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IS THERE AN ARMS RACE IN EAST ASIA?

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P R O C E E D I N G S

MS. MOON: Good morning everyone. We need a good morning, back.

SPEAKERS: Good morning.

MS. MOON: At Brookings we've been trying to have our morning meetings a little bit later, so that you are more awake, but we are constrained by whatever rooms we can get, and for Professor Dave Kang, we wanted to have a larger room, so we are here at 9:00 o'clock sharp. People will be coming in, so don't be distracted.

My name is Kathy Moon, from the Center for East Asia, Policy Studies at Brookings, and I'm very, very happy to introduce two special people to you. These are two friends, really, not only colleagues. I've known them for a very, very, long time, and Dave Kong, in particular, I've known for a long time, since we were little kids, young professors, starting out in our career.

David Kang, is going to speak to us today about the so-called arms race in East Asia, and challenge, constructively and creatively some of the conventional views and assumptions that people have about China's rise, and the impact, military and political impact on East Asia.

Those of you who are familiar with David's work, you know that he is never boring, he is always intellectually innovative and challenging, and creative, and he doesn't like to take the accepted wisdom and lazily sit with it. He is getting all embarrassed now. He pushes the envelope to force us all to think more clearly, think more creatively, and that is what he will do today, and that is what he will do today.

David has many hats, I will just name a few, and you can read his bio that we have written up for you. He is a Professor of International Relations and Business at the University of Southern California; he also Heads the Korean Studies Institute there, he has a very active program. He also is the Director of the USC Center for International Studies, and he is a very, very active mentor of students, undergrads, as well as graduate students, and a very wonderful colleague.

He has written several books, many of you have read them. His latest ones refer to East Asia, *The Rise of China*, they are both by Columbia University Press, and most importantly, you will just have the benefit of hearing him in his own words.

Rebecca Patterson, will be our discussant. Rebecca was my Research Assistant over a

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decade ago, and I'm very, very happy to share with you her newest position. She works in the State Department, in the Office of Peacekeeping, Sanctions and Counterterrorism in the Bureau of International Organization Affairs. She is an Active-Duty Lieutenant Colonel in the U.S. Army. She is a West Point Graduate, a PhD from George Washington University in National Securities Studies. A big powerhouse of a mind, and a wonderful personality, and I think the two of them together, will offer us a really interesting program. So, Dave?

MR. KANG: All right. Well, thank you, Kathy. Thank you for having me. Thank you everybody for coming out at 9:00 in the morning, I'm getting over a jet lag, so hopefully this will work well. And I want to start out by saying, I hope it's not going to be too unconventional because I think it's actually fairly conventional, but I do think that actually the debate over China is actually quite stale, and so I decided to put it on my slide.

Threat or opportunity, all the arguments that we've heard, we've heard for a generation, so a good friend of mine, Aaron Friedberg, in 1993, *Ripe for Rivalry*, 25 years later, *Ripe for Rivalry*. He may be right at some point, he's made an entire career predicting that the rise of China will cause (inaudible) war, he may eventually be right.

Increasingly we have a view the region is getting more unstable. Our good President is out there right now in the Philippines standing on a warship, looking tough. Racing towards strategy, and these are -- you know, you may know these names or not, but these are some of the top thinkers about China that we have in academia. Avery Goldstein, *China's Real and Present Danger*; John Ikenberry, the Mighty Ikenberry, and then of course we have what I consider to be some of the laziest use of analogies, which is using European history and slapping it on Asia, I have a whole subset of things about that, right. I just find it very lazy.

We don't know anything about Asia, but we do know something about Europe, so we'll say something happened in Europe, so therefore it will happen in Asia, 100 years ago. Wait, no, 2,000 years ago, somewhere in Greece somebody thought, therefore that's going to happen today. It may or may not be right, but I don't see, really, any relevance of these kinds of analogies for what's going on. Why don't we use Asian history to learn about Asia.

Anyway, this is -- The point is, I think a lot of it is stale, the number of times I see

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(Inaudible) reference to a 1914 reference, or the rise of da-da-da-da. I think it's stale. I think it's stale particularly because we are now into the point where we are creating an echo chamber, it's a bad choice of words, where we all believe ourselves. So, now forwards everybody, the arms race, the arms race, the arms race.

So, I'm going to say that this is the thing. I think Korea is the canary in the coal mine, and I think there are two things that are going on in East Asia that we tend to view separately, but actually are deeply interlinked. And what I mean is this, there is the U.S., China, all this kind of stuff we are trying to figure out, but it is very stale. I'm not making a self-interested argument here, but I think that viewing the region from the perspective of Korea, gives us purchase on what's going on, in a way, that I think provides a lot of insight and is worth considering.

And that's why I call it a canary in the coalmine as sort of a warning sign. And the warning sign is this, which doesn't mean that Korea loves China and doesn't like the United States, but we have to explain this. We have to explain what's going on, and why I say there are two separate things is this, we talk about U.S., China, and all the arms race and everything else, and then we see Korea doing what Korea does, which is very, very, very close relations with the United States, and good relations with China, and we say, "Oh, well, they just need to whatever, those Koreans, et cetera, and we are not taking as serious as we should what Korea is telling us about the way regional countries view what's going on.

So this is going to be a generic talk about East Asia, but I'm going to come back to Korea, because I think Korea is extremely important in this, for a number of reasons. Understanding Korea and taking it seriously, will give us a lot of purchase on U.S.-China dynamics and what's going to happen in the future.

So, I'm going to start out with this, I'm going to do a couple things, right. My main point is this, all the countries in the region states, countries in the region, have their own interest, they share many of those with the United States, but not all. And I don't think -- in some ways it seems obvious, right? We ought to be ready for countries that share some but not all of our interests.

And I don't think it's wise to build U.S. policy trying to get the countries to share our interest completely, because I don't think it's ever going to happen, and that's why I think Korea is the

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canary in the -- it tells us about how the United States needs to think about the region and what is going on.

I'm going to talk about the regional power transition briefly because it's worth remembering how these countries view their situation, then I'll do the arms race stuff, and I'll talk about the United States, and then conclude with Korea.

And this is sometimes interesting, but there's regional power transition and here I have to say the just wait, I'm picking on Aaron Friedberg, but he's a big shot, he's a much bigger shot than me, so I can pick on him. Just wait, just wait. Now it wasn't okay, 1993, what didn't really happen, but just wait, it will happen; 2000, now just wait a couple more years. By now I'm through saying just wait, because the transition is over.

There is no more, just wait, in the region. So, here we have the percentage of GDP, right, over 25 years, and I took 11 countries, I think they are out of order, right. Here is Japan's share of regional GDP of 11 countries over 25 years. In 1980, at the height of the Japanese bubble, 70 percent of regional GDP, Japan was massive, now it's about 25 percent of regional GDP. And of course you know it's coming, but it's worth looking at it, this is China's share of regional GDP.

In 1988 it was less than 10 percent of the regions' -- the size of the economy. Trade, and here's the countries now for trade, trade is the same thing. These are the countries that are included in this slide, these lines have crossed, the only question, is how much bigger that gap is going to get. We can all talk about the Chinese economy that it's going to fail or not.

The Chinese economy can fail and it will still be bigger than everybody else. And there's another way I'd like show this, just to remind us of what China's role in the region is this. There's other ways to look at the size of countries, so I have land mass down below, land mass, in thousand square kilometers, and then on the other side I have population in millions. And what you see is just with the multipolar East Asia, Japan, Philippines, Vietnam, Thailand, Singapore; but obviously I'm missing one country, all right, this is a bait and switch. You cannot put them on the same scale, everybody gets squished down, that is how big China is, and the countries in the region are going to live with China one way or another.

So it's worth keeping in mind that the regional power of transition is done, there is no

more just wait. China can have a 50 percent collapse of its economy, which it won't by the way, you heard it here first, and it will still be bigger and more central than every other country in the region, and that's a reality that other countries in the region have to live with, because as Koreans know, they are not moving away. And so that's the starting point for when we try and think about, what is going on, what are the regional dynamics.

And here what I did, and I've been doing this for a while, because I wrote some stuff in the early 2000s, I wrote a piece, basically arguing we shouldn't use Europe to explain Asia, et cetera, in 2003. And I like to joke about it, but the amount of skepticism I face, just wait, you'll never know, you'll never know, mistakes can happen, right?

We are now 12 years later, and what I started to do is I started to watch one thing, at the time, literally at the time I started to watch military expenditures, because everybody, the argument is, the bigger that China gets, the more everyone will be afraid, and the more they'll start to arm; a very straightforward argument. So I watched, and for a couple years I thought, huh, who knows, a couple years, just wait, you'll never know. By now, a couple years ago I started to publish it because I've waited long enough, it's time to get published.

And what I did particularly, is I took East Asia and I compared it to Latin America, another region that we think is far more stable and less dangerous than East Asia. So I think this really gives us a nice comparison of what's going on in these two regions. But let's first take East Asia by itself, this is what we expect to see, 1988, 2014. Now, if we look at constant -- I'm going to show you a bunch of slides, I'm happy to explain them all in more detail. This is D.C., so I'm not worried about it, but this is constant, inflation-adjusted dollars. This is spending over 25 years.

So one country -- Here is our expectation, one country fits that model, the expectation, that's China. I will also tell you, you are going to see another slide later on, China's share of its economy is going down, as the share of an economy is going down, because China is growing so fast. This doesn't tell us anything we don't know. Here is what is interesting -- one of these doesn't look like the others.

Green is Japan, this is Japan, essentially flat for the last 20 years, and I will point out, for those of you who do know Japan, Abe, who is widely considered blah-blah-blah, the most nationalist, et

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cetera, his, if the economy goes the way he wants it to, and if he survives for five years, it will be a 5 percent increase in real terms. It's not a re-militarization, what Japan is trying to do. It is not a re-militarization, it's 5 percent in real terms. Everybody else is flat. You don't see any response.

Now I'm going to do something else, which is, keep going, Australia, because the signals -- ignore the IR jargon -- Now what I decided to do, and I actually like this slide better, it's a percentage of GDP, a share of the economy, and I like this better because this measure, reflects the decisions that a country makes. Every year, usually in the capital, every bureaucracy gets together and has a big fight over their share of the budget.

And in the history of the world, not a single time has a bureaucracy said, we have too much money here, you take some. We need less. Right? That has never happened. So, the proportion of the economy that a country decides to devote to its military reflects its domestic priorities. That's why I think the share of GDP tells us the same story but in a very -- in a way more interesting way. So, this is Latin America, and the countries are down there, I took like 10 of them. Argentina, Bolivia, Chile, Columbia, Mexico, et cetera.

What you can see is in the Cold War, 2.5 percent of the economy, basically still the same now, it's trended down, the average is about 1.8 percent of the economy, so there's been a contraction after the Cold War, but it looks roughly, roughly stable. The red line is East Asia, and again, the basket of countries is Japan, China, South Korea, Taiwan, Vietnam, et cetera.

Now this one chart tells you everything that my talk is about, after that we are just discussing the implications of it. And I'm going to show you all those charts because I have sliced and diced these data and other data in every single way I can, and it all affirms this chart, which is this. During the Cold War, East Asian countries spent roughly a half more than Latin American countries of their economies. So during the Cold War these countries averaged 3.5 percent, but what you'll notice is after the Cold War, those lines roughly converge by about 2000, so that both regions now average under 2 percent of their economy.

In other words, that is almost a 50 percent contraction on average in East Asia on defense spending. In other words, countries are saying over time, over a generation every single year, well, this year the Military gets a little bit less of the share of the budget. You get a little bit this year -- just

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a little bit less this year. And this is why I think it is so compelling.

I know I'm going a little bit long, but I want to make this point because I think it's an important point. To do the just wait, I can understand maybe once in a couple they don't realize China is growing. You never know, they might have a stumble, it's 1988, there's Tiananmen, we have a lefty government that doesn't want to spend on the military. Five years, 10 years, 20 years, we are approaching 30 years that governments have consistently prioritized other things over the military.

I'll show you a couple more and now I'll go onto what I think this tells us. The trend line -- the only thing that matters here is I looked much more recently because maybe 25 years is too much. The red is the trend line in spending in Latin America. The blue is the trend line in -- the trend is larger in Latin America than in East Asia. I'll show you one more, because this is interesting, maybe it's economic growth. So we have the average economic growth in East Asia, the average economic growth in Latin America.

Growth in East Asia is much higher, even if you take out China, it's much higher average growth in East Asia than Latin America. The military expenditures, even including China are lower than they are in Latin America. So, it's not simply, oh, East Asia is growing richer, therefore they are spending -- they are able to devote less of that proportion. They are growing richer, but they are spending less and Latin America is spending more.

And we ignore these, and I'm going to do this very briefly; naval, these are principal service combatants in Latin America and East Asia, so I've sliced it at this level too, 2015. Now you'll notice the two countries most deeply involved in the territorial, maritime territorial dispute with China, are the Philippines and Vietnam. The only country they have more principal service combatants than, is Bolivia. Bolivia, shockingly, has zero.

You guys are a tough crowd man, this is D.C. Wow, there's coffee in the back. But I mean, Malaysia, Peru, Chile, right, there a lot of countries that have, for normal reasons, that we would expect to have 6, 8, 10, a couple of destroyers, a couple frigates, whatever else. The Philippines and Vietnam over a generation have decided, no. Now they are getting -- they are getting two of our (inaudible), they are getting a coast guard and a research ship from the -- the Philippines is.

Yes, this is the Philippine Navy, and I am not making this up. This is a 1942 American

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destroyer, they have two right now, this is one of them. It was decommissioned by the United States in 1955 and given to Japan, and decommissioned from Japan in 1975, and given to the Philippines, that is their Navy. It should be in a museum, and I'm not -- that's not a joke, it is relic from World War II. And that's okay, there's plenty of domestic politics reasons why the Philippines has not chosen to prioritize military spending on naval purchases to defend their maritime claims.

That's the point. There's a lot of talk, and we are going to get what they hope the United States will do for them, but over a generation, they have not chosen to make those -- to prioritize it themselves. And we need to face that. So that brings us nicely to the United States, and the question is in many ways, the obvious explanation for all of this, is while they are expecting the United States to defend them so they don't have to. We hear this all the time, and in a way I think it's probably true.

If it is true, we really need to think about what we are doing. I'm not so sure it is as true as we think it is, and my point there is, what I'm calling a tipping point, meaning the idea is that at some point if the U.S. pulls back, or if the U.S. is not as involved, there will be a tipping point, and they will step up and do it themselves. We are the cork in the bottle, whatever, so that if we pull out, eventually there will be enough fear, and they will all start arming and fighting with each other.

I'm not so convinced there's a tipping point, if there is, it's a much lower tipping point than we think, or higher, or whatever it is. Let me show you what I mean. You guys get the argument, you've heard this argument all the time, right, it's the U.S. defense umbrella, et cetera, et cetera.

The question is, if the U.S. weren't there would the region be more unstable? Well, what we know is, that the U.S. pivot started out five years ago, aimed at prioritizing economics -- diplomacy first, economics second, and the military third.

I actually think Obama got it right. I think the region wants a lot of U.S. stuff from the U.S., military being one of the weakest, or the lowest priority. After five years we are down to the rebalance essentially being some troops in Darwin, and a couple of ships to the Philippines. And this other stuff is really de-prioritized. But we did that in part because of our military was overstretched and tired from other places. We did it in part because even in East Asia the U.S. presence has decreased dramatically over a generation, which we tend to forget, which is why I talk about the tipping point.

So, we had a-half-million troops in 1970, obviously, the height of the Vietnam War. By

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1990, 100,000 troops, now we are down to 67,000 troops, so we are at 90 percent reduction in boots on the ground in East Asia, that's a -- you know, you have to go pretty far, if there is no tipping point that -- Well, maybe it's not troops on the ground, boots on the ground. Here is our naval deployment over a generation; 101 service combatants, again, height of the Cold War; 8 carriers. So we are at whatever, 3, roughly a third reduction in aircraft carriers, 60 percent reduction in principal service combatants, et cetera, submarines are still the same.

There is still no question, the United States Military is the most powerful in the world, there is no question, but it does lead to what I think is the real interesting question, is how low would those numbers have to go, if 50 percent doesn't. If 90 percent of troops and 50 percent of service combatants, doesn't prompt any response in East Asia, it's a pretty low tipping point.

There is an alternative explanation. Okay. So here is the last thing, and this is another key slide, because we often take East Asia as just a lump, a group, but we really have two types here, and particularly with maritime disputes, with the role of the United States there is a huge difference between Philippines and Vietnam, we cannot lump them together.

It is very clear that if a real war broke out, we'd probably side on the side of the Philippines. I sincerely doubt any Vietnamese military leader thinks that we would intervene if they got in a war with China. It's different, we have allies, we non-allies, we have treaty allies and we don't. So, if the United States umbrella is what is causing certain countries to feel safe and not defend themselves, then the lack of an umbrella, and I mean, there's a difference that those who don't have the umbrella, who don't have the assurance, I agree, ought to be spending more, because they can't really trust the United States, and they would be really naïve.

Now, I mean honestly, just put yourself, anyone in Vietnam, how naïve would you have to be to think, okay, I can pick a fight with China because the U.S. is right at my back. Right? That's not happening. So, if they are worried, and that's the key thing, if they are worried there ought to be a difference. So I divided the two countries. We have allies in red, and non-allies in blue, of the United States; non-allies and allies.

Now, during the Cold War this, again, totally fits my argument. Wow, shocking. The blue line is not, the red is allies. During the Cold War they spent about half of what non-allies spent on their

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militaries if you divide it out. And it makes sense, during the Cold War, we really were defending Japan, South Korea, the Philippines, et cetera, and countries who didn't have a U.S. defense umbrella were much more insecure.

If you go back to the '70s and '80s, Indonesia, Malaysia, et cetera, et cetera, what is amazing is how those lines cross, again, within a decade or so. Now, both of them are below 2 percent. For the last 15 years, they've roughly been identical. You can do statistical things on this, and there is, notice a T-test, there is no statistical difference between these two. You can just look at it, the lines are basically identical. This is really interesting, there is no difference between the Allies Act, and the non-Allies Act in their military spending.

So what is the role of the United States then? If we are the -- some should be much more safe than others. I can free-ride on the U.S., we won't waste our money, the U.S. will do it for us. But then other countries who don't have a U.S. military alliance, are spending the same amount. My rough conclusion of all of this is, there is no arms race, no matter how I judge it, no matter how I slice it, no matter whether you measure naval deployments, somewhere in -- you cannot find an arms race.

By technical definition, we use them on the eggheads; which is 8 percent a year, blah-blah-blah, with an identifiable enemy, or just in general, it's obvious the spending is down, not up. And again, 5 years maybe, 10 years maybe, we are talking about 25, 30 years. I think we have to take it seriously, something else is going on. And I'm going to use Korea now as the -- the view from Korea because it shares some, but not all American priorities.

Which is this, we don't like it. I know every time we talk about this, everyone starts laughing, oh, those crazy Koreans, but in a way we have to take it seriously. Korea and China share a number of concerns that the United States does not necessarily share, and we are not going to change Koreans' minds. Believe me, I've spend a generation myself, writing Op-Eds in Korean newspapers saying, why do you care what Japan thinks? Nobody listened to me. I'm just a Professor, right? We are not -- they care, they share priorities, they share concerns. I'm not saying they should or shouldn't, but rather than wish that Korea became different we need to understand they view the strategic region different than we do; the strategic landscape differently than we do.

And everybody who knows Korea knows I'm not cherry-picking these, these are the most

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consistent results, over and over and over again. You can go back 50 years, 30 years, next year, they will do the same thing. They view Japan as a threat. And what's so funny is they view it as a military threat. And you are like, really, that's what they do, and we have to take it seriously. They do not share the same threat, and this is actually more interesting; a third of Korea, but two-thirds of Japanese view China as a military threat.

Sorry it's a bit low, I'll read it. But this is actually more interesting, and I think this is hilarious. Again, I am not cherry-picking, everybody who knows Korea knows I'm not cherry-picking these numbers, these are incredibly consistent, so favorability on a scale of 1 to 7, USA 6; Xi Jinping 5, Japan and North Korea, identical. I'm not cherry picking, you can go with Abe and Xi Jinping, and whatever, Koreans don't love China but they know how to live with it, and they don't view it as a threat the way that we do. And I'm not cherry picking Korea.

We are not -- We should not expect that a Korea views the disputes the same way that we do. Japan might, Japan is a different country. Japan I think pretty clearly likes being, you know, partner with the U.S., et cetera, et cetera. They are happy to choose sides, but I'm talk about this in a minute, right, but I think it's a little bit more complex as we start to go around the region. Malaysia, Thailand, Indonesia, Vietnam. I was in Vietnam for a week last year, talking to everyone I could about China-U.S. relations.

Fascinating things, don't necessarily like being pushed around by China. Number two, many of the Vietnamese get their knowledge about China in the English language press. Points for us, we need more PR. It's really hilarious, I've got to speak Chinese. But, they are also like, we have to live with this country, and we are going to try not to have to pick a fight if we don't have to.

We all know, and this was the thing that came out very, very clearly, right. Let me see if I get that right. one of the key distinctions, which I'm going to conclude -- or I'll conclude with it later. The other thing is this, even within the countries that are closest to (inaudible), there are these issues that we know, there is domestic politics. And again, I think if we put right of China over here, and then, oh, just a bunch of Nimby, Okinawans over there, I think we are missing the larger picture, which is that this isn't a Cold War, and I don't think it's going to be a Cold War.

And this is, finally, this is absolute spending, it's constant dollar just over the last 10

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years, or 15 years, of regional things. We have allies, we have non-allies, you see no reaction, there is no reaction from these countries, and there shouldn't be a percent sign, that's billion, so in billion dollars. Japan, inflation adjusted about \$60 billion, Vietnam and the Philippines about \$4 billion, everything is flat.

So, my conclusion is, there is no tipping point. And what do I mean by that, it's only two countries fear for their survival, and if we go back to basic IR, in a way I'm not surprised, because one of the key things about the maritime disputes in the South China Sea, which we'll talk about just briefly, is this. Very interesting, you read a lot of the IR literature in PolicyMic, you guys are all -- very few of you look like college students anyway.

It's always like, well, if I get in now, then maybe he'll end up conquering all of me. It's only two countries fear for their survival, North Korea and Taiwan. It's unthinkable, nobody thinks China wants to be, again, like Japan 100 years ago, and just go through everybody's heartland and make tall into a -- No. So, yes, there might be a dispute over where the border is, but only two countries fear for their survival. So, I'm not surprised that national military spending is at levels which are basically, why national survival is not threatened.

Border control, maritime, piracy, these types of issues; if you think that military spending is a function of national survival, I'm not surprised, furthermore they all have to live, as we know, with China, we know this, and at our peril. We ignore the dissatisfaction with American-led IMF in East Asia. We are getting on 20 years from the Asian financial crisis, and I still know that there is a difference in the way almost every East Asian views the role of the U.S. and IMF during the financial crisis, and the way we view it.

We still think we did all right, we saved you guys, and there is still resentment. We don't have to like it, but there is welcome for alternative economic institutions. So, number one, East Asia is not multipolar, I don't think it ever will be multipolar. It is wishful thinking the hope it's going to be multipolar, it's not. The region is unipolar with China, it might be bipolar with United States, but it's not going to be multipolar, I don't see how that's happening, right.

I think we've got to conclude empirically there's no regional arms race, which means I don't think there's a nascent balancing coalition against China. I can't see how a Korea would join that, a containment coalition against China. Maybe the Philippines, maybe, although -- I should have put this in,

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the Pew Attitudes World Survey Poll from July of this year, 57 percent of Filipinos have a positive view of China. I mean, let's not get carried away with how much they are mad at China, it's over 50 percent. Malaysia, these are not -- you know, our balancing coalition is sort of Japan, and maybe one or two other countries.

This is not a containment coalition. All the states in the region, and again -- have to live China, and again, they have some of our interests, but not all. And I want to conclude, and then I'm going to say what I think this means for U.S. foreign policy. There is a chance for misperception, the more that we -- I'll come back to this -- The more that the United States, and this is why I think it's important for the people in this room, right. We may decide for our own interest that we are going to fight with China over stuff.

But it's pretty clear those other countries are not going to do it. So the only way a war is starting is if we decide, and China decides that we are going to do it. And it's probably through misperception as we know, you know, freedom of navigation, blah-blah-blah, we are going to go nose to nose, we can do all that stuff, if we decide to. I find that ironic, we spent 30 years telling East Asian countries those ROCS don't matter. Oh, wait, yes they do matter.

But I will tell you this, it's interesting when we look at it, I'm not even convinced that we can sustain some kind of a China threat in the United States. Why? Number one, if you compare the Soviet Union, China poses no political threat. They clearly do not have vast imperial goals, the way that Soviet Union did. Number two, they pose no economic threat. Communism, you know, socialism, communism was a direct alternative to capitalism. There is no alternative. Now, China is getting rich by buying in, so what is the thing, if it's not about power, and if it's not about wealth, the one thing, and it can be -- this actually could be very dangerous though, is that it could be about status, who is number one, primacy.

That, I think we are not quite -- we have a real decision, can we live with the big China, because they are used to thinking of themselves as a civilizational power, we are used to thinking of ourselves as civilizational power. I don't think it's about this other stuff, it might be about status, and who is number. And wars clearly can be fought over status, so I'm not dismissing it, but it is a different toe of threat that China poses to the United States.

And so, can we sustain a coalition, in the United States, a domestic politics fear of China, if it's based along those lines? Maybe and maybe not, but it could be a misperception, but it's not going to be intentional, meaning, I want your land, I'm going to find a pretext to invade you. Yes, we have to worry about misperception and miscalculation, and I can't resist the one thing. I heard a lot about this, over and over and again, people will say, well, I'm just glad I was wrong. I was really worried, I'm very, very worried.

I could do this chart -- you guys will probably like it a lot better, or not like it, but you would accept it more if I came in and told you why I was so worried, so worried, this could go wrong, very, very worried, power is all that matters. But here's a couple things, and I'm going at the end a ray of hope. Here is what could go wrong, here is -- And then, do you what they say five years out, I'm just glad I was wrong. And my point is this, saying, I'm just glad I was wrong, doesn't make you right, you are still wrong. Right?

So, for 25 years predicting that China's rise is going to cause an arms race, by now, I'm not going to wait any longer, there's no arms race, there is not going to be a containment coalition. And for the United States we need to figure out how we are going to deal with the region that shares some but not all of our concern. So I went on a little bit longer but -- Anyway, thank you. I look forward to hearing what you have to say. (Applause)

MS. PATTERSON: Well, thank you so much for that really interesting talk, and I just wanted to say, I'm probably going to disappoint a lot of the audience, because I actually happen to agree with not only your conclusions, but most of the arguments in between as well.

So, what I was thinking today, I was sort of contemplating, does -- first of all, I will say that I am convinced there is no arms race, but how does an arms race matter in the context of Asia, and if it only matters, since it's not happening in East Asia for the United States, how does this last thing that David just said about status, what does that mean for the U.S.?

So, if China doesn't have imperialistic goals, if it doesn't threaten us economically, what does it mean for the U.S. in terms of its status? I agree that it's not something we need to worry about in five years, but perhaps 10, 15, what does it mean for overall U.S. power, and status and what does the U.S. need to do about it if anything. So, if there isn't an arms race, should East Asian countries worry

about China?

So, it's obvious, or least it seems obvious that they must not worry so much, militarily anyway, if there are those flat lines, so is that something that the U.S. should worry about, or is this tipping point something that isn't a really useful concept of the context of East Asia? So the idea that if the countries in the region aren't spending, and as the U.S. has sort of disengaged in terms of troops in the region, shops in the region, and it hasn't led to an increase in any of those things for the rest of the East Asia countries, what does that mean for the U.S. in terms of its security umbrella? Does it matter as much as we like to think that it does?

And then are we assuming that East Asian countries, hence, don't perceive China as a threat, does this military spending aspect actually equate into the states' in the regions perspective and its threat now. And then if China is always going to be bigger, as David rightly pointed out, both economically, population landmass, military, how does that influence East Asian military spending or prioritization?

So we understand what it looks like for the last 20 years, so shouldn't we just all be more worried about it from an economic perspective. So we saw that in the beginning, the chart that showed Japan going, you know, from the 1980s completely down and China completely up. In 1988, the world was concerned about what economic power meant vis-à-vis with Japan, should we be worried about that, vis-à-vis China. Or is worrying, does it even matter if they inherently have such large capacity in all of those areas that I just mentioned?

And then looking at Latin America versus East Asia, brings to mind, to me anyway, what do Latin American countries see as their biggest threat, what do East Asian counties see as their biggest threat, and are they the same. So, obviously Latin America looks very different, there is no large power. Some might claim Brazil is sort of the -- perhaps the China equivalent, but I would say that's a really, a really, really big stretch. So, if Latin America is inherently much more multipolar, does that make those countries just inherently want to spend a bit more because there is a lot more uncertainty in that region.

And, because their threats are much more internal, transactional criminal groups, the Latin American countries actually have much more use for ships, for lots of those military spending, the things, the big-ticket items that people spend on to defend their homeland in a way that East Asian

countries, I would argue just don't really have those same sort of challenges.

And then I thought that the chart on the boats I think -- or the ships was really instructive, and so when we think about arms races I think we often overlook sea, and land, and air as three separate components, and so how does an arms race look if it's air frames versus ships, versus land. And I would argue in the case of East Asia sea power arguably matters a lot more, and the forced employment component, which obviously wasn't a portion of this talk, but I think it's something that we should think about vis-à-vis Asia in general.

So the U.S. has come up with lots of new concepts in this last 10 years, air, sea battle, the joint operating concept for the global comments. And so, in as much as the sheer number of things we spend money on from the U.S. perspective or other countries, the actual weapons, the way that they are used or the concepts in which they would be employed I think are equally important. So if there was - - without those sort of conceptual approaches, they think it's also hard to know what the intents are.

So, whenever we look at military spending, what are we actually spending the money on? Are they anti-access/area denial sorts of things, or sort of defensively postured, or are they more offensive capabilities? And so that sort of differentiating is an important one. And along those same lines does size matter as much as intention, and I think it's hard to know because there's a lot of opaqueness in terms of what China is actually spending its money on.

But I think, David has given us so many things to think about today, and I think for me the next step would how does this compare with what the U.S. is spending on, you know, the next step, and how does that fit into this conversation. So, I totally agree with his findings, East Asia, no arms race, everybody, peace is breaking out everywhere, we can all be happy and go home, but obviously the U.S. considers itself a pacific power, and so what does that mean in this conversation as well? So, I'll stop there.

MS. MOON: Thanks, to both of you. I'd like give David a few moments to respond to your comments.

MR. KANG: I think the thing -- I think those are great, that's very helpful. I didn't focus on the U.S. as much, in part, because I'm trying to -- like I said, I'm trying to get the view on the other side. But I clearly think that that's one of big questions, because even now the debate or the discussion

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in Congress is, what size Navy, as you guys know. What size Navy can the United States sustain over the next generation.

And that's driven by these kinds of questions, and from what I understand most of it is not going to be 300-ship Navy, it will be something lower than that, and so real choices are going to have to be made by the United States about how to do their specific strategy. And I don't want to say that military force is not important, but I think that Obama got it right, and he's got the priorities turned around, which is, its diplomacy, its economics, and then its military.

So, military is not non-important, of course it's important, but I think the other two have not had enough attention as they could have. So that would be the only clarification I would say.

MS. MOON: Great. Thank you. Just so you know for those of you who have friends who could not be here as early birds, we will have this on audio cast eventually, so please encourage people to participate in learning about this important debate. So I'd like to take questions. I'd like to take three at a time, and I'll go around the room. Please just state your name, your affiliation, and a question, and keep it as brief as possible. And also, if you have a person specific person you would like to address the question to, that would be helpful. Sir, in the back of the room?

MR. GOMEZ: Hello. Eric Gomez from the Cato Institute. And I had a question about the issue of allies and non-allies not having spent enough, and the challenge I would raise, is that the U.S. has consistently made political promises to defend both allies and non-allies over time. You see, for example, growing interests with Vietnam, so do you -- I wonder what the response is for us being there for them, and encouraging them to not spend as much if they know that well, have a commitment, and then what happens if we stop doing that?

So, what happens, for example, if we aggregate a really big commitment such as Taiwan, and if we say, we are not going to use direct military force to intervene in the Taiwan Strait anymore, is that a tipping point? Because we haven't really made that big, really politically important decrease of commitment yet. Thank you.

MS. MOON: We'll take one on this side of the room.

SPEAKER: Thank you for a very good presentation. Dr. Kang, I wanted to ask you a question. You listed Taiwan as a non-ally, is that true?

MR. KANG: That yes, and I'll --

SPEAKER: And I wanted to ask you one other question. You did not list any of the marines in Darwin, among the American troops. You listed, I think, 50.

MR. KANG: Okay, now, I can put that in.

SPEAKER: And I have one other question for Ms. Patterson.

MS. MOON: Just for the (inaudible).

SPEAKER: I'm Eliot Roberts, and I used to work at the State Department under Secretary Shultz. You say the U.S. doesn't have imperialistic goals, that was certainly a position -- I think you said that, didn't you?

MS. MOON: (Inaudible no mic).

SPEAKER: The Treaty with the Philippines in 1947 was not exactly very fair to them, so, David, apparently, that apparently a British Historian, and FDR was an anti-imperialist, and Churchill was a pro-imperialist, but I think that we have a lot of territories in the pacific, and have had for 50 or 60 years, and to say they were non-imperialistic power is a little misleading. Thank you very much.

MS. MOON: Okay. What I'd like to do is give the two a chance to respond since these are two very related questions, and then --

MR. KANG: Okay. Sure. Allies versus non-allies. I mean, this is one of the interesting questions about what a commitment is, right, because if the U.S. -- in some ways I think the U.S. military presence over piracy, that's a public good, that everybody can benefit from. If pirates are deterred because the U.S. is using its navy, everybody in the region benefits, so that's a public good.

The question is, at what point do allies or treaty allies in particular, do we make that a private good? Because clearly there's a difference between someone willing to sign a Treaty of Alliance with that specifies what we will and won't do, and a vague commitment to another country. And so the question from our side, is how clearly do we want to get involved in guaranteeing something, because the minute we guarantee it then there is very -- it's called moral hazards as we all know, right.

The question from the Vietnam side, is how much they will believe it, because in Vietnam for example, the U.S. Navy is limited to one port visit per year in Cam Ranh Bay. The slowdown is not on our side, we've been asking for more port visits, it's the Vietnamese who are holding back. So, it's a lot

more complex, and the Vietnamese sort of saying, great, precisely I think for this question. If they start to easily, you know, get involved with the United States, it's hard to tell what will happen in five years, but again, they will have to live with China no matter what, so I think there's a lot of caution on Vietnam side, about appearing to rely on something that I think we all now is inherently not as reliable as it might appear.

Meaning a U.S. -- You know, the Vietnamese are thinking today, they are thinking, okay, if I start to have five-port visits, and all the stuff with the United States, and then it goes away, then what happens to me. So there's a lot -- The caution is on the Vietnamese side, not on the U.S. side.

And the Taiwan thing, just briefly on that, right, this is the fascinating, so I put in the non-ally because we don't have a treaty alliance with them, and that's a whole big, brouhaha in the 1970s. It's a really fascinating case, but we don't have the military commitment then, we did before then. We have the Shanghai Communiqué, and the Taiwan Relations Act, and in many ways they are precisely -- as we all know, they are precisely ambiguous. One says one thing, the other thing.

But what they don't do is make the same kind of military commitment as the Philippines. And what I'll point out about the Philippines is this, the Philippines cares dramatically about what we call the West Philippines Sea, because we don't call it that, and if we do, they think, their constitutional court thinks that that will mean it comes under the treaty because it's part of Philippines territory. We have not -- The United States Government has not officially said, those territories are Philippines sovereignty, which is what they care about, because the treaty is very clear what we will defend and what we won't defend.

So right now many of those maritime claims that they have -- the Philippines has in South China Sea are not covered under the Mutual Defense Treaty, as the Philippines and the United States see it. So there's a real question about what an ally means, versus just having a presence in room, in that region.

MS. PATTERSON: So, in my remarks what I was referring to is, in David's remarks he compared China to Russia, sort of explaining why China is not like Russia was during the Cold War, in as much as they aren't demonstrating that they have vast imperialistic goals, or expanding its territory, it's not an -- the economic system that they are espousing is not in contradiction to what the U.S. is, and then finally this idea of status, perhaps being the one thing that could be a point of contention between the two.

But I wasn't trying to suggest the U.S. was or want imperialistic, although I would say that perhaps my opinion is that in this last 20 years we've tried not to be imperialistic, despite our propensity to seemingly involve ourselves in many other countries' disputes, yet with the intent of hopefully not staying forever.

MS. MOON: Thank you. Yes, the two gentlemen in the front here.

SPEAKER: Miguel Walker from the Asia Group. And my questions kind of falls on the heels of that imperialistic idea, and China. If China isn't imperialistic, and there is no arms race, and they have a very strict kind of non-interference policy in the region. What then is the reason for the increased military expenditures there, and this vast modernization of the military efforts?

SPEAKER: David Weil, Former Member of Congress. And this is as for David Kang. You said that we need to be careful about drawing lessons from European history, and I thought, well, why don't we get a little bit closer to home and draw some -- make some analysis from Asian history, and if you look back 1,000 years, 2,000 years, the little countries, if you will, cut their deal with China, and had these (inaudible) relationships where the smaller countries ran their internal affairs, but China got to run their foreign policy, could they be cutting that kind of deal for the future, and would that be good for American interest?

MS. MOON: Another question?

SPAKER: Stanley Kober. So far we are just discussing China. Several years ago I attended a briefing by a Defense Attaché from the Philippines Embassy. There had been a terrorist attack in the Philippines. He said it was al-Qaeda. I'm not looking at a story from the Philippines dated yesterday, this is a threat from Islamic State, "The dark days are coming to you. We will terrorize you even in your sleep. We will kill you and defeat you." This is directed toward the Philippines. Are we looking at the wrong threat?

MR. KANG: These are great. So on the question of China's military modernization, there is no question I think that China feels aggrieved, I mean, and wants to have a modern military that is as good as anybody else's. I think there's no question that that's one of their goals. Partly it's status, partly it's simply power over everything else. We also go from an in credibly low base because 3 million men in arms 25 years ago, were not in arms because they didn't have enough guns for these -- they were just a

bunch of peasants, serfs really.

And so much of this growth as a GDP China's increased military spend is actually going down, it's below 2 percent as well, because they are just growing so rapidly. So much of this is a function of trying to catch up. One of the big questions is, are they defensive or are they offensive with this military? And the thing about our military is, you know, we have all these debates, China, threat, is it worried about things, is it more internally focused, is it externally? One of the little phrases that we all know, is they spend more internal defense -- internal security and external security.

So I think there's no question that as their military get stronger, particularly in the Navy, they are going to start bumping heads with the United States more, and we need to figure out how we are going to live with them. It isn't though the kind of rapid buildup that they could potentially do. And it's interesting to watch like, the nuclear forces, and the kinds of things they could proliferate or expand that seem to be going in a slower pace than not, but this, I think, riding a tiger.

There's a whole bunch of things about -- My basic point is, I think there's and inevitable modernization that China is going through in its military as everything else. And it doesn't appear to be unusually different than the rest of the modernization, say, the bureaucracies and everything else.

The Asian history and then ISIS. I think these are really interesting, I think there's so much in Asian history that we tend not to pay attention to it, and we just simply know Europe. And this is a subject for another lecture, a little more of an egghead lecture, but it's worthwhile, because nobody knows anything about East Asian history. And I'll give you one example, which is probably the largest war in the world, in history at that time was the Japanese invasion of Korea in 1592, and it was on a scale of 10 times, what Europe could have how 2,000 troops on 1,000 boats went across water, something that the Spanish Armada had 28,000 troops on 130 ships.

The scale of what these countries could do, historically, dwarfed anything Europe could do, but they chose to relate with each other differently. And I think that's the optimistic side of looking at East Asian history, which is this. We are not inevitably -- life is not as Hobbes said, "Nasty, brutish and short," there's many different ways that we can construct relations with each other, and the European experience is only one way, and there are ways in which we can do it.

I don't know whether that will become to pass or not, but the world is much wider in the --

the universal possibility is much wider than we think, that very country is out, and it's inevitably a game of risk, and you just have to push each other around.

The last thing on ISIS, is this is exactly one of the reasons that I think if you actually go, and I wrote a book about the Philippines, I spent a lot of time there. And yes, they don't China pushing them around. Nobody wants a bully, but of their threats, the Philippines Military still is overwhelming and internally focused. Precisely because that's where the real instability lies, is with Mindanao, and these unresolved tensions that go back hundreds of years, and that's where the military focused. The other things are secondary.

MS. MOON: Rebecca, do you want to add?

MS. PATTERSON: Yes. I want to follow up on that ISIS point, I can't let it go.

MR. KANG: Yeah, want to know (inaudible) but Mindanao.

MS. PATTERSON: Yes. We are taking it back to the U.S. a bit. I mean, I think the U.S. military that has a strong incentive, and sort its favorite thing to do is to prepare for conventional warfare, right. And so we look at both the most dangerous and the most likely threats, and so at the same time, the U.S. has had this notional pivot to Asia as you see the numbers don't really bear fruit on that argument from a military perspective, but the most likely threat right now, is ISIS, and the U.S. is heavily involved in that all over the world, to include the Philippines.

And I think we've seen a rise in trying to train other countries' militaries to do this themselves. So, having a significant number of senior military officers come here for school, to try improve the indigenous capacity to fight terrorism, but I think a lot of this comes down to government legitimacy as well, and so you see this all over the world in places where the government can't quite exert its power over its entire country. Thanks for that great question.

MS. MOON: Thank you. If I may, I'd like to pose a question focused on Korea and Japan, because David had shown us the slide about the two countries that actually have a sense of real threat, North Korea and Taiwan. And then you also talked about the perceptions of threat, military threats coming out of Korea, vis-à-vis Japan, China vis-à-vis Japan. And I want to add this bit of information to complicate matters even more.

There's a difference between a perception of military threat that the public sees, versus

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that military assessors would see. There is a difference between a perception of militarism and a perception or understanding of what a military buildup is, and I think we often, whether we are experts, media, academics, lay people reading the paper, we conflate them or mix them up, regularly, and I think it's very important to disaggregate them not conflate them, because they can be very misleading depending on which figures one uses.

The East Asia Institute, a Think Tank in South Korea came out with a pretty recent survey that they did with a Japanese counterpart group, a survey in the Korean and Japanese public about mutual perceptions of the bilateral Japan-Korea relationship, and I found this part very interesting, when Koreans were asked what is hindering the Japan-Korea relationship, in terms of improving the relationship about 57 percent of the Korean public reported last spring, that Japan's militarism is hindering the development of bilateral relations.

But, strangely, only 7.6 percent of Koreans said the reason for the difficulty in improving bilateral relations is the Japanese military buildup. So, even Koreans differentiate between a perception of militarism which is more psychological, political, and an actual buildup which is tangible. And I think it's very important to keep these factors, or signifiers separate and to be very careful how we describe militarism, militarization, military buildup, arms race.

Japan is one of the least militarized societies in the world, both by military capacity in terms of infrastructure, as well as a societal willingness to make warmongering a normal part of life. South Korea is one of the most militarized society in the world in terms of its military capacity, infrastructure and a societal mindset that going to war is part of a normal part of life. And I think this needs to be emphasized over and over, because South Korea continues to see Japan as militaristic, and yet the actual militarization exists in South Korea much less so in Japan.

Questions, comments, yes. You have a microphone here. Your name, please?

SPEAKER: Yang Ro Yoon, Foundation for Empowerment. First of all, I'd like to thank Professor Kang, David, thank you very much for your presentation which is so entertaining and instructive at the same time. I'm very impressed with your presentation, which looks at the perspective of the East Asians and others. As a person, as an Economist who used to work for The World Bank for 20 years, now that kind of thing is, that sensitivity, maybe anthropologist, is really great. Thank you very much for

that.

And I have one comment Professor Moon's information now, and I have just one question, very quick question. First of all I think as a Korean, I feel that the reason why Korea public might have, they have differentiated between the militarism and the military buildup. Many, many Koreans, including me and other friends of mine, think that, yes, either Japan is not spending that much money on military base. But on the other hand, we are always aware that if they are willing, and their capacity is enormous because of the technological advance, or something like that.

So, the Koreans who have certainly a lot of growth, do justify and unjustified, or about Japan. So that's why they can have that kind of response, and I think, actually your information really, makes me feel good. Now, Koreans, can differentiate that kind of thing, that really conforms my positive attitude and positive view that, no Japan and Korea, we can get along in the future even better.

And my question is (Inaudible). So, first of all -- I mean, I think that some people talked about East Asia history and all these things, but if we go back -- I mean, China has not been always China like it is today. China today is, to me, is the largest, and one of the most, is get -- I mean, it's the largest actual territory, and it's almost like Tang Dynasty, since Tang Dynasty, or -- it's not like a large as Yuan Dynasty, but it's one of the largest, and it's coming up.

So China isn't going to do fluctuations. So my question is that, do you know not to be wrong in 10 years, or they did. What do you think about stability of the China as China now, because now China as a communist can do this, and while we eye on other community and the international experts think that, and hope that the strong, middle class in China would help this regime -- help facilitate regime change into a democracy? Would it be that smooth? You know, even --

MS. MOON: Okay.

SPEAKER: So that's the -- so that's the case. Then as a corollary, as you have and others have discussed, the military buildup, military spending, it relates to the internal thing as well so if they are now, for example, China is going through difficulty in the economics and things like that, then China may spend more money on military through really that is --

MS. MOON: So, your question is about the future relating to the past (crosstalk)?

SPEAKER: That's right, to appease their own people. I would like to ask those

questions to both of you. Thank you very much.

MS. MOON: Okay. I'd like to go -- I have one more question, and we have some young people in the audience here, who I know are actively studying these issues, so. Yes?

SPEAKER: I promise to try to keep it very short. My name Harjap. I did geopolitics here in Asia-Pacific. Found it very fascinating your study on whether there's an arms race or to in East Asia. However, I just wanted to know, that did you take into consideration, how various countries, for example, China, then if we go outside if East Asia, India, are drawing to do up their own native military infrastructure, their own military weapons.

There is even news now, for example, that Vietnam is giving docking rights to India, they are going to be guying military assets from India. The same thing with Australia, Australia, potentially, might be buying submarines, advanced submarines from Japan. So I'm just curious, how do you equate that, how do you incorporate that into your consideration of, okay, if we are not an arms race right now, could we potentially be an arms race, 5, 10 years from now?

MR. KANG: These are great. Thank you. You know, a couple things, and again when we thing about East Asia, the last time the Chinese Military fired any shots was 1988. The last time the Japanese Military fired any shots, 1945, that's a long, long time. Which, the past doesn't -- You know, that was then, this is now. It's a long time, if we think about as Rebecca said, a sort of willingness, or as Kathy was saying, a willingness to use force as a first point.

These countries, actually there are evidences, they are very -- you know, they are not -- they don't start shooting right away. They are not a lot of things to start shooting right away. I'll just talk briefly about Chinese stability because that's obviously the big question. What I always point out when people say, what will happen in China, will it collapse? Will it implode? Will it become a democracy?

It's that, going back to my little hobbyhorse, it will probably not look anything like we expect it to, when people say, will China become a democracy, it's not clear what they think in their minds, but it's not going to look like Ohio, or whatever, you understand. It's not going to be small town farmers, joining the Rotary Club, and voting, or something like that. If it does become a democracy, it will look probably like a Korea or a Japan.

SPEAKER: A Taiwan?

MR. KANG: What I was going to say, it can be a mixed authoritarian. My best guess is that it will be a mixed authoritarian regime like Singapore or Malaysia for decades. I think, you know, the idea that middle class in (inaudible) leads again to Kansas is whatever, you know, it's not the case, it's going to be -- it's going to be Chinese. If it collapses, it's not going to break into the -- Here is where history does matter, and Asian history matters.

1914 is not coming back to East Asia, but the 1914 I'm talking about is Asian -- Here is what happened 100 years ago. China, it was the end of the Xin Dynasty, it was a decaying falling-apart country that was -- Japan was this rapidly-rising industrial power with a lot of fears about colonization and imperialism. The western powers from Japan, the United States, German, were literally conquering and colonizing every part of Asia that they could get their hands on.

In that context Japan decided its best response was to start invading everybody else. And China broke into a bunch Warlord Regimes, that's not happening, that world does not exist anymore. China is now a huge major power; Japan, has no chance that they are going to start trying to invade, so no matter what -- And Western powers are not going to try and to that. So, the point is, China can have a lot of problems, but I can't imagine the situation under which --

When we think of economic problems, that it's just going to fall apart, and we'll be back the Warlords of the 1920s, I don't see how that's going to happen. The situation then was about stark as you can imagine. A weak decaying China, with the power vacuum in the region. That's not there anymore, so I don't see that happening at all. So, on both extremes.

The briefing about India and Japan in arms -- buying and things is, what I see interesting about is an attempt in many ways to diversify away from the United States, and I don't think it's arms racing, but countries buy, Australia, it goes back and forth on whether they are going to do six submarines or not, or whether it's worth it. And they constantly go back, and at first it was Korean, and then it was -- In Korea I think is deciding on a fighter and I think they chose a non-U.S. -- I haven't paid that much attention to it, because it's all this --

MS. MOON: (Inaudible) a drone --

MS. MOON: Yeah, right. I mean, I think it's an attempt to diversity a way from having to buy the platforms from the United States. But that's a whole different question on the whole global arms

trade, which I think is a different question than the one I'm talking about.

MS. MOON: We'll take our final round of questions, comments, and then we will close.

We have a question here?

MR. PHILIPS: Thank you very much. Blake Philips, I'm just a student.

(Off the record discussion)

MR. PHILIPS: So, yes, I had two quick questions. One I guess, I was just wondering if there is any other, any other countries that we need to take into account in East Asia, either like Russia, or the European Union, or India, and kind of within the economic military and just kind of geopolitical structure? And also how much does trade and trade routes -- and (inaudible) talks about is insuring, like freedom, the navigation (inaudible), so I don't know if that's -- I have a hard time believing -- Or I'm just trying to figure out what that actually means, is there actually a real concern that China would actually have -- cut off trade routes, or is that just more of, just like the power to do so is the important part.

MS. MOON: Any final question out there? Yes? All right.

SPEAKER: Thank you. (Inaudible), from the Simpson Center. And I was just wondering if the lack of sort of a measurable buildup in arms is less so evidence of a lack of desire to have kind of an increased defensive capability, as it is kind of the priority that's placed on economic ties with China, and maintain good business relations? And also economic constraints within each of these countries domestically in demographic issues going forward.

MR. KANG: Good. These are great. No, the countries, and it goes back to -- The question about India, right, which is this. In many ways these countries, like right now we are talking about Africa in China -- and China in Africa, or China in Latin America. One of my good friends was in Latin America and all her research is on Chinese investment. So these are now global countries.

In some ways they matter, in other ways though when you think about for example, South China Sea, North Korea issue, Taiwan, these countries aren't the central ones that are really going to -- They may have an opinion, but they are not -- none of the countries, India or -- Russia maybe on North Korea matters. Or on a maritime dispute, Japan. But aside from that, they are not really the central one, so this is why I'm sort of restricting the scope of what I'm interested in, into these countries.

And the trade question goes also to the question from the lady from the Simpson Center,

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you know, I don't what China wants with the islands, but it's unlikely that they are going to set up a set of barriers, and start charging tolls for both, I mean, it's not happening, right. And so in many ways, and this is why it will be hard, I think. There are D.C. people who care about freedom of navigation and stuff, but it's a different issue than are they really going to do this. Are they really going to try and cut off trade and everything else, I can't fathom how that's going to happen.

And it goes to the question of whether it's economic ties that are reducing it, and I don't want to say that stale debate is, you know, balance of power versus economic interdependence. Well, if you trade then you won't want to fight, but if you are too big, you get scared and you fight. And I see it differently, right, which the economic ties, aren't interdependent, per se, but they help to raise the cost of a war.

I mean, if you think about it all these countries are so deeply inter-tied with each other economically that their focus isn't on fighting, if they were worried about actual national survival, all these countries I think overnight would, and that's what Vietnam knows. I mean, if China wanted to invade Vietnam, they would drop everything and start fighting again. But when national survival is pretty clearly not threatened, the focus of these countries, and the reason that actually, when I'm teaching classes or whatever I say, the reason we care about East Asia over the last 50 years, is not war, it's trade. We have Samsung phones, and you know, Hyundai cars --

MS. MOON: You have a (inaudible).

MR. KANG: I have an iPhone that's right. USA, no like we have Honda, and blah-blah-blah, I mean the reason that this region is vibrant over the last 50 years, is what's happened in the economy, and that's what these countries are focused on. When their national leaders wake up in the morning they are not worked necessarily, I MENA, war might be one of them, but that's not the thing they think about most. And so the focus is on building these other institutions. And as I said, I think that some ways, this was a security talk, and so I should probably start more talking about economics as well, because the countries in the regions are building regional ties and institutions in parallel with TPP and everything else, they don't intend to let -- if TPP fails they've got a bunch of other stuff just in case.

And they are having parallel ones, they are happy to have both, they are building a regional relationship, a set of relationship with each other, in which we are important but we are not the

only. So I think that's how it plays into both these, which is not necessarily economic interdependence, per se, but what they are really are focused on, and what their leaders care about and prioritize.

MS. MOON: Yes, Rebecca?

MS. PATTERSON: So, I just want to say a couple things, about some of the past questions. I think if there's one theme that I've heard come up over and over, if history matters, both in terms of the intents of the actors in the region, but I think Kathy's point on Korea and Japan, is a really interesting one, because when you look at the troop numbers that David on the slide, you know, 30,000-plus in both South Korea and Japan; on the other side, which showed the flat lines for all the East Asia countries except for South Korea, which has a slight increase.

MR. KANG: That's risen, yeah.

MS. PATTERSON: Which should be no surprise since they are the ones you have with the biggest threat on the border, but in addition with the continued U.S. presidents for the last 50 years there's a lot of purchases just because of interoperability with the U.S., but I think over time it will be interesting to see if South Korea does decide to diversify, and purchase more arms from other countries, and that might be a really interesting indicator of a change in motivation with respect to Korea.

And the other thing I wanted to mention in terms of Chinese, their military, in general, just as a note, that they are like the third or fourth largest peacekeeping contributor, and actually just recently decided to double the number of troops that are contributing to peacekeeping. So, in as much as status matters, and sort of worldwide presence, for militaries, I think that's also an interesting indicator, of perhaps wanting to be more involved in the world, and not just in the economic sphere.

And then finally in this sort of economic interdependence as a prevention of war, just as totally outside of vignettes, that in the Georgia-Russia war in early 2000, the Georgians made a concerted effort to continue economic relations even after the war started, so this sort of either or, I think is sort of a false dichotomy in today's world. And I think that's it. (Inaudible) points.

MS. MOON: I am just thrilled at having learned so much. So, thanks to both of you for such an excellent job, and particularly today for flying out from California last night, and then flying back right after this Panel. And thanks to all of you, thanks to our staff members who have made the event possible. And we will look forward to seeing you again soon at Brookings. Thank you. (Applause)

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