNATIONAL ORDER UNDER STRESS

Moderator:

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Panelists:

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PANEL TWO: HOW SHOULD THE UNITED STATES RESPOND?

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Panelists:

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PROCEEDINGS

MR. WRIGHT: -- the more modestly titled than the title of the event as the whole, An International Order Under Stress, and the second is How the United States Should Respond. So, I'll be chairing the second panel, which will commence in about an hour so, but for the first panel, we're delighted, and especially at such short notice, to have Bob Kagan as moderator. Bruce Jones, unfortunately, couldn't make it today.

And we have a great panel of three. Ken Lieberthal from the China Center here at Brookings, Steve Pifer, from the Center in U.S. and Europe and 21CSA, and Dan Byman from the Middle East Center. And this event is cosponsored between the Project on International Order and Strategy and 21 CSI, the 21st Century Security and Intelligence initiative. So, I'd like to pay special thanks to Michael O'Hanlon, who will be on the second panel with me.

So, we'll introduce the second panelists when we get there, but now, I'll just hand it over to Bob. Oh, and there is a hashtag, so if you want to live tweet the event, it's #InternationalOrder. And in case you forget, you'll see it on the screen here

behind you. So, thank you.

MR. KAGAN: Thank you, Tom. Is hashtag International Order a hot one? (Laughter) I mean, does that come up a lot? I don't know anything about tweeting, so --

MR. WRIGHT: It'll be trending in about three minutes.

MR. KAGAN: It'll be trending any minute now, I'm sure. Anyway, thanks, Tom. And for this first panel, I thought we would maybe by setting a baseline, because there's a lot of talk that all of us throw around about how the world order may be under challenged. I think there are those who would say, what world order. Or, if you talk about the American world order, they would say what American world order or what have you.

I mean, even the president, I think, in his recent speech, made a comment about the world order being at risk. And I think in order to, you know, examine - before you even get to what might be done about it, you might actually try to you know, drill down a little bit and find out what exactly is happening. Is the world order at risk? If so, precisely how? We have a terrific panel of experts to discuss that question here, and we'll just sort of -- we've got sort of regions covered.

I don't think we need to be limited to particular regions, but it just happens to be the case that I think we're certainly facing challenges in multiple regions simultaneously, which is one reason why people talk about the world order rather than we have a problem in the Middle East.

So, I thought we would sort of go through some of these regions and ask our scholars here to talk about, in particular, you know, if there has been a world order, what characterized it, what were the key elements of it in any particular region. Were those characteristics, you know, worth preserving? Are they worth preserving? And assuming that the answer to that is yes, are they, in fact, under challenge?

I think maybe some of the answers to those questions are easier in some

parts of the world than in others. I think perhaps, one of the parts of the world where it is a little bit easier to say exactly what might be new is in Europe -- Europe and the whole Eurasian challenge that we're facing right now with Russia and Ukraine. So, I thought I would start with Steve Pifer and see what he has to say about that.

MR. PIFER: Okay, great. Well, thanks very much. Let me start out by just -- I think in fact, when you look at different regions, Europe probably has the most established order that's developed in the post World War II period, and it's really built around three institutions: NATO, the European Union, and since 1975, it was the Conference on Security and Cooperation in Europe, now the Organization on Security and Cooperation in Europe.

And that all has, I think, been fairly successful over the last 40 years. There's one problem, which is that Russia only belongs to one of those sweet institutions. There had been efforts going back now 15, 18 years to try to build a very positive relationship NATO and Russia. The European Union and Russia reached out. But one of the problems we have is Russia sees itself on the outside looking in.

And I think in the last six to eight months with the crisis in Ukraine, you've seen a Russian challenge to the order that comes down to Moscow breaking a rule that most countries in Europe would have said is sort of the cardinal rule in post war Europe, which is you do not use military force to change orders. And certainly, the Russians saw themselves as having a set of interests, a set of grievances in Ukraine, but they had other means to pursue those interests.

They instead, chose to use military force, and you saw it first with the appearance of the so-called little green men in Crimea, the ones who took over Crimea. These were obviously professional soldiers in Russian combat uniforms without insignia. On March 4, March 3rd, Putin says, well, no, those were local guys. And then a month and a half later, he says, well, actually, there were Russian troops.

And then you had little green men show up in Donetsk and Luhansk in

April, flows of weapons going into the separatists in the summer, and then in the second half of August, actually, regular Russian military, and it's operating in Eastern Ukraine. So, I think there is a challenge there -- a challenge to Ukraine.

It's coupled with a couple of things that I think, you know, generate a bit of concern more broadly, beyond Ukraine. One is the Russians have talked in fairly explicit terms about a so-called right to defend ethnic Russians and Russian speakers with regards to their nationality or their location. And that does raise concerns on the part of countries around Russia in the Baltic states, for example. Estonia and Latvia each have a quarter of their population in ethnic Russia -- are ethnic Russian. Does that right imply something to them? And those countries, of course, are members of NATO.

There also, I think, is when you look at things that Mr. Putin has said over the last couple of months, a fairly strong degree of enmity towards NATO. He has a fairly big chip on his shoulder towards NATO. And there's a question that are -- is he looking for ways to challenge NATO as an institution?

When you come back to the European Union, I think we've seen a fair degree of Russian ambivalence with regard to the European Union up until about several years ago when Moscow began more publicly voicing concern about the European Union making connections with post-Soviet states. And I would argue that what we've seen in Ukraine in the Russian military intervention there has been triggered not about a Ukrainian relationship so much with NATO, because going back four or five months ago, that really wasn't on the radar screen in Kiev, but it was triggered more by Russian concern about the relationship developing between Kiev and the European Union.

Now, one thing that complicates this thing, I think is you know, Vladimir Putin's narrative on this, and it has a certain basis, is that I'm not challenging the existing order. I'm challenging the order that's beginning to encroach into my territory. And there's where the friction line is. The question comes down to, at one point, how much freedom do independent countries have to make their own decisions regarding their

foreign policy course?

And I would just conclude that -- I mean, the security order that we have in Europe is, in fact, worth preserving. It's been fairly successful for most of the post Cold War period. It allows the United States to use institutions to handle problems that otherwise might require more direct American attention. And I'll defer to Ken on what the term is -- whether we're talking about pivot or rebalance or whatever now.

But to the extent that there's going to be more American attention in the future towards the Western Pacific and the East Asian area, having institutions that preserve order in Europe is going to be very much in our interest.

MR. LIEBERTHAL: Well, that's a great start. Let me -- I just want to -- you mentioned how Putin might see it, and let me just push a little bit on that, because you know, you began by saying that the pillars of the order are NATO and the EU. Ukraine is not only not part of NATO, but NATO has refused to take Ukraine, even if it wanted to be part of it. Ukraine is not part of the EU.

And you know, if this order began in World War II -- I mean, after World War II, then for much of that time, Ukraine was not only not part of NATO, it was part of the Soviet Union.

MR. PIFER: Sure.

MR. LIEBERTHAL: So, isn't it -- I mean, when we think about this world order that we talk of, it's not a status quo, necessarily.

MR. PIFER: No.

MR. LIEBERTHAL: And in fact, it's a world order that we have sought to expand.

MR. PIFER: Correct.

MR. LIEBERTHAL: And so in a way, Putin has a point.

MR. PIFER: Yeah. I agree.

MR. LIEBERTHAL: And I just wonder what's our answer to that, other

than --

(Simultaneous discussion)

MR. PIFER: Yeah.

MR. LIEBERTHAL: -- we're right and you're wrong.

MR. PIFER: (Laughter) Well, yeah.

MR. LIEBERTHAL: Which is always a pretty good answer (Laughter).

MR. PIFER: Yeah, yeah.

MR. LIEBERTHAL: As far as I'm concerned.

(Simultaneous discussion)

MR. LIEBERTHAL: That works for me, anyway.

MR. PIFER: There's a certain basis that -- no. But I mean, I think if you go back, certainly, there was the idea after the end of the Cold War that you could, in effect, expand that order; that you could enlarge NATO. You could enlarge the European Union. That would underpin the Democrat -- the new democracies in Central Europe that were emerging from the wreckage of the Warsaw Pact. And then, even into the Baltic states and areas like that.

Now, it was coupled -- and I know it was coupled in the mid 1990s with this idea that as you enlarge these institutions, could you also promote a special relationship with Russia. So, there was, beginning from 1995, when the White House made the decision that it was going to move towards enlarging NATO, also this question, how do you decision this NATO Russia tract.

And the idea that we optimistically put it, perhaps too optimistically, was to build a NATO Russia relationship that would be so positive, so cooperative, that the Russians, in essence, wouldn't care about margin. And then, you also -- steps to try to make enlargement as palatable as possible to the Russians. So in 1997, NATO basically saying, you know, we're not going to permanently stations substantial combat forces on the territory of new members.

Russia doesn't have to fear that NATO is enlarged. It means you know, American tank divisions coming up to the border. And NATO really abided by that. I mean, you've really only seen the first, you know, significant deployments in the last six months in light of concerns on the part of Poland and the Baltic states about hey, something has changed in Russia.

So, I think there was that effort, while enlarging that community, to also find a way to bring Russia in. At the end of the day, I think we had -- I overestimated our ability to find mechanisms to ameliorate Russian concerns, and we underestimated just how hard the push back would be.

MR. LIEBERTHAL: Yep.

MR. PIFER: Now, it's also -- I mean, I don't want to say that this is just about individuals, but you know, in the 1990s, we were dealing with Boris Yeltsin, who had many flaws, but basically accepted the idea that when the Soviet Union collapsed in 1991, those were the borders. In Vladimir Putin, you have somebody who has not accepted that principle.

MR. LIEBERTHAL: No.

MR. KAGAN: Okay, good. We're moving on to a simpler region, the Middle East, (Laughter), where I think the first question might be what order are we -- were we ever talking about. Dan, maybe you can tell us what's new and what's new about the new kind of challenge we face.

MR. BYMAN: I think I'll let people in on a little secret, which is that the Middle East is in crisis. (Laughter)

MR. BYMAN: Order in the Middle East always looks clearer in hindsight. Right? This is a region that has had a range of wars and whether international and civil, and a host of problems of violence and problems of governance in really, the post World War II era. For U.S. policy, we traditionally focused on the security of the flow boil. We focused on threats to the security of allies; and this could be nuclear weapons. It could

be the security of Israel. But these were really kind of the core focus.

9/11 changed things. It didn't get rid of those interests, but it added some complications. One was counter-terrorism, of course. And the problem was that a number of countries in the region were seen as both the problem and the solution. So, you had countries that were -- their citizens were joining terrorist groups. Their citizens were funding terrorist groups. Their governments were important partners in fighting terrorist groups. And so, it was a strange dynamic where the United States was at once, hostile, and yet at once, exceptionally close to a number of these regimes.

A second issue that came up was democratization. And this is something that, you know, people always kind of smiled up their sleeve whenever it was mentioned. It was always like the last bullet point. When you talked about the United States and the Middle East and the -- you know, everyone knew it wasn't that serious.

The Bush administration took it seriously, and they tried to push democratization in a number of places; by times, by force in Iraq, by the times, by pressure elsewhere. And the Obama administration moved away from that, but because of the Arab Spring, the democratization question was thrust upon them, and there wasn't a harmonious response to this. In some instances, since 2011, the United States has stressed democratization. In other places, it's stressed traditional interests. And so, you had a -- I would say -- my predictions might be strongly worded, but you certainly had tensions within U.S. foreign policy that made it hard to find an overall pattern.

The traditional challenges in the Middle East were seen as kind of state to state aggression; were seen as brutal dictatorships. And when the United States was solving these, it worked with individual governments, in contrast to Europe. There wasn't the sense of collectivity that enabled the United States to work with allies as a whole.

All of this is changing fundamentally, though. And the big change is, we've gone from states that are seen as aggressive and strong to states that are too weak. So, if you just look around the region -- Iraq, Syria, Libya, Yemen -- are in various

degrees of civil war. Other countries -- Egypt, Lebanon, have extremely serious domestic strife.

So, a significant portion of the region is at or near collapse. It's often just a question of degree. And this is leading to a state to state conflict where you have -- always in the Middle East, we saw the strong exploit the weak. And now, it's being done in these civil wars where people are taking sides, they're backing proxies, and they're often using it as power struggles against one another. And it's caught on in the popular dimension as well, where you see non-state actors in Iraq, in Lebanon, a wide range of Jihadist groups and individuals all playing a role, and at times, a really staggering role where they're bringing huge resources in terms of fighters, huge resources in terms of money to these conflicts.

And these internal problems -- not that the external problems were easy for the U.S. to solve, but the internal problems are particularly hard. I would say in general, the United States hasn't really come up with a way to do nation building in countries that have relatively weak institutions, in countries where balance is rife, in countries where the U.S. isn't popular. So, this is an exceptionally difficult task, but the counter terrorism lens doesn't work particularly well. Right?

A number of the problems are terrorism problems, but they're much broader than that. And the groups involved -- let's say Hezbollah, let's say the Islamic State -- to call them terrorist groups is true, but it's also misleading. That they're much -- they're involved in governance, they're involved in politics, they're involved in masked (?) civil wars. And counter-terrorism is really only designed to deal with a small portion of that.

For U.S. policy point of view, there are several, I would say difficulties to throw out. One is, it's a very personalized region. So, to get the attention of people -- there's only a small number of people in the region who actually make decisions. And at the same time, it requires high level engagement in the United States, which of course, is

in short supply. The problems around the world are problems at home, but it's not something that is particularly resolved at the deputy assistant secretary level. And because there aren't strong institutions to work with on the Middle East side.

Also, there's one thing that most U.S. allies share in the Middle East, which is a lack of faith in the United States right now. There is tremendous, tremendous skepticism about the United States. And this is shared in Israel. This is shared in Saudi Arabia. This is shared in Egypt. So, many traditional U.S. allies are looking at the United States with a question mark.

The recent intervention in Iraq actually restores some of the U.S.' credibility in the eyes of these allies. And the answer, frankly, might be, you know, these allies don't be reassured every second that the United States is going to take care of problems. But it is harder to get them to do what the United States wants when they're not sure that the United States is going to be there decisively in the region.

Another problem, of course, is that many of these allies are rather undesirable in and of themselves. Right? That many of the countries we're talking about are dictatorships. They range in varying degrees of brutality, some more benign than others. But it's not like we want these particular systems of governance to triumph throughout the region. It's not like we want a revival of militarism in Egypt -- the model that spreads.

It's not like we want monarchies to proliferate throughout the world. So, many of the solutions that we have elsewhere, when we're dealing with governments we find ideologically friendly are more difficult in the Middle East. I'll stop there, and I'm looking forward to the next panel, where they give me the solutions to these problems (Laughter).

MR. KAGAN: Well, let me just -- I think that there might be a lot of Americans who would ask the question, why should we care. And I'll ask a slightly different question, which is, does what happens in the Middle East have an impact on the

world order in any obvious sense? I mean, obviously, there's an oil flow, but the oil continues to flow, remarkably, even as the place collapses.

You know, you might just say that as much turmoil as there is in the Middle East, that doesn't actually affect the world order. You know? Whether Europe falls into chaos affects the world order. Whether Asia falls into conflict, as it has in the past, but why does the Middle East affect the world order?

SPEAKER: That's a great question, and I actually think it affects the world order less than the Europe and Asia. The caveat is, it has more problems. So, I think that certainly, Asia -- we'll hear about Asia and we've heard about Europe. These are not problem free regions. But the dangers that emanate from them are simply less frequent than what we see in the Middle East.

So, we don't say about Europe, well, most of Europe is in civil war. Right? We don't say about Asia, well, Asia is leading to massive radicalism that's drawing volunteers from around the world. Right? We talk about more subtle problems. We talk about long-term problems. The problems in the Middle East are immediate, and they're immediate from a humanitarian point of view. There is the issue of oil stability, and there is the issue of terrorism.

And all of these are certainly less in my view, than you know, Germany falling into chaos. Right? Or the collapse of China's economy. Right? Those, to me, would have much more consequential implications for the world order and for the United States. But for the Middle East, the challenges are always there, and it's a demanding place, if the United States wants to protect its more limited interests.

MR. KAGAN: Okay. Well, I'm sure we can pursue all of these questions in Q&A. So, let me now turn to Ken, and tell us your view on these matters from the point of view of, you know, what affect does a rising China have on what has been the world order that we've supported? What effect does potential conflict in the region have? And of course, as you have said, beyond the region, as well.

MR. LIEBERTHAL: Certainly, the biggest issue that is confronting Asia now is the rise of China and adjustments to that rise. The U.S. security position in the region actually has been remarkably constant over a long period of time, even as the security environment has shifted a great deal.

I mean, after all, we fundamentally developed a hub and spoke alliance system that was deep in the Cold War era and for Cold War purposes to contain the expansion of Communism in the region. Those alliances are still the fundamental shape of our security engagement in Asia, but the Cold War collapsed. In fact, after the opening to China in the Nixon administration, we sought to develop, among other things, military ties with China and intelligence ties with China, in part, to use China as leverage against the Soviet Union. Then, the Soviet Union collapsed.

And since then, our major focus on China has been to try to build a relationship that would encourage China's economic development, but development that would be increasingly open, market oriented, and a driver of the regional and global economy, and to try to build China into the diplomatic and security system in Asia. But because the Soviet Union collapsed at the same time that Tiananmen occurred in 1989, the formal military side of that was extremely attenuated and wasn't -- you know, and really, sanctions were put in place in '89 that precluded what was seen before then as a likely evolution of an increase in U.S.-China set of military ties, and hopefully, building common security interests in the region.

We are now facing -- the major issue in Asia, as I said, is the adjustment to a changed basic situation. China now has the world's second largest economy. It continues to grow at say, better than 7 percent a year, so that the gap between, say, the Chinese and Japanese economy grows by a huge amount over any three or four year period. And the gap with the U.S. economy is shrinking quite rapidly, at least in terms of GDP.

China's military capabilities have grown a great deal. They are not

nearly a match for the United States globally, but in particular localities around -- near China, I hope we don't have to find out what the -- you know, how it would really play out. But China certainly has been developing force projection capabilities, and these are now -- things that were begun back in the '90s are now really being deployed, and so, we're now coping with a very significantly increased capacity for China to extend its presence and put pressure on regions in support of longstanding Chinese claims, whether they're maritime territorial issues or other dimensions of its position in Asia.

You know, the -- I think that China, for quite a while, without saying this, but since the opening in the Nixon administration and the normalization of relations, I think China, on balance, has viewed the U.S. alliance system in Asia as basically in China's interest, because that alliance system, for example, has prevented Japan from developing military capabilities, including nuclear capabilities, that otherwise, it might well have developed.

If Japan did develop those capabilities, what kind of pressure would South Korea feel under it? And China has been sophisticated enough to appreciate, therefore, the kind of -- while they don't like to see the U.S. alliance system, nevertheless on balance, it's working more for them than against them, given their core concerns. I think recently, that Chinese calculation is changing, and they're seeing the U.S. alliance system itself as more problematic for their interests than was the case, even a few years ago.

I think it's highlighted -- the Chinese express this in somewhat subtle ways in their high level diplomacy, but China's foreign minister, Wang Yi, is in town. Met on Wednesday with Secretary Hagel, and his comment as reported, you know, by the Chinese media to Secretary Hagel, and I'm quoting, is, "China respects U.S. traditional influence and realistic interests in the Asia-Pacific region, and supports the U.S. in playing a constructive role in Asia-Pacific affairs." Sounds like what we would normally say (Laughter) -- you know, our view of China -- "while the United States should respect

China's status and influence in the region and its need for reasonable development space and its legitimate rights.”

Did you hear anything about an alliance system? I didn't. China, I think, now is effectively saying, we have to shift the balance. We don't want to kick you out of Asia. We don't want to have a hegemonic control of Asia, but we need to shift the balance. And the question is whether this can be worked out in a way that is not highly disruptive in the process.

Within this process, Xi Jinping, you know, China's new leader, now new for two years, is adopting bold measures. His style is very, very different from that of his predecessor, Hu Jintao. And he -- let me just say this broadly. I'm happy to detail if questions come up. He has a tendency to feel that projecting strength, strongly articulating principles and sticking with the determination, once he's stating an objective, not to back down from that objective, will shape the outcomes he sees. I think he sees that in both domestic strategy and international policy.

And in the process, I think he tends to be too insensitive to the reality that those postures, on behalf of a stronger, more capable China, tend to increase the push back that he fears. So that instead of just shaping the outcomes he seeks, it often creates tensions and difficult situations that then, it's not clear whether he's going to end up, you know, having created more of a problem than he really wanted to face.

I think what we see in Hong Kong now is a specific -- it's you know, a domestic example of that, but it's specific -- illustrative of the kind of issue that comes on. So, these specifics as we go forward of China's challenges are going to depend on how things play out both domestically and internationally in China. And I would argue that the uncertainties about that are now exceptionally large. There are just a lot of areas in which a misjudgment with -- you know, with plains near the Diaoyu Senkaku islands, misjudgments in Hong Kong, misjudgments in maritime territorial, patrols and reactions to that, misjudgments at home can produce significant events that really shift the trajectories

in ways that are just -- you don't know how it will work out, be it there are unusually uncertain times.

Let me add just one more point to that, if I could. And that is the question has been phrased in terms of kind of Asian issues, but China actually plugs into every issue we've been talking about here. China is a major player now, increasingly in the global multi-lateral organizations. It is also encouraging the development of some additional multi-lateral organizations. BRICs Development Bank, Asian Infrastructure Bank.

You can talk about, you know, Asian security architecture that is run by Asians, and so forth. You know, they're involved almost across the board, and including of the nontraditional security issues such as climate change and so forth, so that the task of dealing with China, which thank god I can leave to the next panel, is one that is not limited to the various tensions and adjustments in Asia itself.

You have to keep in mind as you deal with those, that the capacity to maintain -- to maximize the capacity to move in parallel fashion at least with China on some of these bigger issues, more global issues and nontraditional issues, may be the most important things out there.

MR. KAGAN: That's a terrific presentation. Let me just press on the issue that, you know, I don't mean to make light of the other issues, but war and peace tends to be a major, you know, catalytic factor.

MR. PIFER: I read a book with that title. (Laughter)

MR. KAGAN: Yeah, somebody mentioned that, yeah. It goes on forever, too.

MR. PIFER: Yeah, it does.

MR. KAGAN: We don't really have time go through all of that right now.

MR. PIFER: It was a very long book.

MR. KAGAN: But let me -- if I had to characterize, certainly one aspect

of the world order as it pertains to Asia, it really was -- you know, in Europe, they say that NATO is for you know, keeping the Germans down, the Americans in and the Russians out. In a similar sense, after World War II, yes, it quickly sort of you know, evolved into a Cold War strategy.

But the original idea was basically, you sort of had to keep Japan down while you kept the Communists out, et cetera. But the bottom line is, is that prior to World War II, and I would say ever since the rise of Japan, Asia had fallen into a state of flux, which was characterized mostly by almost constant warfare, particularly between China and Japan. The United States sort of put a cork in that --

MR. PIFER: There was also decolonization and (Inaudible) --

MR. KAGAN: Well, and decolonization. Exactly. But the United States, with its security strategy sort of put a cork in that. Is there a way -- you talked about trying to work out a new arrangement -- is there a way to work out a new arrangement that doesn't have the effect of pulling the cork out?

MR. PIFER: Well, certainly, any new arrangement could not be based on the U.S. displaying a passive role in Asia. That is pulling the cork out. All right?

MR. KAGAN: Mm-hmm.

MR. PIFER: But how you get from here to there, to an arrangement where for every country in the region, their interests lie more in not upsetting the apple cart, is something that I really look forward to the second panel explaining (Laughter). No, but I'm serious.

MR. KAGAN: Yeah.

MR. PIFER: It's a very difficult task, and we now have leaders in -- especially in East and Northeast Asia that are in many ways, very much tied into historic relations by family ties, among other things. And where nationalism runs strong, history runs deep. History is not America's strong point here, and you have that in the context of -- if you go back to the late '90s, one of the standard things that you could say accurately

was every country in Asia, basically -- or every country in any kind of serious economy had the U.S. as its major trading partner. Right?

Now, that's true of every country in Asia, except you can substitute China for the United States. So, there's a major shift that's occurred there. And China now has more military capability. So, we have to -- the question ought to be not how do we simply strengthen alliances -- in many cases, China's own actions are leading our alliance partners to welcome our strengthening in the alliances.

But it's not just how do you strength a status quo to keep a cork in a bottle. It's how do you adjust to a changing reality, where the bottle is going to break if you don't find a better way to manage the pressures.

MR. KAGAN: Okay, well, happily, we will leave that to the second panel.

MR. PIFER: I'd rather not pursue that (Inaudible).

MR. KAGAN: Yeah, exactly. Well, we have a few more minutes. Let me just take a -- before I open it up to -- in fact, I have no idea what time it is. Does anyone know what time it is?

MR. PIFER: It's almost 20 of.

MR. KAGAN: It's almost 20 of. So, we'll take a couple of minutes. I just want to raise one issue, which is, you know, one aspect of the world order, as I think most Americans would historically describe it, is that there is an ideological component to it -- that you know, we usually speak of a liberal world order, even though obviously, the world has not been always democratic and uniformly democratic, but over the course of 60 years, the world actually became much more democratic.

One issue that you didn't touch on, and we didn't have a lot of time, is the question of ideology, is the question -- Now, ideology is you know, a loaded concept, so we think if it isn't Communism, isn't an ideology, or if it isn't liberal capitalism, it isn't an ideology. But clearly, we have different ways of thinking about how people should be governed and how society should be organized.

What role does, for instance, the fact that Russia is most assuredly now not a democracy, that China is not a democracy, and that the number of democracies (Laughter) or potential democracies in the Middle East is shrinking from what was already a very small number, and our choices seem to be between a kind of radical theocracy on the one hand, and sort of these autocracies -- it's traditional, if you want to say that, autocracies? I mean, anybody can jump in. Is this significant or this just a sort of side issue in the whole question of world war?

SPEAKER: Well, in the context I would say that I think liberal democracy still is a unifying theme, when you look at that part of Europe that's a member of NATO and the European Union. And it's kind of an interesting twist on the EC -- is actually, Vladimir Putin is pushing a very different ideology. I mean, he's challenging that with a much more conservative ideology tied back to the Russian orthodox church -- very conservative.

And he's actually been, I think, pushing back and saying this is almost kind of a civilizational struggle when he's pushing back against what he sees as encroachment into his church. And he may be having some success, interestingly, with the right wing parties in Europe in finding, you know, some people who may be supporting that ideology.

MR. KAGAN: Yeah, Daniel?

MR. BYMAN: There's a lot to say on this in the Middle East, and I'll try to be relatively brief to spare you. I would say it shows up in multiple ways. One is in the United States, where there is a little less comfort with the idea of close relationships with governments that are dictatorial. Right? That at times, torture, at the very least -- don't have the pre-elections and pre-press, and so on that gives Americans the sense that this is a country relatively similar to ours in terms of how it treats its citizens and some basic dignities.

For the Middle East, though, it shows up in a question of governance and

legitimacy. We always talked about what keeps the Middle East regimes in power is the three R's. So, we talked about rent, rhetoric and regression. Right? So, the idea of rent, that money is pouring down from oil money, from remittances. The idea of rhetoric, that they have legitimacy, say, from the anti-colonial struggle, and repression -- they have secret police.

And increasingly, we're down to one, which is repression. And so where repression fails -- it has happened in Syria. What we see is civil war. And in other places, we see the rollback of nascent democracy movements, where in the name -- not in the name (sic) -- with the practice of repression. And you see other ideologies also failing. And so, this could be the more pragmatic Islamism of the Muslim brotherhood. This could be the sense of popular revolution that came after the Arab Spring.

So, in the Middle East, there is a question of both legitimacy and alternatives. And right now, the liberal Democratic idea is not strong in the Middle East. So, you have some nastier ideologies running around, as well. And to me, though, this means sustained weakness, because there isn't a unifying belief system that's going to make government strong in the eyes of their own people, and with that, comes legitimacy.

MR. LIEBERTHAL: I think that certainly, Communism is not an issue anymore, but I think you put your finger on it with the question of autocracy versus democracy. And here, let me just focus on the U.S.-China relationship from that. But it has broader implications around Asia.

I think that what distinguishes the U.S. as a concern for China more than anything else -- for this leadership in China -- I'm not talking about every Chinese citizen or whatever, but for this leadership in China -- it is the fact that we not only are democratic, but that we identify our global goals with expanding the array of people who live under democratic governments. And we take that pretty seriously.

And to Xi Jinping, that means that ultimately, our goals is to overthrow

the Chinese Communist party. And he has very much doubled down on the notion that only the Chinese Communist party can produce the kind of China that is wealthy, strong and highly respected. And so, I think in a very fundamental sense, he sees ultimately the U.S. as having an ideology that is deeply threatening.

It doesn't mean he can't work with us for a long time and all that kind of thing, and maybe some years from now, China is ready for a Democratic system. But he sees the U.S. as quickly getting involved with color revolutions. You know? No matter where it occurs, we'll abandon an ally or abandon a relationship in two minutes -- I'm caricaturing just a little bit -- if there is a Midan or Tahrir Square or whatever it maybe, we're there right away. You know? And that, to him, I think is deeply unsettling.

And I think on our side, while we certainly have sought and I think continue to seek a very constructive long-term relationship with China, we aren't seeking to overthrow the system there. At the same time, I don't think that we easily develop trust in the long-term intentions of a country that fundamentally is autocratic.

MR. KAGAN: Well, good. I mean, it seems to me that -- the one thought that I'll leave you with which comes out of all of this is that it's important to understand that the American concept of world order is not a preservation of a status quo; that the United States and its world order disruptive and revolutionary and sort of expansive.

And so, you know, I think in some respects, we'd have an easier time -- I'm not saying it would be right -- if we were just saying we want the status quo. But because it's sort of inherent in our DNA that we are disruptive in our pursuit of world order, that we bump into other folks along the way. I don't know. Does anyone want to push back on that concept? I may not have made that -- I don't mean to sum that up for all of us. That's just my view.

SPEAKER: Vladimir Putin would agree with you (Laughter).

MR. KAGAN: Yeah, I know. Okay. Let's open it up to questions, and if you could do me the favor of stating your name before you ask your question, and

actually asking a question, I would be very grateful. Yes? The young lady right here. Somebody is coming with a microphone.

MS. HEERING: Hello. My name is Maria Heering. I'm here for the American University. And my question is, the U.S. has tried resurge and find a new strategy for the new years to come about foreign policy, and has tried to engage other partners more in its strategies, while itself -- does not have the financial capabilities anymore to have the same leadership role as in the last years.

So, I wondered, with China having a very big economic growth, but having all of these capabilities you just elaborated on, where is China's role, which has always been like -- seen itself as the advocate of third world countries in the struggle to come in the Middle East? Thank you.

MR. KAGAN: Thank you. Let me take a couple, but then if you guys can keep track of all of those -- yes, over here? Yes, sir.

MR. ATLAS: Thank you. I'm Terry Atlas from Bloomberg News. Could you address the twin issues of income inequality and corruption? I think those come into play in basically all the regions that you're discussing -- and whether those have become more corrosive to governments and institutions than they have been in the past? And if so, why?

MR. KAGAN: Okay, good. I thought you were going to talk about our income inequality and our corruption (Laughter). Yes, sir. On this side, here.

MR. OLIVEROS: Hello. I'm Mark Oliveros. I'm also from American University. I have a couple of questions. One --

MR. KAGAN: Is there a whole bunch of you right there? Because I'll just stop asking questions over there (Laughter). No.

(Simultaneous discussion)

MR. KAGAN: It's great to have you. Thank you for coming here.

MR. OLIVEROS: I have a couple of questions. One of them is whether

or not the increasingly hard line stance -- the president coming from China is much more Xi Jinping's thing as opposed to the Chinese Communist party's structure? And two, with the response against ISIS, Secretary of State John Kerry was able to assemble a coalition of over 40 different countries in order to combat the threat, humanitarian and arms aid as well as direct air strikes.

I'm just wondering with that, if there is any basis from that coalition for more cooperation later on in terms of multi-lateral processes in the Middle East in order to solve its problems.

MR. KAGAN: Okay, thank you. By the way, I'm just kidding. I'm American University alumni myself, so I have complete respect. I think we'll stop there. We've got two China questions. We have a Middle East question, and we have an income inequality and corruption question, which I think I'm going to extend to you. Do you want to go after the China questions, Ken?

MR. LIEBERTHAL: Well, I actually saw three China questions, but we can --

MR. KAGAN: Okay. Answer as many questions as you want to answer.

MR. LIEBERTHAL: Just briefly, China and the Middle East, I think that -- first of all, I think China now has an increasingly serious domestic terrorism problem that is linked to what's going on in the Middle East. It's not solely a result of what's going on in the Middle East. You know, there are ethnic issues in China that are really quite serious.

But there are China weegers who are going into the Middle East or getting training in there. Some are coming back, and there are kinds of radical web sites and that kind of thing. And the terrorism problem in China is spreading. China's dependence on Middle Eastern oil is increasing rapidly. China's investments in places like Afghanistan and Iraq are substantial, and now they're seeing the security cover for those investments pulling back.

So, I think China is going to be getting into the game more actively, being drawn in more actively in kind of countering terrorism in the Middle East. The modalities will have to be worked out, but I think that they're now more open to that by far than they were even a year and a half or two years ago. Secondly, income inequality and corruption -- let me put it very simply. Xi Jinping's biggest task is to restructure the China domestic economy. That requires substantially restructuring the way the state interacts with the economy at all levels of the economy.

And the reason is that the structure that had developed over the last 20 years especially is one that produced high GDP, but also, by its very dynamics, produced corruption and growing inequality. Those are huge sources of instability. And so, you know, he spends more time on that, on the dimensions of that than he does on foreign policy, by far. And it's frankly more consequential for his future.

Third, to kind of have -- what goes into explaining Xi Jinping's more bolder stance -- I think it's clearly three things, and I will not assign percentages to each. One is, a lot of what seems to be new with Xi Jinping, isn't. There's a continuation of his predecessor's policies, and some of them even going back you know, into the 1990s.

What's different is, he is putting more energy behind him. He is, in many ways, the sloganeer, the China dream, et cetera. So, where they used to talk about investments in Central Asia, they now talk about the Chinese Silk Road. Right? Or greater maritime presence down into the Indian Ocean. The maritime Silk Road. So, it's packaging in part, and energy behind it.

Secondly, capabilities have increased. So, you have now military capabilities and military presence. You have financial capabilities that simply weren't available to his predecessors. So, that helps to explain why people pay more attention and China gets stronger and more. And then thirdly, he is, in a sense, the non Hu Jintao. He saw his predecessor -- he hasn't stated this explicitly, but it's clear -- as unwilling to seize the initiative to get done what he himself, said were the objectives of China. Well,

she (sic) feels you can't put this off anymore, especially on the domestic issues. We've got to get them done, and so he's moving forward in a much bolder, more centralized, more of a seize the initiative kind of fashion.

MR. KAGAN: Do you want to pursue the corruption, then?

MR. PIFER: Sure. Yeah. No, I think certainly, if you look at what's been going on in Ukraine, Russia, Ukraine in the last year, corruption has been a big part of it. I mean, what began in November of last year as a protest about the president's decision - President Yanukovych's decision not to go forward and sign an association agreement with the European Union, within a week or two, actually morphed into a much broader protest.

Part of it was about use of force against the initial demonstrators, but a large part was just corruption, which was endemic at every level of the Ukrainian society. And unfortunately, under the Yanukovich presidency had been taken to new levels by Ukrainian standards. And part of the push for Europe was the Ukrainians looked at Europe and said, we see less corruption there. Now, you can't say that every European Union member is free of corruption, but certainly, a significant degree less than what you had in Ukraine.

So, to the extent that there was this seismic even in Ukraine, corruption was certainly a big contributor. It's interesting looking now towards Russia, where it may not be quite as endemic as in Ukraine, but certainly, there's a lot of corruption. It's also, I think, very much controlled by the Kremlin, but it hasn't yet produced that public backlash. Now, maybe if there's some other triggering event, that begins to come out, but there does seem to be that difference between the Russia and Ukrainian society, so far.

MR. KAGAN: Did you want to take the --

MR. BYMAN: Sure. The question on the Islamic state -- it's certainly a good thing that there is a broader coalition. It's certainly a good thing that there are

countries both in the Middle East and in Europe that are willing to work with the United States. So, let's start with that foundation.

There are going to be problems, as you would expect. Some are obvious. This isn't an institutionalized alliance. So, as time goes on, it's going to continue to take high level attention among all of the major players, and that day-to-day kind of working life activity that makes alliances function so well is going to be very difficult. Also, you have quite different interests among many of the parties involved. All of them, I would say, are against the Islamic state.

But what they want, the positive goals often vary quite a bit. For example, the United States is working with Kurds in Iraq. Kurds in Iraq have their agenda that differs from some of the other parties. Turkey just voted to join military action, but they have a very different view of the Kurds. And you could take a number of components of what the United States is trying to accomplish and find that the allies we're working with have different goals.

What makes this, to me, particularly complex, though, is, as long as the Islamic state is doing well, the threat from it will continue to unify people. As we succeed, you're going to see the different interests start to come to the fore more; that you'll see questions of, okay, the Islamic state is moving back. What's going to move forward into the void? What going to take shape? And you're going to get again, different responses.

I don't want to make it sound like having the allies is a bad thing. Not at all. It's a very good thing. But the key will be sustaining the alliance, and I think we'll be trying to institutionalize it in multiple ways to enable it to tackle problems, new ones and continuing ones in the coming years.

MR. KAGAN: Okay, great. We only have five minutes left, so I've got time for two more questions. And I'm going to take this lady right here and that gentleman over there.

MS. YOUNG: My name is Lee Young. The wars always repeat

themselves -- you know, the war and peace and if anywhere -- my question is I always (Inaudible) based on social and cultural background, and the way that America can present as a wealthy kind of country. But now, America don't think that America is a leader either in income -- of course, we are not talking about GDP as a good measure.

And they are thinking Americans really have a lot of poverty and homelessness, and so they have really lost a lot of people's confidence. And I just wonder if all that -- you know, even from World War I or World War II or the Civil War or whatever, there will be a cause conflict. So, I wonder in the world, what other people think about America -- why they don't like American culture?

And a lot of people -- immigrants come here or refugees come here and they say they lost all our families. There is nothing left. Even their earned income, that will be eventually gone. So, could you address just the issues?

MR. KAGAN: Okay, thank you. And yes, sir?

SPEAKER: Andre (Inaudible) Institute. My question to Steven, and also if both of you would like to join, it would be also good. Having seen an absence of our unequal human response from a liberal democratic world, and definitely the U.S. and the European Union, first of all, towards the changes that happen to the international order over the last six years -- I mean, all of these principles of (Inaudible) of borders, territorial integrity, aggression, all of this stuff, not only in Ukraine, but in Georgia, (speaking in foreign language), Crimea, Donbass -- and what's going on next we don't know yet, but we have some feeling about that.

Having seen the lack or absence of response from (Inaudible) assignment in Wales and the lack of desire to address those issues, would you agree that the title of our session or your session should be changed? It's not International Order under Siege, but it is International Order that already has changed? It's a new international order. And it is a matter of now it's only to admit that we are living a new world order. It's a matter not of whether to admit it, but only when we probably could do

it.

MR. KAGAN: Is that really the question, whether we titled our thing wrong (Laughter)? Or do you want to (Inaudible) --

(Simultaneous discussion)

MR. KAGAN: I'm going to go back to your other question. Okay?

SPEAKER: Also a discussion of (Inaudible), as well, but I just would like to have your view about the substance that really --

MR. KAGAN: No, I understand. I'm only -- it's a joke (Laughter).

MR. PIFER: Yeah, no I --

MR. KAGAN: Go ahead, Steve.

MR. PIFER: No, I think certainly, you have seen Russian pressure over the last several years. It didn't just start with Ukraine. But I think I would argue that in the Ukraine case, it was the most blatant example. I would go back and look at what happened on August 7 of 2008 and say at that point in time, you could see the potential for a conflict between Russia and Georgia.

I personally think it happened on August 7, because the Georgians made a decision that they hadn't completely thought through. And I think that actually informed the Ukrainian approach, which you saw in Crimea, whereas the Ukrainian forces in Crimea, once it was clear Russian forces were flowing in, were basically told to start with garrison, not to oppose, not to challenge Russian forces. And I think you know, we might differ.

I would have liked to have seen a more resolute response by the West. I actually think we've gotten to a pretty good place in terms of severe economic sanctions. We could have done it in a stronger way, a faster pace. But I think you're seeing that now and not six years ago, in part because the Ukrainian restraint made very clear that this was very much a case of Russia against Ukraine. And I think you are now seeing pushback.

MR. KAGAN: I'll take what I understood to be your question, which is, is the American in the crapper, basically, and what effect does that have on the world? That's a term of art in the international relations field. (Laughter) And my basic answer is that things are not nearly as bad as you suggest. And we tend to focus, rightly, on the problems that we have, but we used to have worse problems in this country.

And as far as the rest of the world's attitude towards the United States, I find that American attitudes are more down about the continuing importance of the United States and the capacity of the United States than much of the opinion around the world, where the American economy is doing better than a lot of other economies around the world. I don't even think that the Chinese are confident that they're going to move forward without hitting any economic speed bumps.

They've got a lot of the domestic problems, as Ken has talked about in the past, and I really think the question for the United States is always more about what do the American people want to do, rather than do we have the capacity to do it. Obviously, capacity fluctuates up and down. It has in the past, as well.

I wouldn't trade the United States of today for the United States of say, 1975. I prefer the position we're in now. And as far as the world's attitude, I mean, you can see it in polls. It's pretty -- the American is viewed in many parts of the world, not Dan's part of the world (Laughter), but in many parts of the world, very favorably, and as far as people wanting to come and live in the United States, I haven't noticed a shortage of people trying to immigrate.

So you know, as I said, the problems are there. We need to work on them, but I'm less pessimistic about sort of basic quality and wellbeing of the United States than some others. We should move on now. This panel dealt with just the objective facts about the situation (Laughter).

The next panel, thankfully, is going to tell us how we're going to deal and solve all of these problems. So, thank you very much, and we'll move on now

(Applause).

(Break in recording)

MR. WRIGHT: My name is Tom Wright, a fellow at the Project on International Order and Strategy here at Brookings, and we're delighted to begin the second panel of this two panel event, and in the first panel, we heard about all of the problems in the international order and how severe they were, and whether or not they were greater compared to what has gone before as to what the United States has dealt with in the past.

In this panel, we're going to give you all of the answers, so no pressure on any of the panelists. We're joined by a really terrific panel. We have Michael O'Hanlon, who is a senior fellow here and co-director of the Center on 21st century Security and Intelligence. 21 CSI is also the co-host of today's event, with IOS, so I'd like to thank Mike again for that.

We have Jeremy Shapiro, who is a fellow with the Project on International Order and Strategy; Richard Bush, who is a senior fellow at the Center for East Asian Policy Studies, and is also a director of that center, and Suzanne Malone, who is a senior fellow with the Middle East Center.

So, I just wanted to begin with some observations on the first panel, because I think what we heard was that there's really two categories of challenges facing the international order today. There's the unraveling of the regional order in the Middle East that Dan Byman spoke about, and then there is the sort of revisionist challenge -- in very different ways, but a revisionist challenge to the order in Eastern Europe by Russia, obviously, with its actions against Ukraine this year and more generally. But then also, what Ken was talking about earlier in terms of China's position in East Asia, it's uneasiness with the U.S. alliance system and its desire sort of, for more influence in the strong leadership of Xi Jinping.

So, those are two very different challenges. But I think as we sort of reflect

upon those, that we really do have some serious strategic choices that need to be made over the next sort of five years or so that I think go beyond the normal, run of the mill policy decisions that policymakers have here in Washington. One is a sort of Meta choice, I think, and then there is one for each of the regions.

I was struck by Bob's sort of observation that the U.S. has never really been a status quo power. The U.S. has always -- you know, he titled his first sort of volume of American foreign policy history, I think "Dangerous Nation." But you know, the U.S. has always sort of pushed a liberal international order as an idea, because of a belief that ultimately, that would work for peace and for prosperity and for stability. And that's had enormous success, but we've seen that been challenged recently.

So, one question that I'd like the panel to sort of you know, think about, and hopefully answer, is whether or not the time has come to sort of pull back on that model. Should the U.S. be less forward leaning in the future than it has been in the past and more accommodative of certain concerns that other countries have, or would that result in instability with sort of stopping at a certain point or giving in to some of these revisionist concerns, be problematic and be counterproductive?

The second sort of reflection is really on each of the regions. And in Europe, which Steve spoke about in the first panel, you know, the U.S. is trying -- and Europe is trying to deal with Russia. But there is a larger choice here, and Jeremy, who hopefully will touch on this in his comments, recently co-authored an article calling for the return of diplomacy with Russia; that there's really a way in which Putin -- if not quite can be accommodative, that some sort of bargain or some sort of deal can be reached that would respect the vital interests of both sides, and would respect sort of the sovereignty and freedom of Ukraine, as well. And is it possible to get back on that diplomatic path rather than the sanctions, where others have argued for sort of a doubling down on deterrents and trying to push back against Russia; that it's impossible to get a deal with Putin.

In Asia, the question is sort of perennially raised of whether or not there's a possibility of a sharing of power with China; can there be some sort of you know, concert approach or an accommodation or some new equilibrium that would lead to sort of stable U.S.-China relations? Or are we destined for a more competitive approach?

And then, there's a similar -- side question about how big a deal Chinese revisionism in the South China Sea is. Is that something the U.S. should be very concerned about and try to push back on, or are there larger issues there that should take precedence? And then finally, on the Middle East, I think we don't necessarily want to get into a question of intervention with Syria or sort of the day-to-day operation of the war against ISIS, but hopefully, we can look at what this means for regional security as a whole.

Is the ISIS coalition the backbone of a coalition that may bring greater regional security? Should the U.S. basically get on -- back on the side of the Saudis and others in the region, or you know; is there a possibility of greater cooperation with Iran, if this deal and these negotiations bear fruit? Is that sort of an alternative and pathway?

So, with all of that side, Mike, I'll turn to you first, and really just ask sort of an open ended question about how do you -- you know, what should the United States do to strengthen and sustain the international order? And what are some of the big things that policymakers should be thinking about in the next year or two?

MR. O'HANLON: Thanks, Tom. Thanks to all of you for being here. There's so much to talk about. I'm just going to begin with a couple of specific points. I would say that it is easy to talk ourselves into a view that we're in decline, but I tend to agree with Bob Kagan that there are a lot of strengths that are very enduring, largely because of the strength of our broader alliance system, which to me, is quite impressive.

Now, I know it's easy to look at the alliance system and say that there are a lot of allies not doing their fair share, not pulling their weight. You know, when you look at these reaction forces that are constantly being developed, I think Jeremy will

know the history better than I, but you know, 20 years ago, NATO came up with its reaction force, and that was supposed to be about 20,000 soldiers.

And then, the European Union had some kind of a reaction force announced about that same time, and it was maybe a little bit smaller. And then at the Wales summit just this year, we announced another reaction force, and it's only 4,000. I think today, I'm here to let you know that President Obama is about to give a press conference. He's going to announce another reaction force, and it's going to be made up of just Jeremy by himself (Laughter). And he's going to be our silver bullet for going in and solving not only the problems of the world, but of this panel, because I'm the top of the --

MR. SHAPIRO: You know you're in trouble when (Laughter).

MR. O'HANLON: Yeah (Laughter). It'll be good. But two other things to frame my take on the world and where we are. First of all, American power and American military spending remain quite impressive; still almost 40 percent of the world's total. If you add in our allies and our key security partners, it's about 70 percent of the world's total.

Now, I admit, in the old days, like two or three years ago (Laughter), you could say that with a little bit more confidence, that it meant something, because the problem is, you know, remember how people always used to say, we spend more than the next 17 countries combined, blah, blah, blah?

People don't say that quite as much anymore, because unfortunately, numbers two and three are now very, very clearly China and Russia, and they are very clearly issues and challenges. And in the case of Russia, I think it's a significant problem in the short-term. In the case of China, who knows? But the point being, if you add those two defense budgets together for those two countries, it's about half of ours, and it's still a lot less, but it's significant.

And their trend lines are up, and ours is down. But I still don't want to

lose sight of the fact that we account for 40 percent of global military spending, and if you add in our allies, the western alliance system, in the absence of any clear single threat accounts for 70 percent of world military spending, which is entirely unprecedented in the history of the planet, that so many countries would be together in an alliance that doesn't even have a clear enemy. So, that's, I think, still good news, but the optics and the tone are shifting a little from saying we outspend the next 17 combined to saying, uh oh, numbers two and three really are countries we have to worry about.

And by the way, I'm going to get to Iran in a minute. It's interesting that another frame that's changing is President Obama used to want to say, and used to quite frequently state that his goal for his presidency was to end the two wars that he inherited. Now, I'm actually very happy that in the case of Afghanistan, he actually greatly intensified that war before he started to end it, and it's taking him about his entire second term to end it.

I think he feels apologetic about that. I feel that there was no better way and no alternative. But nonetheless, it was very important for him to say we're ending two wars on my watch. He doesn't say that anymore. I would predict here today, he will never say that again. And in fact, he will do well not to leave his successor with more wars than he inherited from George W. Bush, because of the problem that Suzanne has got on her plate, which is what happens in Iran if and when the negotiations fail. And of course, there could be other crises, as well, that degenerate into conflict.

And so, President Obama now very much has two wars. In fact, I would argue that he ought to keep the Afghanistan mission going. And one specific critique I'll make, and just a couple more points, and I'm going to stop with this opening and then look to others before the subsequent discussion with you.

But one thing President Obama should do is not try to end the war in Afghanistan as such. We can end the combat mission. We can say we've ended by whatever semantic device we want to, our actual kinetic role. We're still going to take

American casualties next year, but we can say that with a tenfold reduction in our force posture there, that it's the end of a certain phase, and that's fair enough.

But I see no reason to think that we should go to zero by the end of 2016. And I'll put it to you starkly, not in the terms that I often use -- maybe more in the terms that the Kagan brothers sometimes use. But let me just go ahead and be blunt. We need those bases in order to go after Al-Qaeda and protect our own security against people who want to kill us, so we sometimes have a chance on a way to kill them first.

So, why do we think we can declare that the Al-Qaeda threat based in South Asia is permanently ending as the Afghans have now had their presidential transition, and as we phased out our combat role in Afghanistan and handed over most of the mission to the Afghan army and police? They don't have the drones. They don't have the commandos to go after a Zawahiri target that may pop up in the federally administered tribal areas, for example. So, I think we need the bases in Afghanistan, not to have 20 or 30 or 40,000 U.S. troops there, but to have 2,000 or 3,000 or 4,000 over the long-term for our own good. Leave aside what Afghanistan may require.

So, the only broad theme that this then leads me to is to say that in the Middle East in general, I think President Obama has to keep on the path he's on now of being willing to do a little bit more. And that extends all the way from Afghanistan to Iraq and Syria. There's a lot to talk about with Iraq and Syria. I'm not going to try to do justice to it in my opening. I'm just going to say one more thing, which is a line I've been trying to harp on a lot lately, which is that in this whole debate about whether we should have combat forces involved in the war or not, boots on the ground or not, well, guess what? We already have boots on the ground in Iraq, and we already have combat forces in Iraq, because we're dropping a heck of a lot of ordinance out of airplanes on bad guys.

So, those two thresholds have been crossed, and I don't think anybody is proposing that we think about the reintroduction of American divisions and brigades by the tens of thousands of soldiers. So, the real issue to me, do we need the flexibility

potentially down the road to do two things?

One: To send advisory teams in the field with the Iraqi army as it tries to re-coalesce and rebuild its capacity to do complex operations; as it gets ready to take back those Sunni-Arab strongholds from ISIS in the months and years to come? And I think we probably will need forward American capability in small numbers.

And then secondly, do we help the Iraqis with some raids, with some commando operations in the early going? That would be much more blatant combat, and it would be in support of Iraqi special operations forces that themselves, I think are pretty good, but may need some help in those early months to really establish momentum against ISIS.

So, those are two areas where I hope the president retains flexibility and doesn't get himself boxed in by the occasional -- a tendency to still use sort of an anti-war rhetoric, which I understand the motivation for, but that may not serve him well in Afghanistan or in Iraq. And I'll leave it there for my opening remarks. Thanks.

MR. WRIGHT: Okay. I just have a quick sort of follow up, and that's that you know, by maintaining a sort of strong you know, policy in the Middle East and Afghanistan, do you see any -- are there any trade-offs, say as Russia gets more aggressive or if there are problems you know, in Asia? I mean, can the U.S., with you know, the size of the defense budget, continue to do all of these things, or are there difficult choices that may need to be made that would affect you know, some of the things you just mentioned?

MR. O'HANLON: Well, it's a great question. And there are certainly potential scenarios by which you know, you could be employed or stressed in multiple places simultaneously. And I'll look forward to what Richard says about Asia in a second, but my overall view in our posture in the Western Pacific is that we need to be resolute and strong.

I don't anticipate a high likelihood of war, if we continue to maintain

strong alliance relationships, strong forward presence and do the things that we should. So, I think we can essentially view the Pacific theatre as a place where a strong Air Force and Navy backed up by limited amounts of ground power can actually help sustain the peace as China rises. At least that's my hope, and I think the odds are quite good.

In the Middle East, by contrast, we don't need huge capabilities from the Air Force or Navy. It's more about special forces, perhaps some limited ground capability, some mentoring in the field and so forth. What the Air Force is doing now with dropping bombs is a small scale operation by the scale of what the U.S. Air Force can accomplish.

So, I think we can actually pull it off, provided that defense spending doesn't suffer sequestration for a prolonged period. I would rather not see it suffer sequestration at all. We're now two days into the new fiscal year. We're already sort of trending back towards a sequestration like defense spending level, which is a problem. Next year, sequestration will kick in.

But I think the 2016 presidential race will save us from that trend maybe two years later than I would prefer. But nonetheless, with the kind of people I expect to run for president, I think you'll see some gentle upward pressure on the budget and on overall U.S. American military posture from both parties. And I think that's going to be a good thing.

MR. WRIGHT: Thank you. Jeremy, turning to you, I mean one of the themes, if you could address sort of what I spoke about a minute ago, and Bob's sort of framing of U.S. policy as being sort of pretty forward leaning, that the order is always expanding, it's always sort of right there.

MR. SHAPIRO: Yeah.

MR. WRIGHT: The question is, what does the U.S. need to do to sustain and strengthen the international order. But you know, is counter intuitively, part of the answer to that to pull back a little bit, or is it to sort of really consolidate what's there?

MR. SHAPIRO: As I think about that question, I sort of wish I had been on the first panel (Laughter). But I think fundamentally, you know, the answer is yes, which is I guess a controversial answer to give. I think that the first panel really described a world in which disorder really threatens to spread, and the U.S. has, for a long time, assumed for itself the role of the preservation of the liberal world order; that it did you know, a lot to put into place right after World War II.

And I think that there's a fairly broad consensus in the United States -- it's not unanimous, but a fairly broad consensus that that role should continue. But there's a lot of debate about what the role should entail? And does it mean solving civil wars in distant regions or guaranteeing borders everywhere? Or is it simply about preserving a world trading system and avoiding major power war? What is necessary, in other words, to preserve the world order is sort of what we're talking about.

And I think that debate rages, but in my view, and I think we've seen it here today, that the debate in the United States about these questions really hasn't fully grasped the fact of U.S. relative decline and the consequent decline in U.S. capabilities to support some of the things it might want to do to preserve world order. I think you know, we've seen even here that the very fact of the decline is often debated, despite two very recent and expensive and inconclusive wars, a great recession and the rather obvious rise of the rest.

I think as both Mike and Bob emphasized, the incredible strengths of the U.S. remain, and it remains the world's leading power. But power isn't necessarily a relative concept. And if others rise, you fall relatively. That's math (Laughter). It's not anything else.

And I think this is particularly true, because as Bob emphasized in the first panel, the imposition of the liberal order is a competitive, disruptive enterprise, and we like to think of it in the United States as the provision of the public good, but other countries really often don't view it that way, and they will resist that imposition in some of

its particularly; not all of them, but in some of its particulars. And they have certainly acquired new capabilities to do so recently.

So, I think that this degree of relative U.S. decline requires a re-evaluation of U.S. grand strategy, and it has to take into account both what is necessary to sustain the key elements of world order that we really need, and what the U.S. remains capable of doing relative to everybody else, and aligns U.S. priorities with those capabilities.

This frankly -- it seems a very obvious exercise, but it turns out that in the U.S., it's a politically perilous one. Prioritization does not come naturally to people, I guess, especially to wealthy people. You see this when dealing with the U.S. public on the -- just on the budget. The public seems to favor reduced government as a general rule, but they don't favor reducing government spending on any particular program. That doesn't add up. And you see the same sort of thing in foreign policy. They don't favor reduced activism on any given issue, but they can't afford to do everything and don't want to.

You know, my former boss at the State Department, Jake Sullivan, was so nervous about appearing to prioritize anything in public that he used to start off his speeches by saying, I know I will never cover all of the issues that matter to people in this audience. I hereby incorporate by reference as key priorities everything that anyone of you cares about (Laughter), and I stipulate that we haven't forgotten about them and we are very much focused on them (Laughter). That is the reality for every American --

SPEAKER: You probably wrote that speech, though (Laughter).

MR. SHAPIRO: That's why I like the line. Yeah (Laughter). I think it's even more perilous in U.S. domestic politics to admit that we can't do something. Every time somebody says, gee, I'm not really sure we can bring stability to the Middle East, somebody in the back of the room stands up and says, I have a brilliant idea. It's going to work this time.

MR. WRIGHT: It's coming later.

MR. SHAPIRO: It didn't work last time, but we've figured out what went wrong. And this is -- in American debate, these types of arguments nearly always win the debate. Right? It's a very frankly attractive personal and cultural quality that we have. But I would say you can always have too much of a good thing. And this, I think so prevalent in foreign policy debate that I've come to call it the can do threat to the American empire.

I think Obama administration foreign policy over the past several years has seemed in part, to admit that the U.S. can no longer do certain things; that it can't necessarily intervene in complex civil wars successfully, that it can't nation build. And it has had a sort of failed attempt to prioritize, particularly Asia, and to spread responsibility to others.

If you look at the president's United Nations General Assembly speech from last September of 2013, and a lot of public appearances in the intervening year, you see that he was very focused on the problem of reduced capability, and on the fact that we don't have to do everything to maintain the world. And he was trying to put that argument forward to the American public.

I think the result, in part because of world events, was a fairly precipitous collapse in confidence in his foreign policy. He's been attacked by domestic opponents who are eager to profit politically as weak. He's been attacked by regional partners who are eager to avoid greater responsibility as abandoning them, and he's been attacked by foreign policy experts here and everywhere else as paying insufficient attention to their specific region of expertise.

And so, I think you see this year's United Nations General Assembly speech -- it seems sort of like a partial admission of defeat, as he resorted to more of a call to arms under American leadership.

So, to answer my own call about what a realistic appreciation of current U.S.

capabilities would imply, I would say it implies prioritizing relations with great powers, especially in East Asia, protecting the global commons, that being air, sea and cyber for economic intercourse, and avoiding major power war. Those are the fundamental things that we need out of the world order, and certainly, things that we can achieve.

I think that these elements could sustain the most fundamental elements of the world order, but I readily admit that even with the framework that accepted U.S. reductions in capabilities, you could well argue over these priorities. But I would insist that without a framework that accepts new limitations, the debate can't really take place. We are essentially stuck in a more fantastical world where the only impediments to the types of U.S. actions that we regular cite are domestic political constraints and presidential leadership. And I think that whatever your priorities, if they're not mine, if they're others, whatever, this view should be seen as a self image that we can no longer afford.

MR. WRIGHT: Thank you. Turning to Richard, Richard, there seems to be a sense this year amongst those who look at Asia that you know, maybe it's time for a new sort of strategic approach, or that maybe the U.S. approach of the last 10, 15 years of strategic hedging, you know, engagement plus sort of reassuring of allies that you know, it may be at the point where that needs to be re-taught a little bit because of a more sort of assertive China and because of some of these flashpoints, you know, that have emerged, mainly, you know, internationally in the South China Sea and the East China Sea.

Although, this week, obviously, we see that the events within Hong Kong that aren't sort of a foreign policy issue between the U.S. and China, but certainly will impact China's role in the region and more generally. Do you think that there is -- that the U.S. has a major sort of strategic choice coming up in Asia, or is it possible to continue the strategy that the United States has pursued for some time?

MR. BUSH: Well, it's a great cosmic question. And I'd like to circle back

to some things that Jeremy was saying, but I'll do that in a minute. To answer your question, Tom, I think we do face a choice, because the challenge in Asia is somewhat new. That's the classic power of a rise of a new power in its own region. It's very much a state to state challenge.

The good news here is that both China and the United States say that they want to avoid strategic rivalry, and that's good. How you do that is very complicated. I think that if we decide to adjust in the form of retreating from the policy, it's really the last 40 years, 50 years, Asia will be a much worse place than it would be if we stay engaged.

All of the challenges we face there are tough, and we need to work hard on them every day. But China does have a stake, to some extent, in this existing order, even though it tries to adjust it. Actually, I think that the policy we have pursued is a pretty good one, and that has been an active role in Asian affairs through military forward deployment, alliances and partnerships, setting the economic rules of the game, standing for something politically, seeking to facilitate the solution of regional problems, increasingly working through multi-lateral institutions.

That now goes by the name rebalancing. Rebalancing is actually an adaptation of a decades old approach to new circumstances. Those circumstances have everything to do with the rise of China, its growing capabilities, its evolving intentions, its less of a willingness to accommodate, and a greater tolerance for risk. But I think the jury is still out on whether U.S. leadership with support of our friends cannot, indeed shape China in a direction that leads to a region of co-existence. Too much accommodation is going to send signals to both our friends and to China that I think will be -- you know, have an outcome that certainly we, certainly our allies but maybe even China would not want to see.

Now, what are the obstacles here? I have to say that my heart is with Mike and Bob Kagan. My head is more with Jeremy, because I think there are obstacles. First is on a day-to-day basis, calibrating our responses to specific problems so it's not

too tough, not too weak -- we have this problem in the East China Sea and the South China Sea, but elsewhere, as well, and it requires great skill and it requires attention. Nobody is going to be happy with the outcome, but we want over time, is our friends and allies to be happy enough.

The second obstacle is an emerging problem in the conventional military strategies of the United States and China. And simply stated, that is China's growing ability to target the platforms of forward development, like aircraft carriers, and a U.S. trend towards relying on being able to attack China's homeland from long distances. Your reading assignment for tonight is this book that my colleague, Michael O'Hanlon and our former colleague, Jim Steinberg, published recently, "Strategic Reassurance and Resolve: U.S.-China Relations in the 21st Century." They address a lot of these sort of security challenges between us and Beijing.

The deeper obstacles is what I would put in the category of self-inflicted wounds. One of these is sequestration. I mean, this is looming. I hope Mike is right, that circumstances will develop where the whole thing is set aside and the defense budget maintains stability, but I think there was a certain optimism a couple of years ago that sequestration would never kick in. But because of the problems that we all know, it did kick in, and it's been suspended till fiscal year 2016. But the budget for fiscal year 2016 is being written right now. And so, we have tough choices ahead.

Finally, the other self inflicted wound, I think, is that we have allowed the domestic pillars of U.S. external power to atrophy over the last 20 or 30 years. And if we are going to maintain commitments of the sort that we have set for ourselves over a long period of time, we have to address these. These include getting our fiscal house in order, re-emphasizing education, supporting science and technology, rebuilding the civil service, building infrastructure and so on and so on.

At the root of this is fixing our dysfunctional political system. If we don't do all of this, then gradually and over time, our ability to remain actively engaged in world

affairs in a way that I think is good for the world is going to be harder and harder.

Thanks.

MR. WRIGHT: Thank you. Suzanne, on the other sort of big challenge, you know, the unraveling of the Middle East or whatever, I mean, obviously, there's a lot sort of going on right now. But when you look out a few years, it even seems more daunting that the U.S. is relatively unmarred from where it has been before, and that a lot of the things that were sort of strategic -- you know, strategically taken for granted, or the alliances or the general sort of framework of understanding the region is now in flux.

What do you think sort of the U.S. -- what sort of principles or ideas should guide strategists here as they try to think about America's role in the Middle East over the next few years? Is there sort of this choice I referred to earlier between sort of that core alliance that's sort of going after ISIS as a mechanism for providing regional security, or is there something, you know, maybe possible alternatively, possibly including, you know, Iran, if the negotiations go well?

MS. MALONEY: Thanks so much, Tom, and thanks to you and to Mike for putting together this event. I am at a disadvantage as compared to all of you here in that I wasn't able to be a part or in the audience for your earlier discussion. And I know that amongst the panelists, Dan Byman spoke, and he is one of the most sensible and insightful watchers of Middle East policy. So, I expect you learned a lot from that discussion.

I will contribute what may be contrarian positions on this set of issues. First, being that -- and perhaps this is in line with what Jeremy was saying. I think the Obama administration has done a very poor job in allowing the perception of some departure from the Middle East to take hold. This idea that we have pulled back, that we are no longer present in the region, seems to be accepted wisdom at this point. It must have its own hash tag at this stage, that we simply aren't there anymore.

And in fact, I think that nothing is actually further from the truth. We're

deeply enmeshed in the region and always have been, and I would argue, and we can get into this, that despite other constraints and other demands, we will continue to play a major role in preserving stability in the region. So, I think this idea that somehow we have left, and should we come back is one that is inaccurate and is a figment of particular parties that are looking to press their own interests and draw us into their own conflicts.

The one area where we have not been deeply engaged, at least in terms of boots on the ground, has been in the Syrian civil war. But I'd posit that in fact, civil wars in the Middle East, at least, have never been the mechanism for direct American engagement. Syria is hardly the first civil war in the region, and in fact, we have consistently tried to avoid being present in those conflicts.

In terms of the existing regional order, I think there, I would also perhaps take a somewhat contrarian view. And that is that, you know, I don't see it as one that has been terribly durable or terribly useful in preventing either interstate conflict or in preventing the kinds of low intensity conflicts and non-state actor violence that has plagued both the region and the homeland, as well.

So in fact, while American policy has been and will continue to be to try to support an order in part, because we have so many allies that remain committed to it, I think we have to be aware and working toward a recognition as, I think, consistent with the Bob Kagan view of the world that are our values draw us in another direction; that their values are very much in contradiction to the values of some of our allies in the region and to the existing regional order, which relies on a series of relatively autocratic states to help maintain stability.

And this existing regional order hasn't prevented conflicts between the states and it hasn't prevented the rise of terrorists and violent organizations. So, to the extent that we're seeing more disarray, to the extent that we're seeing a greater sense that the order is collapsing, I would argue that that collapse has been very much in process, really, since we became the major external power in the region.

In terms of how we manage our alliance system in the region, I think that we have greater dexterity than either the choice between simply relying on the coalition that we've begun to put together to address the threat emanating from the Islamic state organization and other violent Jihadist groups, or moving in some other direction. In fact, we've always found a way to sort of manage the Iranian problem and rely, and in fact, co-op the Iranians on particular crises, whether it was the eviction of Saddam Hussein from Kuwait, whether it was enduring freedom and the liberation of Afghanistan, whether it was even the eviction of Saddam Hussein himself from Iraq.

In all of those crises, we've managed to kind of create a conversation with the Iranians, where at least a tacit understanding of where we would and would not be able to work in concert. And I think that will likely be the case with the current campaign against ISIS. The Iranians have their own very clearly articulated reasons for not wanting to work directly as part of some American coalition.

And so, this idea of a grand entente in which old adversaries come together to fight this new threat, I think was always more of a hypothetical sort of option rather than one that we're likely to be able to operationalize. And yet, we can have a somewhat fluent and nuanced policy in the region which seeks to use the Iranians where they can be valuable in terms of the operations on the ground, as we've already seen in Amerli and a couple of other scenarios. Iranian support to particular entities in Iraq has helped to turn back ISIS. But we're also going to come into conflict with the Iranians in any number of places, and I think that will only become more clear to the extent that the campaign takes on more activity within Syria itself.

And so, I think that, you know, ultimately, our greater challenge is not just simply meeting the threats that we face in the region, but in looking to build a more durable regional order, one that actually can play a better role in regional crisis management, in preventing regional crises, in creating some sort of a path toward a more durable order in the region. And that is a position that is a very difficult one.

Whatever we do in Egypt, it will be pilloried. Any word or any hint of American interest in seeing greater representative institutions in the Gulf would be perceived as treasonous by our allies. So, we have a very difficult road to walk. And yet, I think ultimately, we have to find a mechanism for having these conversations, for recognizing that the order that we've built, that we've contributed to, that we've relied upon is not one that's actually addressing our interests or those of the region.

MR. WRIGHT: Thank you. So, we've had a great sort of analysis, I think, of all of the reasons, but also, some of the general questions. Before we go for questions, because I think we have until 4:15, I just wanted to ask one additional question that any of you can sort of take in. And it's this notion of sort of the -- what are the diplomatic you know, opportunities to engage with potential or actual competitors and rivals over the next few years?

I mean, can the United States, as Jeremy -- as you wrote, come to you maybe first, like get a deal with Putin that would basically de-escalate the situation in Eastern Europe. Is it possible that there could be true -- maybe the SNED or something else, you know, greater, bilateral diplomatic engagement or a continuing bilateral diplomatic engagement with China that would put that region on a steadier path over the next few years?

Or, are we sort of drifting -- and similarly on Iran -- obviously, we've seen that already over the last few years with the negotiations of the nuclear public, or, are we headed toward a more competitive environment where really, the issue is how to you know, moderate the competition? It's going to be less stable than before. It's going to be uglier than before, but it's trying to sort of stave off, you know, disaster or conflicts or crises. So, Jeremy, do you want to start us off?

MR. SHAPIRO: Sure. And I guess I'll do that by rejecting the premise of your question (Laughter).

MR. WRIGHT: Okay, thank you (Laughter).

MR. SHAPIRO: You've put into contrast a diplomatic solution and a military/coercive solution. Somehow, a diplomatic solution is a cooperative one, and a military solution is a confrontational one. But I don't accept that division. Diplomacy is not a cooperative exercise. Diplomacy is a competitive exercise in which you are trying to establish in people's minds, the potential consequences of failing to reach a compromised deal.

And I think that in all of these situations, the United States has diplomatic avenues open to it, and it's less expensive for everybody to try to come up with more diplomatic solutions. But they're always going to have to be combined with coercive elements if you want to reach the compromise that you want. And the diplomacy will be discussing (Laughter) both the potential and the actuality of those coercive elements. And I think the Russia/Ukraine situation is an example.

The article that I wrote that you referred to, and thanks for doing that, doesn't say that we can reach a solution with Putin's Russia without engaging in coercive activities. It just says that we cannot afford, given our other responsibilities in the world, to adopt a totally confrontational approach to that; that we have to think about compromises that we are willing to make and figure out whether there is a sort of win set of compromises that both sides can make that can be acceptable moving forward.

And we have to think very hard on our side about just what we're willing to accept, given that on the other side -- given that if we don't accept it, there could be a new Cold War, or even a direct confrontation with Russia. And so, I ask the question, is this principle that we've laid down that Steve defended that it's a -- in the first panel, that it's incredibly important that Ukraine have an independent foreign policy and be able to choose its alliances -- is that a principle which is so sacred to us that we're willing to enter into a new Cold War?

Is that something we can afford to do, given the state of the world in general, and our other responsibilities and interests? If it's not, we need to think about

diplomatic compromises before we have that confrontation. But even if we do so, we will still require the Russians to compromise to some extent as well. And getting them to that position will require that at least the threat, and probably the actuality of certain coercive elements like sanctions. So, diplomacy doesn't stand alone.

MR. O'HANLON: If I could pick up with that, I want to a hundred percent agree with Jeremy, but I think that the right policy towards Ukraine is not a function of American decline. It is a function of don't go to war with a nuclear armed state in a part of the world that that nuclear armed state cares about a lot more than you do, that doesn't happen to be your formal ally.

We do have to care to some extent about Ukraine security because of the Budapest Memoranda of '94 in which we promised to get them to give up their nuclear weapons; that we would, to some extent, try to vouch for their security. And I don't think Jeremy is suggesting, and he hasn't suggested that we should be indifferent to their security. But I would agree; we can't militarize that problem, and we're going to have to be a little bit flexible.

But let me just say a couple of broad things here about pivoting from that to now the broader issue of where we stand in the world. And Richard, I know was talking about this and said he was maybe more towards Jeremy's side. If we have declined at all, it's relative to a 1990s peak. It's not relative to a 1970s peak, in my judgment, from what I can see statistically and otherwise. It's not relative to any previous era in world history.

And to the extent that a rising power like China would assert itself more in the years to come, they're going to push countries like India closer to us. And therefore, the overall coalition that I talked about before as having 70 percent of world GDP and military power, which did not include India in my calculation, will be able to include it in the future. Another way to make the same argument.

I mean, we look at the short to medium term trends. Yes, Japan's

populations, Western Europe's populations are going down. Yes, our GDP is only growing 2 to 3 percent a year. China's is growing at 7 percent. You can talk yourself into some fatalism about where we are in 2025, 2030. But at 2050, the western community, without counting India, still has a billion people, and the Carnegie endowment estimated they'd have an average per capita income of \$80,000, at which point China is still at 1.4 billion, and they're at about 30,000.

So we are, you know, by that measure at least, still four or five times, or three or four times more powerful than they. We're still way ahead of them in high technology, in most other aspects of education and innovation, and we have the best allies in history. So, when you look at the world that way, I would rather have a debate about which particular problems do we think we're not very good at solving. And this is where I find Jeremy's arguments hardest to rebut, is when you get into big nation building in the broader Middle East, and I would concede, as a person who thought they would go better than they have, that we're going to have to lower our aims a little bit.

And to me, the hardest part of this is going to be Syria. And we don't have time to go into a detailed discussion on Syria. I support what the president is trying to do now. I don't think he knows the end game. I don't know the end game. I think we're going to have to personally, potentially be a little bit flexible on the politics of the end game, and they have to be more like a Bosnia model for a future Syria that involves some limited role, even for Assad himself. I'm willing to say that in public, because I don't see how you push him out otherwise.

But I think on a lot of the other issues, we actually have the power to do what we need to. And let me just conclude on this, and maybe it's a good segue to Richard, if he wants to weigh in on China. Richard was very kind to advertise the book I did with Jim. We called it "Strategic Reassurance and Resolve."

The way you get along with China is not to talk them into believing that we're in decline and to concede the game in the Western Pacific, because we're not in

decline relative to them in any structural, definitive way. By GDP, yes. By almost any other measure, no. And by the way, the GDP stuff is not going to work so well for them when their population flattens out and their pollution problems and their other problems just impose a constraint in their future growth. And if their assertive behavior drives half the world into our camp, then even more so.

And so, the last thing I want to do, even though the book is called "Strategic Reassurance and Resolve," is give away the game to China by talking ourselves into thinking that our power is dropping so fast that we have to somehow do what Hugh White in Australia says, is give basically, half of the Pacific to the Chinese and we keep the other half.

No. The Chinese are going to learn that we're not going to abandon our allies, and that yes, there maybe will be a different role for them in the future, and we have to be flexible on that. But it's not going to be their part of the world. They're not going to own it, and we're not going to concede that game, and we shouldn't. I'm not suggesting anyone in this panel has implied otherwise, but I want to be emphatic on that point.

MR. WRIGHT: Richard?

MR. BUSH: Mike, it's certainly true that the broad trends are not bad as far as the United States is concerned. I think there's some underlying difficulties. But the future is being made not only by these broad trends, but the choices and actions and that the United States and others take every day, and how those are interpreted.

So, in the South China Sea, we have to be very skillful in how we pick our fights or which fights we're going to pick with China, or whether we're going to oppose it at every turn as it slices salami -- sorry for the European metaphor in East Asia. And are we going to oppose it on every single one? Our allies are watching what we do.

I think that diplomacy has a role here. Diplomacy sometimes actually solves problems, and the six party talks might have resolved the North Korean nuclear

issue. I think the main obstacle here was China's ally, North Korea. But diplomacy can also be used not to solve problems, but to confine your adversary. And this seems to be the trend more and more in diplomacy between the United States and China. We're each trying to lock each other in to a certain sort of direction of behavior.

And so, resolve and firmness remain very important. And no one would agree more with Jeremy than both diplomacy and coercion or resolve are needed than the Chinese. That is their approach to the world.

MR. WRIGHT: Thank you. And Suzanne?

MS. MALONEY: Well, I --

MR. WRIGHT: Do you have anything to --

MS. MALONEY: You know, let me just speak to the Iran piece of the question, because I -- to some extent, ducked that, I suppose in my initial response. You know, we've been involved over the course of the past year in the most serious and so far, successful exercise of direct diplomacy with the Iranians since 1981, when we signed the Algiers accords and freed the hostages.

It is likely, I would suspect at this point, that we will not see a comprehensive nuclear deal, either on November 24th or by November 24th, which is the current deadline for negotiations. Or, I would suspect in the foreseeable future, I think we are in a long-term process of trying to constrain the Iranians through a variety of means, and that I believe, depending on what happens in both countries after November 24th, that we will actually continue to include negotiations in that process of trying to constrain the Iranians' nuclear ambitions.

That will depend on what the Congress does. That will depend on how the Iranians react themselves. It's not a win/win, as Rouhani has described the deal, and as I think, President Obama would see a deal. It is probably a partial victory on our side, and I would argue for the Iranian interests, the Iranian people, it's a real loss, because the deal is really their only way out of the economic jeopardy that the country is in, and

that will ultimately have impact on the stability of the regime itself.

But it does mean that we will likely be able to build on the process of engagement that's been created with the Iranians on the nuclear issue to potentially look at other issues; to potentially have a more robust conversation on the regional order. And you know, I would note that historically, we've always looked at Iran as a potential participant in a regional order. You look at sort of the post first Gulf War conversations by the first Bush administration, and there was explicit contemplation of including Iran in some kind of a post Gulf War regional order.

I think that we need to recognize that an order that excludes one of the most populist wealthy and frankly, dangerous countries is ultimately not going to be a stable one. But it is complicated by the fact of this regime, its preferences and values and its own inability to engage in more constructive relationships with the United States, as well as with many of its regional neighbors.

MR. WRIGHT: Thank you. Now, we'll go to questions. I was -- the other day, before we do, just one brief story. I saw Eric Smith of Google speak, and he described the Google way for questions, which I think we should incorporate here at Brookings, which is everyone writes it into their laptops what the questions are, so they all pre-submit them. So, you would all pre-submit them in advance. But then, the audience gets to vote on which questions they think are best.

And so people are voting real time on the questions, and they go up and down. So maybe, I would just fancy a screen behind us. Maybe that's something we can look into in the future. We're going to take a bunch together. So, this gentleman over here first. Yeah?

MR. ENHOLME: Hi. I'm Bob Enholme with the President Woodrow Wilson House here in Washington. It seems to me that part of international order would be international norms, international law and international institutions. And yet, I think we've talked about that very little in the last couple of hours. And maybe, that's part of

the problem.

And so, I just wonder, you know, America has a unique role in that, in that we were there at the founding of the UN, and yet, we seem not to rely too much on it. There are domestic political reasons for that and whatnot. But what about the absence of a reliance on true international institutions as a problem in maintaining any sort of reliable international order?

MR. WRIGHT: Thank you. We'll go one over here. So, the gentleman at the very back. Yeah, Jen just -- yeah, and just beside you. Yeah.

SPEAKER: Thank you very much. Com Won with Hong Kong Phoenix TV. In a very recent interview with CBS, President Obama said that whenever there is a trouble in the world, they call -- they don't call Beijing or Moscow. They call Washington. So when they say -- so, how do you read into that statement? And also, when he said it, he was kind of proud of it. So, is there something to be proud of it? And what's the reason? Thank you.

MR. WRIGHT: I'll take two more. So, a gentleman up here is -- sorry, can -- yeah, just here. Wait for the microphone.

MR. CARR: Hi, I'm Bob Carr. I'm Brookings Executive Education and George Washington University.

There's been a lot of focus on security violence, military, with the exception of some comments by Richard -- I'm wondering what you see as the role of international trade agreements and restructuring or defending the world order TTP, stuff like that.

MR. WRIGHT: Thank you. And one more from this side -- from this gentleman here in the third row. And if we have time, we'll come back from another round in a few minutes.

SPEAKER: Thank you, Richard. Sassoon, via the comment I believe, by Mr. Shapiro with regard to prioritization, how does the United States handle its ability

to deploy its power and influence with a \$16 trillion debt, wherein we will be spending more on interest on that debt than perhaps, China is spending on its DOD budget? It seems like a great transfer of wealth taking place right beneath our noses.

MR. WRIGHT: Thank you. So, we have four questions. I think we have one on why we didn't talk about international institutions, international norms. The question on the role of trade, the question about the president's speech about the U.S. being the indefensible power, the country is always being called up, and then, this question about the deficit and the constraints that that will place on U.S., I guess, power protection capability. So, who would like to weigh in first, before I arbitrarily call on people (Laughter)?

SPEAKER: I'll start with the last question and just get it out of the way, because it's a hard one, and we're not going to do justice to it here. Others may want to weigh in on it too. But I think your point is well taken. This is a longer term challenge for the United States.

In the short-term, the pressure is a little bit less. Maybe that's not a good thing. It allows us to forget the issue, so I'm glad you raised it. We're down to a point now where our debt relative to GDP is no longer growing for the moment -- it's still growing in absolute terms, and it will grow again, relative to GDP structurally. So, we have that dilemma.

So, you know, it's a multi-faceted answer. I do think defense spending needs to go up, but I would concede, in relative to your concern, that it's got to go up only modestly. I think we need Social Security reform -- both parties. Anybody interested in national power I think should be willing to have that conversation. It doesn't mean it has to be a slashing and a cutting, but it does mean you have to rethink some of the structure to it. Same thing for the tax code. Same thing for other elements of national spending, because ultimately, this is where I do share a point Richard made concerning -- maybe about the long-term.

Over the next 10 to 20 years, even though our demographic profile is better than almost any other countries on earth in terms of just a slowly growing population, nonetheless, we have big challenges. And I think you're correct to highlight them. So, defense spending does need to go up, but I think only modestly in light of the pressures that you've mentioned.

MR. WRIGHT: And Richard?

MR. BUSH: I'll take a stab at the first two, because they're related. On international norms and institutions, I think the U.S. does stress these, but selectively, when it's in our interest to do so. China stresses norms and institutions sometimes, when it's in its interest to do. The trick is finding the circumstances when our interests overlap, so that we can ground solutions or management of problems in international norms.

On the question of the United States as the country that we all call on, I think the United States, particularly President Obama, would like to have more collective action, have a situation where the United States doesn't always have to take the lead. And that was certainly an element in his new strategy towards ISIS. It was an important element in his West Point speech. The problem is that a lot of countries like to free ride. They like to get the benefits of U.S. action and leadership without paying a price. And that's one of the burdens of leadership.

MR. WRIGHT: And Jeremy or Suzanne?

MR. SHAPIRO: Sure, thanks. Those are hard questions, so I apologize if I give bad answers. But I think in terms of the question about the call to Obama, I think that Richard is precisely right, that it is something to be proud of, but it is also a responsibility and a burden which I think the president would like to see go down. And he's struggling, I think, with those two elements of it. And I think we've witnessed that struggle in his own policy over the course of the last several years.

I think that in terms of norms and institutions, on of the things that's interesting about the way that the U.S., Russia and China approach these questions is

that they sort of approach it in the same way. And I think that maybe that has to do with being a great power, or at least seeing yourself as a great power. Sort of the stronger you are, the less interested you are in being bound by these norms and institutions, and the more interested you are in using them instrumentally. You know, the Netherlands is very interested in national norms and institutions, and very much behind them. And I certainly would be, if I was the Dutch prime minister, too.

But I think for the stem -- the U.S., Russia and China have typically looked upon these things very instrumentally. And this is what I think Bob was referring to when he said that the liberal world order is competitive and disruptive. It is very much an attempt, among other things, to deploy normative power to alter the behavior of other states. And the United States was very, very successful at doing that right after World War II. And some of that success and some of that normative power persists.

But I think if you look at U.S. behavior over the time they -- over the course of that time, they have very rarely agreed to be bound themselves by these rules, with a recognition that they have to have a certain amount of binding in order to induce that type of behavior in other states. And I think Russia and China very much see it this way and are very interested in deploying the same type of normative power to erode the U.S. capacity to enforce norms and institutions. So, as I was saying about diplomacy, it's a competitive exercise.

I think that you can look at the trade agreements a little bit in the same way. I think that there was a real effort, and that effort persists to have a global trading system which can be -- I guess it's a normative effort, but it's one that perhaps, everybody could get on board with. But it's largely broken down in the past several years, not over the types of issues that we're talking about, but over various interactions of domestic politics.

And so, what's emerged in recent years is at the same time, an effort on the part of the U.S. to build up from the bottom -- to rebuild up from the bottom that

impetus in the global trading system through regional trade agreements, but in part and parcel of that is an effort to use these regional trading arrangements in the same sort of coercive way to enforce other types of norms; regulations and things.

And this is an explicit goal in both the TPP, the Trans Pacific Partnership and the TTIP, the Trans-Atlantic Trade Investment Partnership that the -- the regional trade agreements that the U.S. is trying to conclude. And I see also Russia and China with somewhat less success trying a similar effort.

On the debt, I don't think I can add much to what Mike said, but I guess one of the problems with being wealthy is that you can spend for a long time without noticing. And that's also one of the great benefits. And the U.S. is in a very peculiar position in the international system in terms of its debt; that it's fundamentally able to fund an unlimited amount of debt at very, very reasonable rates.

There is an old economic law that says if something can't continue forever, it won't. And so, like this can't continue forever, so it won't. But I honestly -- I don't understand why it's lasted as long as it has. So, whether it will last another 50 or a hundred years, I have no idea. And I think the problem from the perspective of the United States is not that the debt in the next year or in 10 years or even 20 years limits things like U.S. defense spending. I think Mike is perfectly right about that. It's that at a certain point, you get yourself into a lot of trouble, and you have no idea when that point will arrive.

(Simultaneous discussion)

MR. WRIGHT: Suzanne?

MS. MALONEY: Can I just say one quick -- well, two quick points on the question about the U.S. as the indispensable nation. But then, I will encourage the moderator to abuse his role, because he really has a lot more to say on all of these issues, including international institutions and trade agreements.

You know, just to state the obvious, the Middle East still calls on the U.S.

as the indispensable nation. The first call will always be to Washington. And despite the sort of rising economic relationships and to a lesser extent, strategic relationships with China and India, I see no prospect of that changing anytime soon. This is a traditional expectation on both sides. It is a well endowed relationship in terms of the defense spending and defense cooperation, and it is an instinctual response on both sides, both of our Arab allies and of American policy makers.

This is despite changing energy market trends and the fact that we've always been less dependent on oil coming out of the gulf than all of our allies. We have always still maintained the first and foremost role in trying to preserve the stability of the region and stability of those flows of energy.

But let me just make a point for multi-lateralism in the Middle East. To the extent that we've gotten anywhere with the Iranians in terms of the nuclear agreement, it has been as a result of multi-lateralism. There is not a lot of love for the P5 plus one at the outside of the Obama administration. I think there were even discussions, at least informally, about do we really need this sort of institutional arrangement by which we're going to negotiate with the Iranians as part of this unwieldy group.

In fact, what we've seen, it's been very valuable, very valuable, very cohesive, even today, despite the tensions with Russia. We've found a way to utilize this cooperation. And I suspect we would not have gotten to where we are today in terms of the interim agreement, and at least in terms of at least some initial progress toward resolving the bigger issues that would be part of a comprehensive agreement, if we did not have the support and active involvement of these key allies.

MR. WRIGHT: Thank you. I think we have time for one more, but at Suzanne's prompting, I would just say one thing about the indispensable power. Because I think for any president, you know, the ideal situation is one where everyone shares -- all of the allies take a greater share of the burden, and they all do exactly what the president wants them to do. Right?

And so, you have this terrific sharing of the burden, where basically, everyone is reinforcing U.S. power and objectives. But of course, that's not the way, you know, it works. You know, countries will do their own thing. They'll see it in their own way. We may see that with the ISIS coalition; that they will exploit, you know, the opportunity to pursue their own interests. And that's even on a pretty sort of benign sort of end of it.

I think the other part of it is that free riding and you know, riding sort of the coat tails of American power, that is just the price of you know, being a super power. I mean, that's always been the complaint. It was the complaint throughout the Cold War. It's been the complaint since. I've quite (Inaudible portion) the Goldilocks solution. I'm pretty sort of skeptical. So, I think Obama has struggled with this. I think Jeremy is right. But I think he really, you know, just needs to make his peace with it, because that's just the cost of leadership and it's not a bad cost relative to some of the others.

But we have time, I think, for maybe -- we'll take two more real quick question and just have -- if anyone wants to respond, they can. If they don't -- so, we'll do the gentlemen here -- the two guys beside each other in the middle. Yeah? So right here. And make them very short. If they're not short, I have to --

SPEAKER: Sure. My name is (Inaudible). I have question on the Middle East. Keeping in mind the greater challenge to build a durable order in the Middle East. To what extent does really working with Iran against ISIS will help, knowing that Iran backs up organizations like Hezbollah and Lebanon and the Mehadi army militia and act?

MR. WRIGHT: Okay, thank you.

SPEAKER: Thank you.

MR. WRIGHT: And the -- Thomas?

(Simultaneous discussion)

SPEAKER: In terms of China's long-term strategic goals and interests

and objectives in Southeast Asia, how do they currently manifest in the maritime trade with the Southeast Asian countries and especially, particularly right now on the Sogrow (phonetic 5:14:57) -- the maritime Sogrow project. Thank you.

MR. WRIGHT: Okay, thank you. So if you want to -- if anyone wants to address either of those two questions or anything else in the panel today, if you each take maybe like 30 seconds, or you can -- or 60 seconds, even, or if you have nothing to say, you can just pass on. So, why don't we go in reverse order, so, Suzanne?

MS. MALONEY: I'll take the question that you're on for obvious reasons. You know, look, I think the Iranians are going to be involved in the fight against ISIS, whether we like it or not. And I think we will not like a lot of what they're doing, including buttressing some of the Shiite militias in Iraq that are certainly a detriment to the long-term stability of that country.

But we simply can't ignore that they're there. To some extent, their actions will serve our interests. What we have to be cognizant of, both in watching and to some tacit extent, coordinating with the Iranians, as well as in dealing with all of our other allies who have their own interests, and certainly, many of which are going to diverge from our own long-term preferences from the region is simply that we have to ensure that our interests come first.

And our interest is in seeing a stable state structure and seeing an end to the civil violence and an end to the sort of, I think dystopian furies that have overtaken so much of the region in terms of their attractiveness as a potential future option for the region. So you know, I think Iran is a factor, and ignoring it or seeking to simply eliminate Iran from the battlefield in Iraq and Syria would be unrealistic.

MR. WRIGHT: Richard?

MR. BUSH: China already has a very deep and consequential relationship with Southeast Asian countries. It mainly takes the form of those countries exporting natural resources, which China needs for its manufacturing and --

(Break in recording)

MR. BUSH: China would like to institutionalize those relationships through the maritime Silk Road and other means. More long-term, it would like to foster a political relationship with those countries so that they defer to China on any major issue.

The problem is that the countries concerned don't necessarily want to provide that level of deference, and China's own actions in the South China Sea and other cases only intensify the concern and suspicions about China's motives. So, stay tuned.

MR. WRIGHT: Jeremy?

MR. SHAPIRO: Sure. I won't touch those questions, but I'd make a sort of overall comment, I guess, which comes back to a little bit my original presentation, which is, one of the things that strikes me is sort of listening to this sweep of this sometimes disjointed conversation, is just how difficult it is to have this sort of prioritization discussion that I asked for.

It's so hard when you're sort of thinking about just how important maritime trade is with -- the Chinese maritime trade is with Iran nuclear dealers, or the ISIS threat is, to actually sort of sit down and weigh them up against each other and think about which is more important. And what do you need to devote what are necessarily limited resources to?

I think we haven't really -- we're struggling with this here at Brookings. We haven't really found a good way of talking about this, because we do tend to get sucked down the rabbit hole of our own -- all very important and very interesting problems. But I guess I feel as moving forward, that's going to be in some ways, the most fundamental question that we have to deal with.

MR. WRIGHT: It's probably a prize for the first person who writes an article saying my issue is not that important. Please pay less attention (Laughter). Mike?

MR. O'HANLON: I'll let it stand there. Thank you.

MR. WRIGHT: Okay. Thank you all for coming. I'd like to thank our panelists -- Suzanne, Jeremy, Mike and Richard. Also, I think 21 CSI for partnering with us at IOS today. And also, just to say that the next event that we'll be holding will be on the 17th of October, which is a Friday at two o'clock -- a debate between Bob Kagan of here, of course, and Barry Posen, who is a professor at MIT and the author of the recent book, "Restraint." And that conversation will be moderated by Jeremy.

But thank you all for coming. And with that, we're adjourned (Applause).

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