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PEKING UNIVERSITY

SHARED CHALLENGES AND COOPERATION FOR KOREA, CHINA, AND THE UNITED STATES

PANEL ONE:
EMERGING CHALLENGES TO THE INTERNATIONAL ORDER AND U.S.-CHINA RELATIONS

The Brookings Institution, Falk Auditorium
December 16, 2014
Washington, DC

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Washington, D.C.

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PANEL 1: EMERGING CHALLENGES TO THE INTERNATIONAL ORDER AND U.S.-CHINA RELATIONS:

P R O C E E D I N G S

DR. POLLACK: Good morning again. I'm Jonathan Pollack, senior fellow in the John L. Thornton China Center and the Center for East Asia Policy Studies. I'd like to welcome you again on behalf of all the institutes represented here this morning. But I welcome now a few words of introduction from the two collaborators that our Center for East Asia Policy Studies has. First, Chung Jae Ho, who is chairman of the board of the Korea Foundation for Advanced Studies.

JAE-HO YEOM: Good morning, everybody, distinguished President Talbott, and colleagues, ladies and gentlemen. I'm delighted that the trilateral conference on Northeast Asia and the United States reconvenes here in Washington, D.C. for the second time.

The inaugural collaboration among the Brookings Institution, the School of International Studies at Peking University, and the Korean Foundation for Advanced Studies successfully took place last April in Seoul, Korea, attracting a large audience and encouraging highly interactive sessions. The trilateral conference has certainly met the first of two (inaudible) trigger? approach to discuss significant matters in the Asian-Pacific region, but I believe that through a series of collaborative efforts among leading intellectual institutions from the United States, China, and Korea, highlight the potentials and importance of this event in making public diplomacy as the locomotive for peace and security-building towards common prosperity in Northeast Asia.

Ladies and gentlemen, Northeast Asia is a region of paradox marked by the coexistence of extensive economic cooperation and pronounced regional political tensions simultaneously. First, Asia as a region has moved from the periphery to the center of the international stage with its robust economic growth and enlarged political presence during the recent decades. Second, the unequivocal rise of China has made the U.S.-China relations the most important bilateral relationship in the contemporary world.

Many efforts have been made to define the U.S.-China relations. Terms like responsible stakeholders, G2, and the Beijing consensus have optimized the more active role of China. On the other hand, China has recently suggested a new model of major power relations as an effort to define her own vision of new world order based on the spirit of coordination instead of confrontation.

The details of this new model are not laid out in full, but we must note that the concept is useful in this season of a fresh new outlook for international relations and global governance having China as a more proactive actor in the region.

When we take a closer look at Northeast Asia, however, we start to notice that the region faces some major challenges despite enjoying unprecedented prosperity and economic

clout. For example, Korea and Japan face unprecedented tensions between remarkable economic coupling with China and the military alliance with the United States. Another feature is the volatile North Korean region. Despite numerous efforts to denuclearize the Korean Peninsula, North Korea fails to show any sign of giving up its nuclear ambition but continues its belligerent provocations.

There are also tensions between Japan and its neighbors because of Japan's abrupt account to take up a more assertive role in the region since its leadership changed in 2012. Exacerbated further by its revisionist views on history, another source of regional tension is maritime territorial disputes.

Now that we have zoomed in on Northeast Asia, let's take a step back to look at the big picture. The world itself is also facing many challenges and uncertainties. As all of us know, upheavals across various parts of the globe, such as ISIS, Syria, Iran, and the Ukraine are affecting not just those regions and their surrounding countries, but the entire world.

Economically, the international financial system, global trade, and the digital revolution have not just interlinked the members of the international community, but effectively intertwined all of us together. The Crimean Crisis in the Ukraine, for example, is very closely watched by the South Koreans because we know that North Korea is also keenly watching to see how the U.S. and China are reacting to it. What is happening in the Middle East has consequences for Northeast Asia because its member countries are heavily dependent on imports of energy resources and exports of manufactured goods.

Incidentally, last week I had invited Professor Justin Nye of Harvard University, to come to our foundation in Seoul and give a special lecture under the title of "Is the American Century Over?" During the talk, Professor Nye said the Obama policy of rebalancing towards Asia is a wise policy to reinforce the preexisting Asian balance of power and that the American Century can be revitalized by building positive some relations with China rather than falling into the fallacy of just some game mindset.

I agree with his projection, and I believe that the U.S.-China relations will continue to improve and mature in the future in many constructive ways to provide peace and stability in Northeast Asia and the world beyond that. Overcoming global and regional problems requires collaboration among great powers. Although great powers are useful in modeling cooperation, their efforts are insufficient to coordinate all involved actors. Serving today's complex challenges requires middle powers to play a greater, more active role for our medium-size states with capability and willingness to employ proactive diplomacy with global visions.

Given its geographic location among four world powers of China, Japan, Russia, and the United States of the Pacific, Korea has a long history of coping with daunting challenges of navigating among the power players. This enables Korea's national interests to be aligned with regional interests of building peace and security for common prosperity in the region.

Borrowing from the cover of *The Economist* a few weeks ago, I want to highlight

the important role of Korea as a pivotal bridge over the troubled water in East Asia. As a staunch ally of the United States and the indispensable neighboring economic partner of China, Korea is well poised to take the initiative in middle power diplomacy in facilitating consensus building and revitalizing momentum for a cooperation.

Ladies and gentlemen, at this critical juncture in global politics, I believe it is high time for the United States and China to come up with a new modus operandi for the 21st Century. As we cannot solely depend on government-to-government coordination, nongovernmental entities, including think tanks and academia, must pool their resources to help usher in a new era of peace and co-prosperity. It is not just for Northeast Asia which Korea is part of, but the entire world and all of its citizens.

I hope this trilateral conference, jointly organized by the Brookings Institution, the School of International Studies at Peking University, and our foundation, will be instrumental in taking the necessary steps towards that goal. I also hope that this platform will be a timely opportunity for us to look at the Northeast Asia region from a truly global perspective with farsighted objectives.

Along with yesterday's closed meeting among participants, I hope today's conference will have a fruitful outcome for the future peace and prosperity of global society as well as the East Asia region.

Thank you again for the distinguished participants who share their valuable ideas for the conference, and I would also like to thank the audiences who participate in the conference today. Thank you very much. (Applause)

DR. POLLACK: Yes. Dean Jia Qingguo, and then we will proceed to the first panel.

JIA QINGGUO: Good morning. It's my great pleasure to be back at Brookings where I am supposed to be an alumni. I think we are very happy and honored to be part of this enterprise to study the issues of Northeast Asia on a trilateral basis. We are very happy to work with the Korea Foundation for Advanced Studies and also the Brookings Institution in this enterprise.

I cannot keep up with Dan Russel's very comprehensive speech and also Professor Chung's very eloquent statements.

I just want to mention two things. I think the region is very important. It deserves our focus and attention. Dan Russel just said that this century, according to Mansfield, is the Pacific Century, and I think Northeast Asia is probably if not the most important, at least one of the most important areas of the Asia-Pacific -- of the Pacific region. So it deserves our focus and attention. There are many issues that we need to explore, many problems to sort out. Many areas of cooperation need to be identified.

The other point I want to make is that as China rises, China has a lot to learn. Its

rise has been too fast for the Chinese and probably the rest of the world to get used to very quickly. China is not familiar with a lot of issues in the world, especially -- well, including a lot of issues in the region. So we need a lot of forums, trilaterals, bilaterals, whatever meetings, dialogues, to get ourselves familiar with the issues and also to learn how to manage these issues in cooperation with other countries and other partners.

I truly value this opportunity, and I want to thank Ambassador Park for his initiative and also Jonathan Pollack for his hard work. And we are very glad to be a part of this meaningful and, I hope, very important exercise. Thank you. (Applause)

DR. POLLACK: Could I ask the first set of presenters to come to the stage? Thank you.

DR. JIA: Okay. I think we should start. The first session is Emerging Challenges to the International Order and to U.S.-China Relations. We have three speakers and also three discussants. Before we start I want to outline the rules to establish some kind of order. Each speaker is supposed to have 10 minutes maximum and then each discussant is supposed to have 7 minutes maximum. So I'll try to interrupt if you exceed the limit. Also for the Q & A period according to the arrangement we would ask you to write your questions down on the index cards, hand it to people. If we don't have any confusion then we should start now.

Our first speaker is Professor Jae Ho Chung. He is from Seoul National University of Korea. I'm not going to go over their credentials; you have the documents in your hand, you can go through their bios. So, Professor Chung, please.

JAE HO CHUNG: Thank you. I would like to thank the organizers, particularly the Korea Foundation for Advanced Studies. This is really a valuable platform, particularly given the fact that the Korea-U.S.-China Track 1.5 meeting has been stalled since July last year. So this is really a valuable platform.

I would like to pose a question, that is was the Cold War era really all that bad? I'm asking this question because I find one virtue from the Cold War era, that is keeping traditional sources of interstate conflicts under the surface. In the post Cold War era all of those traditional sources of interstate conflicts have resurfaced, territorial disputes, ethnic conflicts, religious conflicts, historical controversies, and classes of identities, particularly in the context of East Asia. Of course we also have new types of problems, worldwide crisis of democratic governance, pandemics, cyber security, global climate changes, what have you. On top of that we also have this so called return of geopolitics. The most prominent case of which of course concerns the possible scenario for a power transition between the United States and China. And speaking of power transition my personal view is that the debate has been a bit overblown. In other words perceptions of the people are running ahead of the realities, for instance, the myth of GDP. Of course it was very shocking to find that the GDP of China surpassed that of Japan in 2010, about 20 years ahead of the projection by Goldman Sachs in 2003; however, if we go back to late 19th century, it was 1872 that the GDP of the United States surpassed that of the UK, and UK was clearly aware of that fact. However, the real power transition between the UK and U.S.

only took place either in 1931 or 1944. 1931 is the year when the UK finally aborted the skim or padding the pound with gold. We can also take 1944 as an alternative watershed in which the Bretton Woods system was established. So in the former case the power transition took 59 years after the GDP of U.S. surpassed that of the UK, and it took in the latter it took 72 years. But now the GDP of China has not yet surpassed that of the United States. Of course the case of the 19th and 20th century cannot be automatically applied to the case of 21st century, but still you can say 40 to 60 years is needed before the actual power transition takes place. But that is why I'm saying the perceptions of the people are running far ahead of the realities.

Having said that what I have just said is only applicable to the global dimensions of strategic competition. If we confine our focus to the context of East Asia the dynamics are quite different. I think it will come much, much faster to the region of East Asia. Overall I think with the narrowing of power differentials between the United States and China, the nature of the U.S.-China relationship will be increasingly transformed from one of competition based upon wide cooperation toward a cooperation based on frequent competition. And also compared to global issues or other geographical regions I think the room for cooperation between Washington and Beijing will be much, much smaller in the case of East Asia because East Asia is so much more important to the strategic interests of China than let's say Africa, Middle East, or Latin America. And also there seems to be a new trend in which China appears to be feeling increasingly more nostalgic about its glorious past, particularly their set of vocabularies that the Chinese leaders choose to use make many people wonder whether China is really nostalgic about its glorious past.

Finally I think there is also a sort of trend in which a strategic competition is being increasingly locked in in East Asia. For instance United States has been saying it is returning to Asia, but China has been saying U.S. return is not necessary because its rise will be peaceful in nature. And for that purposes U.S. is relying on extension of alliances and consolidation of traditional allies. On the other hand China is extending its partnership arrangements with many countries. In terms of the economy, TPP versus RCEP or FTA Asia Pacific, in terms of military we have AirSea battle versus A2AD, Washington consensus versus Beijing consensus in terms of norms and values. So at different levels and domains there seems to be some sort of a strategic competition poised for future.

There are two key regional issues that have very important ramifications for U.S.-China relations. One, Japan. United States wants to see the strategic and military capacity of Japan upgraded because that can be used in case of certain regional contingencies. But at the same time United States also wants to reign in Japan because that is in tandem with some of the expectations of the regional states. But whether or not U.S. can actually make a very healthy balance between these two seemingly contradictory tendencies remains to be seen.

Another one is North Korea. Twenty years ago we asked ourselves question whether North Korea had any fissile materials. We don't ask that kind of question anymore. We now ask questions about militarization or whether they have technologies to load those nuclear devices onto missiles and so on and so forth. According to some estimates as of now North Korea is supposedly possessing 24 to 42 kilograms of plutonium-based material, possibly 150

kilograms of uranium-based materials, compared to almost none 10 years ago. North Korea already had three nuclear tests, excluding the supposedly underground test undertaken in 2010, compared to zero ten years ago. Now North Korea is estimated to have four to eight plutonium-based weapons and possibly six uranium-based weapons, compared to zero ten years ago. So this is exactly the area where we really need U.S.-China cooperation, but whether or not that kind of cooperation would really be forthcoming to a very successful and satisfying level remains to be seen just because of the deficit of trust between Washington and Beijing. All these issues are strategically embedded in U.S.-China relations. Whether or not you have a maritime code of conduct is not really an issue. Having one is one thing and actually following through on that particular principle is another.

Finally I'd like to draw your attention to a much more alarming trend which is potential for significant arms race because of this U.S.-China strategy confrontation and competition in the region. As I mentioned earlier there is this sort of AirSea battle versus A2AD kind of competition between Washington and Beijing. This basically comes down unto counter surveillance technologies. Of course there are other dimensions as well, but also includes a sort of missile dimension or missile defense which actually has very crucial ramifications for arms races and so on and so forth. And also it has really uncertain ramifications for the nuclear competition. Actually nuclear competition or nuclear stability has two different kinds of dilemmas for the regional states. If both Washington and Beijing are true believers of the mutual assured destruction principle that means there is a balance of terror at a very high level, then the question is does that give both Washington and Beijing more leverage to make use of conventional weapons because it is very unlikely for them to use nuclear weapons. But does that make the use of conventional weapons more likely. Second, if both Washington and Beijing are true believers of the MAD principle therefore they will not rely on nuclear weapons, or if they are not true believers of the MAD principle, therefore there is a high likely to be escalation. Therefore they want to prevent any possibility of escalation. Does that mean regional states will be drawn into a sort of proxy competition just like we saw in the Cold War era? Is there good news for the regional states?

So in conclusion, the U.S.-China relations can be a solution to many problems, but at the same time U.S.-China relations can also be a root cause of many troubles for the region. Hopefully this provides you with some food for thought for this session. Thank you.

DR. JIA: Thank you very much, Professor Chung. You're right on time. Our next speaker is Zhang Qingming. He is a professor of Peking University. Please.

QINGMIN ZHANG: Okay. Thank you very much and I'm very pleased and honored to be here. I also want to thank the Korea Foundation for Advanced Studies to give me this opportunity to come to the distinguished Brookings Institution to share my thoughts about the topic.

When I was asked to talk about the topics about the challenges to international order and the China-U.S. relations, so I began to think about the question what are the problems that are facing the world and are facing China. But just now when I listened to Assistant

Secretary Daniel Russel's speech and he talked about the many positive side of the world and the U.S.-China relations. Well here I tried to find out the problems, I think we are, you know, addressing very different aspects of the world on U.S.-China relations. Then I think there is a big difference between scholars and officials. Officials try to focus on the promising aspect where scholars always try to find the problems because without problems we might lose our jobs. (Laughter) So I will focus on those challenges.

People from different backgrounds might look at the world very, very differently and their understanding of the international order all background relations might also differ. So I'm here in the capacity of a professor; I would like to look at the challenges for international order under U.S.-China relationship from different theoretical perspectives. And from a structural, realist perspective international order basically refers to the stable structure that shapes countries, shapes based on the national power and the liberalist folks on the institutions and norms that governs state behaviors. And I also of a different perspective, that is the perspective of the diplomatic studies, how the folks and the actors are for diplomacy and how that changes and the challenge of international order and the U.S.-China relations.

And first look at from the structure perspective or realist perspective. I think today's challenge for international order is that we are experiencing our power shift rather than power transition. The imbalance of economic development has changed the geopolitical landscape of the world today and the sustained high growth rate in India and China, the two most populist countries has rendered them much more political clout and they want to play a more important role. And the economic dynamics in Asia also made people to talk about the Asian century. At the same time we have noticed that just now Assistant Secretary Russel correctly discussed American power. America is still the most powerful country, but if you look at the U.S. foreign policy and compared with its behavior in the past you will notice that U.S. today is not so willing or lacks the capacity to do whatever it wants to do as it did 10 years ago or 20 years ago. So what does that mean? That means that today's international system which is a bilateral system has lost its constraints in countries' behaviors. Why testimony of such implication is the crisis, a small crisis exists around the globe. And the countries could not find solutions together. In the past the big powers could cooperate to solve their problem very easily, but today with so many big powers, with a multipolar world, other countries need to negotiate to find a solution. This has slowed down the process of settlement of the problems.

And from a liberalist perceptive I think international order is also experiencing a transition period of time. For old international institutions and organizations like the United Nations, WTO, like NATO in the West, IMF, and World Bank are still playing a very important role. But we see the new institutions, the new mechanisms like G20, Shanghai Cooperation Organization, APEC, they are becoming prominent, more and more prominent in settling international affairs and they have a strong voice. At the same time we noticed that the international norms and rules enshrined in the United Nations Charter are still very, very important and that they are indispensible in settling the problems around the globe. But we also notice that there are new rules which are being strongly proposed, like RtoP are strongly proposed in the West. According to the United Nations old rules or United Nations Charter (inaudible) is still the lynchpin of international relations, but we do see today interference in the

international affairs of others countries is a common practice today. So how to reconcile the old norms and rules with the new norms and rules? How do we, you know, treat managing the relations between old institutions and the new institutions? Those are the new institutions will they replace or are they supplementary or complimentary with the old, existing institutions. We still have not found a solution. And this gap before we find a new set of new norms, new agreed norms, and the world will face a lot of challenges.

And thirdly from the perspective of diplomatic studies today we see more and more actors in diplomacy. In the past nations state they used to be (inaudible) actor for international relations and for diplomacy. But today we see international governor organizations, non government organizations, transnational cooperation, even private sectors are playing a very, very important role. So in the past when countries compete with each other they try to show that they are on their historical right side and to show they're on a moral standard, moral high land. But today with ISIS or the terrorist groups you could not find that. You wanted to have a dialogue, you want to deal with them, you cannot find them. So in today's international relations we see it is a complex web of the net of different actors, different interests, different preferences, different dimensions for international relations. So there are three different challenges for international -- what are they? The three different perspectives can also be employed to look at U.S.-China relations. I think that today the Chinese government proposed for a new type of major power relations, earlier days the Chinese declined the idea of a G2, but my understanding is that, you know, with China and United States, where two big countries cooperate we may not find a solution to all the problems we face today, but what is sure that if China and United States do not cooperate now the problem we face today globally can be solved. So in this regard China-U.S. relations are very important. But even though it's important but we still face some challenge. One of the challenges is from the realist perspective, that is the challenge proposed by the shift of power, the changing power balance. For example in early 1990s, as soon as the Cold War ended Chinese GDP was only about 6.7 percent of that of U.S., but last year China's GDP is more than half of the U.S. GDP. And according to IMF, you know, according to TPP terms, the Chinese GDP is always already, you know, match that of United States. This might not reflect the reality but that does lead people to think about how, you know, rising powers, the challenges existing are (inaudible) powers, how that kind of, you know, traps what they call the society of the traps.

So in today's relations between China and United States both leaders and all scholars I think realize the importance of the better relations, but at the same time we do see that there is a deficit of trust. I mean just to give you one example, on the U.S. side the U.S. says very clearly, and the U.S. welcome a rising prosperous China to play a more important role, but we do see that a lot of U.S. foreign policy toward China does not support such rhetoric. For example it enhances alliances in East Asia, increases military surveillance around China and --

DR. JIA: One minute.

DR. ZHANG: Okay. So I think from a realist perspective we face a deficit of trust. From a realist perspective I think we need to find new rules and try to find greater rules to settle the problem of our common concern.

Because of limited time I think the last point I want to make is that today the U.S.-China relationship is not just a state-to-state relationship, but it's more society-to-society relationship. We have how many students -- about 24,000 American students in China. There are about ten times of that number of American students studying in China. But at the same time we do see there are forces here that you have termed as China basher. While we also have a similar force in China, we do not have a term for that, but the two groups of forces they hate each other but sometimes they feed on each other, they depend on the other side's extreme view for the domestic legitimacy. I think for the two sides I think they really need to manage the better relations so that the better relationship will now become a victim or victimized or become a hostage of these two groups of extreme forces in both sides. I will stop here.

DR. JIA: Okay. Thank you very much, Professor Zhang. The next speaker is Dr. Tom Wright. He's a senior fellow at the Brookings. Tom, please

THOMAS WRIGHT: Thank you. Thank you very much. I would like thank you, Ambassador Park, and the Korea Foundation for Advanced Studies as well. It's a great pleasure to be here on this panel. Our topic is Challenges to the International Order and U.S.-China relations, and it seems to me that there are two very different ways of assessing, you know, that the international order is and what the challenges today are. And the first is to say, you know, the international order are the things we normally sort of think about as being a part of it, the international Institutions, the United Nations, the IMF, the World Bank, all the different alphabet soup of organizations that we rely on to deal with the global economy, international security. Another sort of aspect might be all of the different problems that countries have in common. So tackling, you know, terrorist organizations or climate change or pandemics, all of the global economy, all of these different types of issues that aren't really traditional sort of great power and issues, but are problems of the 21st century.

And on this sort of category, this sort of single sort of category of issues that I think are really global issues, you know, the international order, the global order is doing pretty okay. I mean there's not, you know, a great sort of solution to the secular stagnation that we're in, or climate change is still a problem, but broadly speaking progress has been made in a relatively incremental fashion. The major powers disagree sometimes on how to handle these problems, but not fundamentally. There isn't an alternative sort of Chinese system of the international order which is to impose and sort of destroy the current institutions and replace them with different institutions. That doesn't exist. There are disputes about what votes different countries would have in the existing institutions, and there are differences about what they might do, but fundamentally the basic sort of contours of that order are relatively sound. Now we've seen some, you know, alternative institution building with the BRICS Bank and the Asia Infrastructure Investment Bank and, you know, there will be different sort of controversies about that and we can talk about those later. I think there's some reason to be a little bit concerned, but in the broader sweep of things I think these are quite manageable problems. Countries don't fight over voting weights at the IMF or the BRICS Bank. That's not going to result in a conflict between the United States and China. And for the most part I think U.S. leadership in these institutions is broadly sort of accepted. Again, you know, there are differences about maybe

exactly, you know, what type of influence different countries have. But China, you know, India, Russia even, they're not wanting to take up more of the burden to tackle sort of these collective action problems. But there isn't a movement in Beijing to be the country that's leading the fight against ISIL, you know, in the Middle East. I mean that's not a prize anyone would want.

So I think that on that sort of first category, the global order, you know, things aren't that bad. But there's another way sort of to look at the international order and it's to say it's not really about these international institutions, it's fundamentally about interstate peace, and particularly peace between the major powers. And, you know, what is it that that sort of relies on what are the fundamental foundations of sort of that aspect which is very much in the minds of, you know, Churchill, Stalin, and Roosevelt when they sort of designed, you know, the sort of post war order in the 1940s. It was mainly about trying to prevent another great power war and it was sort of a mixed success obviously because it broke down and led to the Cold War, but what does that rely on? And to me what that relies on more than anything else are sort of healthy or at least stable regional orders in strategically important parts of the world. And the reason why we have great power (inaudible) is because the order in Europe has been pretty stable. The order in the Middle East a little less so, but generally pretty stable for several decades because the sort of the authoritarian allies there. They had problems for sure, but it was relatively stable. And then Asia which has been East Asia which has been fairly stable since World War II. And to me this year particularly but even going back a few years, what's happening is each of those sort of healthy or stable regional orders are under severe pressure for very different reasons, but simultaneously. And so there's sort of pressure points on that aspect of the international order. And in the Middle East it's the weakening of the states, sort of hollowing out of the state, the rise of terrorist organizations, you know, the Arab Awakening, all of these different things that place the entire region in a flux. That's probably the most dramatic, but it may be the least strategically consequential of these three sorts of challenges ironically. But it is the one that takes up much of the news.

The second is in Europe where we see Russia trying to really revise the status quo. Russia is over the long run a declining power, but history shows us that you probably have more to worry about from declining powers than rising powers because they're worried their window of opportunity is closing and they want to try to act before it's too late. But that's a very fundamental change. We wouldn't have thought that 12 months ago. We were talking, you know, here, I don't think anyone would have expected the deterioration in sort of the Eastern European security order that's occurred since the Maidan demonstrations of last year.

And then a third which I want to focus on for the rest of my time is Asia where, you know, the power transition, the rise of China, the reaction to that rise is I think putting that under pressure. Now the reason why this is important I think is regions as some referred to it earlier, regions are where major powers are most concerned about. Like of course countries will be more concerned about their own neighborhood than they will be about a faraway place or a far away institution. So I think sometimes we can say oh, the global order is okay because everyone is cooperating on these sort of different sorts of issues, but actually it's the regional one that I think is probably most important. To me the cause for concern in Asia is that the United States and China have very different visions of what that order would look like. And there is this

sort of concept of a new model of major power relations, but it tends to obscure more than it clarifies because for the United States what that new model of major power relations means is that as a new power rises it will integrate into the existing order, sort of accept the status quo but have a much greater say over the, you know, the functioning of that order and the governance of it, and taking responsibility and having, you know, more of a role, but that essentially the order would be sort of unchanged. That's when U.S. officials talk about, you know, a U.S. presence, a persistent presence in the Asia Pacific and the sanctity of the alliances and so on. But for China I think it's much more about that, you know, the United States should accommodate China's sort of core or vital interests as it rises, almost sort of make way for it in some way. And this I think is inherently beyond sort of, you know different rocks and disputes and different problems, this is pretty much an old story actually about spheres of influence. And it's about, you know, China saying that it would like its sphere of influence, you know, in its region over time as it rises.

Now, you know, we hear from our Chinese colleagues that, you know, China is sort of more reactive and isn't actually trying to change the status quo on whether or not it's, you know, the island disputes with Japan, that that's a reaction to Japanese efforts to change the status quo, or with Viet Nam in the South China Sea. But I think there is some reason why, you know, China's neighbors do get concerned, and I'll just mention a couple. The first is, you know, we do see the sort of changing facts on the ground that have been happening, you know, earlier this year. I think, you know, those may be isolated instances but countries worry that there are no natural limits to them, like what is the point at which those sort of actions will hit the wall and, you know, that they won't go any further? Phrases like making up for lost time or, you know, having to deal with a prolonged period of provocations by other countries sort of suggests it's not a tit for tat thing, that it may be more ambitious than that. And then there is a concern about where is the negotiating space and so --

DR. JIA: One minute please.

DR. WRIGHT: Thank you. So where can we deal with these, what is on the table, how can some settlement be concluded?

So let me just conclude with some comments very briefly on why I think the spheres of influence approach is sort of worrying because you might say and it may come up in the questions and answers, of course spheres of influence isn't such a bad idea. You know, the United States had a sphere of influence approach for much of its history. In the Cold War it worked pretty well so what's wrong with it now? I think that setting sort of ideals or values aside there are a couple of problems. The first is, you know, if we had a spheres of influence system right now it probably would be pretty stable, but we don't. The real problem is how to get from here to there and the transition I think is impossible because it is inherently destabilizing. So to create a sphere of influence is very different from having one and wanting to keep it. So think that the process between these different systems is something we need to focus more on. And the second of course is that these countries, you know -- there are other countries involved and they have agency and they have a say, and they have a voice and a vote. And, you know, the days are gone when major powers can get together and completely divide up the map. That's not the way the world works anymore and it probably isn't the way the world should work. And I think that

that means that it's a very different environment than maybe the 19th century or the 20th century.

So my very final sort of comment is that I think these are, you know, very significant challenges. Most of them are manageable and most of them, you know, with more reassurance and trust building are manageable, but the one I worry most about is the territorial spheres of influence one because that's not actually a trust problem, that's more of an interest and an ambition problem and it's not going to be solved by, you know, simply by more dialogue on these other issues. We need a way of sort of trying to figure out what that looks like and, you know, what the risks inherent to it are. Thank you.

DR. JIA: Well, thank you very much. Now we turn to our discussants. Mr. Einhorn, please.

SPEAKER: I think we're going to --

MR. JAI: Oh, okay.

SPEAKER: We're going to -- did you want --

SPEAKER: (Inaudible).

RICHARD BUSH: Well, I'm going to speak from up here. I'd really like to thank each of the three presenters for their outstanding presentations. They really were outstanding. Each of them is a distinguished scholar and as a relatively older person I have confidence in the next generation based on what I've heard today. (Laughter) I would like to just stress a couple of points because to me they're very important. First is the point that Jae Ho made about the lag between a country's arrival as a major economic power and its behavior as a political and military power. There is a lag time and that's going to be true in East Asia. Second Jae Ho and Tom emphasized the very important distinction between the global dimension of power transition and the regional dimension of power transition and different regions have different sets of issues, have their own dynamic, have to be dealt with on their own terms. East Asia is particularly interesting in this regard, almost unique because it's China's home region but it's also one where the United States is -- use the phrase -- a resident power. And so it becomes pretty complicated because of our alliances, because of our sort of long-held approach of having an active presence. And there are different visions between the United States and China about the future of the order.

I think what will be very important, and Tom and others alluded to this, is the way that the United States and China interact on a host of very specific issues in the region as well as outside the region, and how we interact is going to contribute in a cumulative way to how each country assesses the long-term intentions of the other and then acts on those assessments. So whether it's maritime issues or North Korea or some of the others that it becomes very important that we work hard every day to get those right.

I agree very much with Profession Chung that we are in a very transitional period

no matter which scholarly approach you take. And I agree with him in a specific way. Transitions are plastic, nothing is inevitable, and nations have the liberty of choice and so how you make your choices and the factors you take into account become very important. That's true of the government in Washington, in Beijing, in Tokyo, in Seoul, in Pyongyang**,** and one hopes that those choices are made well, not only in the big picture but on these specific issues that I've talked about. I think that with respect to East Asia itself the goal of Beijing and Washington is to do everything we can to -- in the American term -- avoid strategic rivalry and -- the Chinese term -- build a new pattern of relations or interaction between us. There is strategic mistrust but it's important to think about the different sources of mistrust. It can be from misunderstanding, it can be from bad implementation, it can be from serious conflicts of interest. And each source of mistrust has to be dealt with in different ways. How countries interpret the actions of the other and it becomes very important.

Finally let me say one thing about the U.S. role, and that I is I don't think it's really a question of our capacity. I think we're a very rich and resilient country; we have the capacity. The problem right now is our will and the mechanisms that define our national will and our national interests. I hope that we can get these right and then I hope that we can use our enormous capacity in a wise way. Thank you very much.

DR. JIA: Thank you. Zhu Feng please. Zhu Feng is a professor from Peking University and also from Nanjing University. (Laughter)

FENG ZHU: Okay. Thanks for inviting me; it's surely my honor. So I can't tell you how much I enjoyed listening and following the three distinguished speakers. And I also totally agree with Richard on his very insightful comments.

Just a couple of points I would like to make complementary. First is I think Jae Ho made a great point, for entire region U.S.-China relations may be some sort of a ceiling in terms of all demands and interest calculations, but the problem is how to keep the China-U.S. relations stabilized. Then we will see a growing diversity in the region in Asia Pacific, then we will see some country now is definitely counterbalancing China and not just trying to go along with the U.S. keep China in check. Now some country maybe is a little bit taking a swing between the balance and some sort of very sincere cooperating. Then we will see another type of response. Back then it's the ASEAN countries. They want to keep the two giants in line and make them come competing and make them just getting along well with each other. So then from my perspective how the power relations could really, really reform into some sort of enduring cooperate-by-nature relationship. I think the difficulties has never been getting more formidable and unpredictable. So my question is how the U.S. and China can successfully just shoulder all expectations from the region? Such expectation now is getting so diversified. It's an unanswered test. So it's not just a way to say some sort of a job between the two giants, it's also the job of the entire region. But given some sort of such a growing diversity it's not easy for U.S. and China to evaluate very soundly, very firmly, and very exactly to such we say a very pluralistic interest and the demands.

The problem is I think as Jae Ho mentioned, the China-U.S. should stay away

from some sort of a new course of the regional tension. It may not possible and just easily to work out, but I think it's alarming reminder to all the players should have in mind. That's a promise -- a theme in recent cases to get the China-U.S. intention is some sort of we say small and middle power trick. And there's a question also coming out, it's a great power game, along with a small power trick. So then the regional security picture has never been more complicated. Of course at the top layer of the regional stability endorsement is China-U.S. So we're needed to cooperate, we're needed to compete. But the problem is we need to develop some sort of shared vision. Everybody knows we have a shared interest, shared field of, you know, convergent interest, but sometimes how can we develop a shared vision. I think the key test is how to get over domestic politics, less disruptive, less harassing to our relations. China is a very unique system. Xi Jinping now is popular figure, but I never heard any positive assessment to Xi Jinping so far in the Western media. So how such a gap could be overcome, just how to say gently, but also very adequately I think is a test.

Another thing is a lot of Americans are very suspicious China will see U.S. as a declined power. Yes, we have a lot of Chinese paranoid, but I can assure you they're not settling into the mainstream. The mainstream in China see U.S. as fully in good shape, but the problem is your government is really in trouble. But without some sort of politics United States is fabulously in good shape. So then I think the Chinese also now is struggling to take out some sort of very adequate, you know, understanding of what the United States is, but I don't think China now see any window of opportunity just -- how to say -- open, now U.S. has declined then China should just take advantage of this and move in. I think it's totally misperception.

And there is a point I'd like to respond to the panelists' presentation is MAD. Mutually Assured Destruction now will be some sort of new cornerstone principle to under girth the U.S.-China nuclear relations. Forget it. China never do that in the past 20 years. We just feel very satisfied in the ways limited nuclear deterrents. That's why China is oversensitive to the U.S. initiated Asia Missile Defense System, because we learn a lot from the Cold War. When Soviet Union developed all the killing nuclear deterrents capability vis a vis the United States where is Soviet Union? It collapsed. It couldn't maintain such a big nuclear arsenal. It is so expensive and is so costly. So then so far I think that China will continue to follow up with the limited nuclear deterrents which is them trying to make it small and more efficient. So I don't think the MAD issues were coming back and this laying out some sort of new securities guideline between the both sides.

And then the points I think that Tom also make very, very I think interestingly, is how to maintain grand power peace. The question is we also see some sort of traditional equation about status quo power and the revisionist of power. To me I think the status quo is some sort of evolution system. Then the key criteria on whether or not the status quo changed well could undermine the regional security is not how big the change is.

DR. JIA: One minute.

DR. ZHU: That is how the evolution of change could just build up in the time of the joint efforts and the cooperation. For example in the eyes of the Chinese the U.S. initiated

TPP is some sort of status quo change to the APEC, you know, driven in a regional integration. So then my view is that don't just very statically and also very rigorously see China's behavior as status quo changing. We need a co-evolution of a regional security order.

So let me come down to my conclusion. To me major points, we should set free of foreign relations and get them out of the hijack by extreme political force from each. I think it's a very illuminating point. My view is that China remains far behind the U.S. Power transition as Jae Ho very powerfully demonstrated remains very, very, you know, out of reach from volatile relations. But the problem is the perception side keep feeling probably and now pouring out and now I see China now is a very, very, you know, strong competitor. But for our Chinese view we continue to see China is just in position to cooperate while competing for China as some sort of co-interest. So co-interest is sovereignty, is political safety, is China's unfinished domestic evolution. So from this point I'd also like to see the bilateral relations should be based on very virtuous circle of action and reaction circle. China shouldn't just overreach. Then the question for U.S. is Washington also shouldn't overreact to a rising China. Let me stop here.

DR. JIA: Thank you. Yeah, Professor Kim Heung-Kyu, from Ajou University.

HYEUNG-KYU KIM: Thank you very much. Let me focus on the challenges to the international and security order in Northeast Asia and then U.S.-China relations. My task here is to make my colleagues on the podium speak more and we can get more wisdom, right. And let me identify four factors important. First one is the future of bilateral relations between the United States and China. Second is North Korean Nuclear Issue. Third one is Russia's return to Northeast Asia. Fourth, China's new diplomatic initiatives. Let me straightforward, by asking questions instead of explaining the backgrounds.

Before the APEC summit meeting there was growing cynicism and criticism in the United States over Ma's positive attitude on China as the new type of major power relations, but it seems to me the outcome was eclectic. But still I question whether the United States really embraced the concept. I'm asking to Tom, what are the prospects for the new type of great power relations in U.S. perspective? This is my first question. Second question is about the North Korean nuclear issues. Jae Ho, where elaborate North Korea's increase of its nuclear capabilities. There has been a rising criticism in Korea around this academia. The United States has no North Korea policy, but the new regions and the state strategy patience. So how would you responds to this kind of criticism? A few months ago General Curtis Scaparrotti, the commander of the U.S. forces in Korea, said North Korea has the capabilities to build nuclear tipped missiles. South Korean Defense Minister Han Min-koo also confirmed this. In the near future we will face North Korea's nuclear proliferation and atrociousness capable of ICBM. It will dramatically increase the potential of North Korea's nuclear proliferation in this region. Many experts anticipate North Korea is likely to explode, expose nuclear device in the last half of next year.

Then I'm going to ask my friend, Qingming, and then what is China's policy to deal with this kind of issue as well? Is there any specific policies during Xi Jinping's era? Xi Jinping seems to think the new initiatives in North Korea are policies. So if North Korea again tested these nuclear devices how will China respond to it?

My fourth question is related to Russia's return. We also face new factor in Northeast Asia, the return of Russia. There is a prospect for the summit meeting in 2015 between Putin and Kim Jong-un. How would you evaluate Russian factors in North Korea's nuclear issues and is it helpful or negative?

The last question is about Chinese new initiative in their foreign policy. We are reminiscing great transformation in China's foreign policies which is very different from the Hu Jintao era. So what is the new normal diplomacy of China? China is saying that xin changtai, means "new normal". What is the meaning of the new normal and then also what is the implication to the world as well as in this region?

And my last question is about the, you know -- under this, the initiatives of Xi Jinping's new diplomacy and Obama's rebalancing there is a saying in South Korea, South Korea face still "OX" period.. "O" means Obama's initial "O", "X" means Xi Jinping's "X", yes or no. It means we are living in the yes or no, you know, era which opens up here as zero sum nature. The typical cases are the AIIB and Sod missile defense system. South Korea is under tremendous pressure from the United States and China and like OX. So how do we handle these kinds of issues? I would like to get the advice from my, you know, respectable Chinese scholar as well as the American, Tom. Thank you very much.

DR. JIA: Thank you very much. Actually we started 20 minutes late so at least I think we should get 10-15 minutes back. I'm negotiating. I'm like a housewife trying to keep up with how much money the household has. And I try to manage and in the end I end up with no money and a deficit.

Okay. Maybe we just entertain three questions. I'll read them. One is to Professor Zhu. Can you summarize the PRC's strategic goals in the South China Sea? How do these goals shape China's concept of its future relations with regional neighbors such as Viet Nam and Philippines? Okay. This is from Michael Marshall, Global Peace Foundation.

The second question is -- if this question is not censored by the moderator (laughter) -- I'm not censoring it. Has the North Korea nuclear program served China's strategic interests by distracting U.S. and enabling Beijing to play role of responsible stakeholder? Okay, this is for everybody maybe.

The third question is China's population has peaked and is now declining. Has there ever been a case of a rising power with a shrinking population. That's a question to be pondered at.

Okay, let's just go around with the questions. Maybe Zhu Feng you answer the last one. And, Jae Ho, you want to begin?

DR. CHUNG: I agree very much with Richard's comment that for America the will is probably more important than its capacity.

About Zhu Feng's comment I think China's nuclear strategy is reactive, modest, gradual, and still evolving. And given the reactive nature of it, it is relative. In other words whatever U.S. is planning to do with developing China will respond; therefore China's strategy will change. And I think it will be unwise to think China's nuclear strategy will be fixed even in the mid to long-term. I think China's much smarter than that in my view.

And then North Korea's nuclear. I think what we should do now is to prevent Pyongyang from having more bombs, better bombs, and prevent Pyongyang from exporting bombs overseas. But in order for us to do that we need to talk, but that's exactly where we are stuck. If we want to talk, because we have a long experience of talking to Pyongyang, so if for the talk with Pyongyang to be effective there has to be trust, there has to be a principal channel for communication which are not going to be possible. Second, this whole process of talking to Pyongyang is premised on the assumption that Pyongyang is still at some point going to abandon this nuclear weapons program, and I'm not quite sure whether that is a well-grounded assumption. Third, whether or not there is going to be a very high level of coordination among the parties involved just to get rid of these nuclear weapons. I'm not sure whether that is going to be forthcoming. Therefore we are stuck without a very good solution. We all know that six-party talks are not effective as far as the fundamental purpose of that meeting is concerned. But still we don't have any alternative.

Now finally about the stability of U.S.-China relations, I think this is true for almost all bilateral relationships, that is how to prevent domestic politics from getting involved. I have done some research on many of the survey series in the United States on America's views of China, Harris Interactive, Pew Global, Chicago Council on Global Affairs, Gallup, and so on and so forth. This year for the first time China is perceived as America's number one enemy, for the first time since 2001. So I think there are certain changing perceptions of China because of many changes that happened to China.

Finally, one point, I think as Heung-Kyu pointed out both the United States and China are posing this particular question to regional states in East Asia, that is are you with us or against us. For instance the Asian Investment Bank, the Asian Security by Asians, TPP, and so on and so forth. I think the more frequently U.S. and China ask this question the more fatigue regional states will have about these two states, about Washington and Beijing. I do not think it is going to be healthy down the road.

DR. JIA: Okay. Thank you very much. Tom, you want to go next?

DR. WRIGHT: Thank you. I was asked I think in the comments, which are excellent, on just how the new model of major power relations is received in the U.S., and then also some other sort of questions about the competitive institution building and North Korea. I just want to say a couple of things. I think that the new model of major power relations is useful if it is a means of discussing, you know, the fundamental sort of differences in vision. The problem is that it has not really become that; there is not been a discussion on those different visions and therefore it becomes a way of sort of muddying the waters, essentially a distraction.

So I care much less about what it is sort of called, I'm much more about what the substance of those sort of strategic dialogues actually are.

One thing that came up which I think bears a little bit more sort of attention is a word we've heard a few times, you know, that China's position is evolving and that it will sort of evolve, you know, over time as it rises. I think this is something actually that China ought to be very careful about because that's actually what the region worries about, is that it's sort of changing. You know, if your power is rising you need to in a way, if you want others to be assured about rise, you need to sort of impose limits on what your ambition is so they won't worry that it will evolve to a point where it will threaten their interests. And to me this quite an old problem. This is sort of the old model of major power relations, but it fits quite well. I mean when Germany was rising in the 1870s Bismarck, you know, had his ambitions but after he accomplished his goal of unifying Germany he imposed very strict limits on those ambitions and adhered to them. One of the problems in Southeast Asia at the moment is there is not sort of clear sense of limits on what China's ambitions are. Now there are ways, you know, to go about doing that, clarifying the 9-dash line or, you know, adopting a binding code of conduct, but they're quite unlikely. And I think that over the medium to long-term sort of showing that there's a, you know -- giving some predictability as to what the evolution will be is sort of a very important step of reassurance. I think it will be very difficult to get there though, but I mean --

DR. ZHANG: Okay. There are several points to make and the first one is about that -- but to discuss the one that Zhu Feng and Richard and you discussed about American, the capability. I think I agree with you that the United States is in good shape and is still the most powerful country in the world. I do not disagree with you, but if you look at U.S. policy you will find that it differs from what it did in the past, especially the last 10 years or 20 years ago. I understand it in such a way I think in the past United State is so powerful it always uses force and the result is that they won the war on the theatre they had aimed, politically they did not benefit a lot from that. So they learned a lesson from that. So today they use the power more smartly, that is they depend more on diplomacy rather than force. Will is more important; I agree with you.

The second point is about the nuclear issue. What if North Korea have another nuclear test? I think that the policy of every country today might be how to prevent North Korea from having another nuclear test rather than, you know, what will happen. So this is the policy I think not only for China, for the United States, South Korea. We are all trying to prevent that from happening. But what if it happens? I think as a scholar I'm not here -- I'm here, I'm predicting rather than promising. You predict China's behavior from what it did after the third nuclear test. The Chinese Foreign Minister called it the -- North Korea invested to the Chinese Foreign Minister lodge a strong protest and the Chinese government joined the international committee to vote for the UN resolution to impose sanctions on North Korea. I think what I envision is that even there is a nuclear test, I think the Chinese government will further join International Committee and I think we are all determined to force the North Korea, to put more sanctions on that. This is what I think would happen, but as I said it's not a promise.

It's about the new normal policy, a new normal relationship. So new normal

relationship is a new term. It's very new. I think if you look at Xi Jinping's foreign policy there are a lot of news. There are many different dimensions. As Assistant Secretary Russel said he visited South Korea before he visited North Korea, this spoke a lot, it spoke about the Chinese difference and about Chinese policy on other issues. There is also new changes and there is emphasis of core national interests to his ideas about -- he put about a lot of ideas. I think a lot of thing new with Xi's foreign policy but this is not occasion to elaborate in details his policy.

And the third point is about whether North Korean nuclear program serves China's strategic interest or strategic goal. I think that this is a misunderstanding. And in North Korea's nuclear program posed a more immediate threat towards China and South Korea who are the close neighbors of North Korea. And China is more concerned that if North Korea go nuclear it might lead to a chain of nuclear arms race. I think that China is more determined or if not more, we are equally determined as South Korea and as the United States to denuclearize North Korea. And this is a very, very determinative policy. I think not is detrimental to China's foreign policy or grand strategy because look at the Chinese periphery and it since the end of the Cold War our relationship with our neighbors have been improving a lot. The only problem around Chinese neighbors is North Korea nuclear issue. There we do not have multilateral institution to guarantee peace and stability there. I think it's not in China's interests and it definitely is detrimental for China's interest.

DR. JIA: Okay. Thank you very much. Maybe, Zhu Feng, you can respond to the question is addressed to you. It's supposed to work here.

DR. ZHU: Okay. So thanks for a question for me. China's South China Sea strategy of course is a very controversial subject, or controversial issue. So then I see some sort of the main components of the China-South China Sea strategy is easily identified. First is I think Beijing like to what say a (inaudible) act, some sort of traditionally or long claim to set of rocks on islands. Yes, some would say it's not so legitimate, but the problem is I think there is a strong historical logic behind the China, et cetera maritime sovereign claims for the nine-dash line now is a big, you know, controversy about who draw the nine-dash line; it's not the PRC, it's the ROC. So then on the other hand when Taiwan still hold the line and claiming the South China Sea sovereignty along the nine-dash line I see there is no way for Beijing to back off because the holding or safeguarding of the nine-dash line become more political than international.

The second I think component is China's growing maritime consciousness. The NYC, the CCP's 18 party congress picked up the new key concept, I mean the China well building into maritime power. But what does the maritime power mean? I think it's still an unanswered question. But anyway the China new enthusiasm in South China Sea is spontaneously complying ways the new concept initiated by 18 party congress. The other one is I think Beijing now emphasize growing portion in the national economy from sea and from ocean. So then we recognize the maritime economy will be some sort of a leading driver for China's future economic growth. So then such a new passion is also automatically spill over to China's influence in the maritime area.

Then last one is naval capability. We see it's also a leading one because China fell

for the ways of rebalancing on the way. Beijing needed to build up some sort of low counts measures. So we see multiple reasons now just driving China for some sort of a maritime endorsement. But the problem as I mentioned China's South China Sea Strategy so far is very questionable and even problematic. I think I see a couple of inherent tensions with regard to China's South China Sea strategy. First there is, I see there is a mismatch between China's rhetoric and China's real action over the South China Sea issue. For politically we emphasize we should have good neighbor policy, but how China's South China Sea was (inaudible) safeguarding China's rise while not just undermining China's foreign policy principle. I think it's also a big test. Second is, you know, one way China could for example confirm the Chinese claim while also just coming the regional consent. So it's also a test for China. But now there is no easy exit for China to put such two ends meeting.

SPEAKER: About your first point, what ROC drew was not nine-dash line, it was eleven-dash line. It became nine-dash line in 1952.

DR. ZHU: Yes, they say nine-dash line, eleven-dash line. You know, in eyes of Chinese there's no difference at all because to say such a dash is just say emitting from the Tonkin Bay. The reason is Viet Nam and China conclude successfully we say delimitation agreement. So then that kind of the two dashes really just how say -- we say swept off.

DR. JAI: Okay. Thank you very much. I still have couple of questions in my hands, but then we really run out of time. I'm sorry that these questions are not going to be addressed at this session. I want to congratulate our speakers and discussants for their excellent job and thank you very much for your participation. (Applause)

SPEAKER: Coffee break for 15 minutes.

DR. JIA: Coffee break for 15 minutes. Thank you. (Recess)