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REBALANCE, REASSURANCE, AND RESOLVE IN THE U.S.-CHINA STRATEGIC RELATIONSHIP

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PARTICIPANTS:

Moderator:

MICHAEL O'HANLON
Senior Fellow and Co-Director
Center on 21st Century Security and Intelligence
The Brookings Institution

Panelists:

KURT CAMPBELL
Chairman and Chief Executive Officer
The Asia Group, LLC

MICHAEL GREEN
Senior Vice President for Asia and Japan Chair
Center for Strategic and International Studies

JAMES STEINBERG
University Professor, Social Science, International Affairs, and Law
Syracuse University

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P R O C E E D I N G S

MR. O'HANLON: Good afternoon. Welcome to Brookings, not at Brookings, across the street. I'm Michael O'Hanlon with the Foreign Policy program. Thank you for coming to this discussion of the small book the Jim Steinberg and I have just written but more generally the broader subject of U.S.-China relations after the Obama administration. In the context of five the years of the rebalance and in the frame of the concept of strategic reassurance and resolve that Jim Steinburg and I wrote about. But also, as you well know, in addition to Jim, two other extraordinarily distinguished and accomplished diplomats and scholars of U.S. relations in Asia, U.S. policy towards Asia. I'm very privileged here to be up with three of the most accomplished diplomats and scholars of the modern era in dealing with this hugely important part of the world.

Again, Jim Steinberg just to my right as you know was deputy secretary of state in the Obama administration. One of his passions and great area of expertise was, indeed, the U.S.-China relationship. I was very fortunate to do the strategic reassurance and resolve book with him after he government. He was the dean of the Maxwell School of Government at Syracuse until just recently. He remains university professor there and had had a distinguished career well before all those things including being the dean of the LBJ school and my former boss at Brookings in years passed.

To his right, is Mike Green, who as you know, is a scholar at CSIS and distinguished professor at Georgetown and one of the most prominent and accomplished diplomats from the George W. Bush administration in dealing with Asia policy. A Japan specialist going back to his early days, Mike and I like to joke that we've known each other roughly since the 1930's when our moms grew up together in Riverhead and I've been learning from him, it feels like, at least since the 1960's because he's been writing about Asia policy and studying Japanese at least that long. His new book, "More Than Providence" is remarkable.

I think you all have undoubtedly heard of Kurt's book, and I'm getting to that in a second, but "More Than Providence" is just out. The book launch was earlier this month. I'm assuming you can still watch the webcast on the CSIS sight probably, but you can certainly buy the book. I just read the chapter yesterday on World War II. It is an daunting looking tone, it is an epic history but it is very accessible as you dig in. I had a very nice train ride home from New Jersey reading one of the big

chapters so, I encourage you all to do the same as well.

Finally, Kurt Campbell, who was assistant secretary for East Asia and Pacific affairs in the Obama administration. One of the most accomplished statesman of our area as well. Probably Hilary Clinton's top Asia adviser and a very key player in the entire rebalance which occurred during his tenure at the State Department in the first term of President Obama. His new book is, “The Pivot,” and it has now been out a little while. It is a remarkable book because it's simultaneously a primer on Asia, a memoir in history of Obama administration thinking in regards the rebalance and then also a strategic discussion of the importance of Asia for the United States going forward. It accomplishes all those things in an extremely readable form, slightly less weighty than Mike Green's. Mike Green, his book is the one you want to use to hold down your Christmas tree stand. Kurt's is the one you want to basically wrap as a nice present and Jim's and mine is the one you can put in the stocking, just to give you a sense of the relative proportions here. So, without further ado, thanks to you all of you for being here and Jim is going to now summarize some of the main arguments we made in this shorter new book, I'll add a couple of thoughts and then we'll hear from Mike and Kurt.

MR. STEINBERG: Thanks Mike. It is a privilege to be here and to be back at Brookings down the street and it is a privilege to be with all three of my colleagues on the panel. It is an extraordinary group and I'm grateful to Mike and Kurt for joining us today. If there are two individuals who've had the biggest impact on U.S. policy towards Asia over the last two decades, it is hard to find them.

We also have a few in the audience too. I saw Ken Liberthal is here, Mike and others so, we have an equally distinguished audience here so, we want to leave plenty of time for you all to engage with us and to share your thoughts as well. And finally, of course, to my co-author Mike and I actually have two co-authors at the table. Kurt and I have written together and Mike and I have now twice written together. Some people say this is a hard, difficult thing. I've been privileged to have two of the best co-authors one could possibly imagine to work with and I've learned so much from both of them.

I want to start, before we get into the specifics, because it is very easy in looking at the issue of U.S.-China relations to start drilling down on what's going on in the South China Sea, what is going on in North Korea, what's going on in IPR or cyber. To look at the broader question of how should

we evaluate this. Mike and I chose a title that kind of put this into play which is, what is the metric in trying to decide is it going well, is it going badly, is this dangerous, is this not successful, did we give the Obama administration and A for the rebalance, did we give it a C minus, how did we evaluate the previous administration. And all of these evaluations depend on a certain set of expectations about both what you think is possible and what you think should be achieved in the relationship. I think it is especially important in thinking about as complex a relationship as the United States and China, given the fact that not only are they two great powers. One clearly the dominant power in the international system for a very long time, but another which has achieved enormous capacity power as the international relation specialist especially over the last two decades. Two countries with long, complex and very different histories, cultures, traditions and contemporary governments in philosophies. It would be extraordinarily surprising if everything was hunky dory in the relationship. There is just every reason for there to be deep difficulties given these structural, cultural, historical differences between these countries.

And it would equally surprising to find, given differences, that what if the other side was simply acquiesced to the others view of the world and say, okay never mind, we'll do it your way. That's just not going to happen and one shouldn't expect it to happen. So, if the metric of measuring a relationship is everybody is getting along fine and signing Kumbaya, of course, there are deep problems in the relationship.

But on the other hand, if we evaluate this sort of looking at the nature of the inherent conflicts between two countries, especially two countries that have great capability and have these differences about both their internal systems and external systems, we then have to say, what are the nature of the differences and how are the two sides managing those differences. Are they finding ways both to cooperate when they can but also to limit the areas of difference and perhaps and most controversially, are they finding ways to work, to accommodate, to cooperate, to compromise with each other on those areas where there are fundamental differences.

Because I think it is important again to stress that the first best outcome for the United States is an outcome which would have the United States basically continuing to write the rules of the road, to be able to have primacy in the military sphere, to have the ability to kind of dictate both bilateral relations and multilateral activities and that first best case is one which is simply going to be unacceptable

to China. And probably the first best case for China in which China is able to play a similar role, at least in the region and provide unilaterally for its own security without any threat or danger from the United States or its allies, is an outcome which is not acceptable to the United States and our allies.

So, since neither side is going to be able to achieve its first best outcome, the question is, can we both define second best outcomes which protect our national interest in ways that are acceptable to the other side. That, I think, is the challenge in trying to evaluate the relationship is, have we found a way to deal with these problems of inherent differences and a recognition that you're just not fully going to get your own way. And that a strategy designed solely to get your own way is simply going to provoke actions on the other side that will defeat that attempt to have it your own way.

So, we then have to look at the question, okay now we're in a position to turn to an evaluation of what is going on in the relationship and ask each side finding ways both to take advantages of the areas of cooperation and to manage their differences. I think here is where we tried to drill down on some of the key areas. As with our first book, we focus entirely on the securities sphere, in part, because it Mike and I feel that if you can't get the securities sphere right, all the others will be deeply problematic. If you do get the securities sphere right, you have a better chance of dealing with these other problems. We have economic and political issues with all kinds of partners, with the EU, with Canada and others as we can see these days are solved with lumber. But nobody worries that those kinds of differences are going to translate into confrontation or even conflict. So, we make a substantive argument for why to focus on the securities sphere and we make an expertise argument which is the one thing both of us know a little bit about and don't want to pretend beyond what our marginal expertise exists.

Let's turn briefly to that which is how do we evaluate the way in which each side have managed our differences and defined our differences and have either found ways to find common ground to deal with these differences or to at least find ways to avoid conflict. I think here is why our assessment is cautiously optimistic and I'm going to have Mike focus on that side. But we also recognize that there are some deep and structural problems. The core of the problem comes from the inevitable tensions that come from China's military modernization. The United States enjoyed primacy for a very long time in which it essentially had unchallenged ability to operate in the Western Pacific and to make sure that it

could both protect itself, its assets and those of its allies in that, at least, with the end of the Cold War, there seemed to be no country that could pose a challenge to this. That creates a security environment which is very favorable for the United States and our allies but one which is uncomfortable for China because it means that China is vulnerable in principle to the United States, and so, as China's capacity has grown and has begun to modernize. But that modernization poses real direct challenges to the United States. It threatens our ability to operate. The idea of the anti-access area denial strategy which taken from the perspective of Beijing is attractive. It creates strategic depth, it creates greater security, is one which inherently is threatening both to our assets in the region and perhaps even more immediately dangerously to our allies in the region who are within that sphere that China has had a capability.

So, the question then becomes, it is implausible to think that China is not going to modernize its military. With all due respect, former Secretary of Defense Rumsfeld, who asked the question why does China need to modernize, I think the answer is obvious. But the question then becomes, has China managed this modernization in a way that recognizes that there will be inherent tensions by a more capable Chinese military capacity but has China made efforts to try to mitigate and manage those tensions. Here, I think the record is not as good as one should hope. That there has not been the kind of engagement to deal with the ways in which China's new capabilities threaten the security of our friends and allies. And the South China Sea, I think, is a classic case of that. Whatever the merits of the territorial arrangements, the territorial disputes, the introduction of new military capability into the South China Sea, is deeply problematic. It isn't satisfactory for China to say, well it's our China and we can do whatever we want there. There are consequences of doing it this way and the failure to engage, the failure to accept the need to provide reassurance, to try to seek to provide rules of the road, to build on the declaration of conduct, for example, is an area where, I think, the dangers of China's rise and the inherent tensions could be managed better. And one, in which, when we think about whether the glass is half full, we tend more to the half empty side.

At the same time, we also see that in many other areas, even though there are tensions both notably in dealing with the North Korea problem, there has still been an engagement and hopefully now a continued and deeper engagement to try to find ways to work together. Even though it has not been perfect, we've seen over the years that United States and China have come to common ground in

the security council, they've been able to move some of the issues forward even if we haven't had a satisfactory resolution.

So, these are two examples. The reason I raise them is because, for me, that's how we ought to think about the metric of judging it. What should we reasonably expect in terms of managing these differences and except the inevitability of friction and where are the cases that we haven't achieved the degree of management of cooperation of accommodation that one should reasonable expect if we're going to avoid a long term down term in the relations.

MR. O'HANLON: Fantastic Jim, thank you. I'm now just going to very quickly tick off seven specific things that make me somewhat hopeful, not meant to be Pollyannaish and certainly not meant to be all Kumbaya. Because the last two, you'll see, are areas of American demonstrated resolve which is a key element of the broader strategy that most of us in Washington believe in and that certainly we endorse in the book. I'm going to do this briefly and then we look forward to hearing from Mike and Kurt and all of you.

Let me begin with four things that China has done, I think, reasonably well and we sometimes forget them. And again, I'm not trying to excuse any of the areas of disagreement but on peacekeeping operations around the world. China voted for the UN Security Council resolution that we use to go after Gaddafi in Libya ultimately, but it was designed to protect humanitarian populations in the first instance. China has peacekeeping forces in places like South Sudan and China has become increasingly helpful in Afghanistan. While again, the mission there is very troubled but I think China's role, unlike Russia's, is intended to be constructive from best information available to us so, peacekeeping.

Secondly, on Iran sanctions. Whether you like the deal or not, the strategy that got us to the deal is one that we needed China to be part of. I think people like Kurt and his successor in the State Department and others worked hard to think about how to persuade China to limit its oil imports from Iran. So, as the Western world put sanctions on China wouldn't simply provide an alternative market that would obviate the whole goal.

Third thing. Within its broader military modernization, which is concerning in a number of areas, and the Wall Street Journal today has the big picture of the new Chinese carrier and certainly there

are a lot of interesting things happening that bear watching. I would underscore, as we do in the book, that on nuclear weapons, China does not appear to be interested in becoming a nuclear superpower. Frankly, if we were in the same position, I'm pretty sure we would be. I'm pretty sure we would say, okay there have been decades where we were just this middle power, now we've got the capacity to catch up, let's go for it. They're not doing that from best information available to us. Even though they're improving somewhat their amphibious capabilities, I don't see a dramatic build up that would be a meaningful threat to an invasion capacity against Taiwan. There are a lot of other things they can do to Taiwan, and many of which, they have done too much of already. But I don't see the amphibious capability developing in a way that would be particularly worrisome. Others may disagree, I look forward to the conversation.

Fourth, we negotiated with China in 2014, a prevention of naval incidence at sea agreement, which by all accounts that I've heard, is working at least okay. And there have been other areas of military to military exchange, hotlines et cetera that have been going passively well. I'm not going to overstate but those are areas of improvement. They need to extend to coast guards, especially China's. They need to extend to other countries. The spirit of that needs to now effect how China behaves near the Sancocho islands and in the South China Sea. But the incidence at sea framework, is a useful one.

Three things that the United States has more done itself or in conjunction with allies that also give me some reason for hopefulness in what remains a very fraught and challenging environment. First of all, I think Mike may touch on this and may not agree with me fully, but I consider it to have been progress that we abandoned the phrase, air-sea battle. Because China interpreted that military modernization concept as directed largely at its own expense. It may not have been intended that way by the U.S. Navy and Air Force, but it evoked air-land battle which was directed against the Soviet Union in the 70's and 80's, even though we replaced it with something almost unpronounceable, joint concept for access and maneuver in the global commons. At least I think there is less harm done by that phrase and I think the United States showed some effort to find a less potentially misinterpretable phraseology.

Second, for all the criticism of President Obama taking too long to do freedom of navigation operations in the South China Sea and for all the criticism that he's done them in a way that concedes a little too much, that these may be land masses that deserve territorial seas. The whole

debate, others can get into it later if you wish, I'm just trying to go fast. At least we did them. At least we have reaffirmed that we do intend to keep our naval and maritime and commercial access to the South China Sea. The Obama administration did that, it will be interesting to see how the Trump administration handles that same challenge. It was crucial as a matter of resoluteness that the United States do these. I didn't think we got them perfect, I didn't think we had done enough yet. We have to figure out other ways to do them maybe even with some Coast Guard vessels. They don't have to be big and provocative but we have to figure out a new way to keep doing them. I think the fact that we have done them is a step forward, even after China has done the land reclamation efforts on the scale it has in past years.

Finally, even though this is a work in progress, the United States has flattened out and begun to try to gradually increase its military budget. This may seem unnecessary to Chinese friends. After all, we already outspend them three to one. The Western Alliance system already accounts for two-thirds of world military spending at large. No matter how much we criticize our allies, they are still the best network of allies ever created in the history of the planet. So, for all the criticisms, it is quite impressive how much power is essentially organized under American and Western leadership, even if it's often a la carte how its employed and who contributes to what mission. But nonetheless, it was important that the United States not continue to cut its military budget, even as China was adding 10 to 15 billion a year to its budget each and every year. Even though the Trump budget remains a work in progress to say the least, even though it is robbing from Peter to pay Paul, cutting the State Department too much. I hope that doesn't happen but the general idea of continuing to try to push the U.S. defense budget somewhat upward is an important demonstration of resoluteness that I'm glad to see. Without further ado, I'll turn it over to Mike Green.

MR. GREEN: Thank you, Mike. It is a terrific book. It's way too small but it's a really tightly argued essay but it's full of data and facts and things that are no longer relevant in American politics. Anyone thinking of going to Georgetown, this is definitely going to be required reading in my class in the fall on Asian security.

I would begin by saying, I think the glass is half full. I think U.S.-China relations are more good than they are bad. And that there is reason to be extremely cautiously optimistic that the bet every president has made since Richard Nixon is still right, even though it is much more challenging. The only

thing I would change in the title, and I'll come back to this is, right now it's Rebalanced which is new from your original book, Reassurance and Resolve. I would have called it, Resolve and Reassurance. I think to keep the glass half full, reassurance is the secondary part of our strategy, the lead should be resolve. I think over the last few years we've created, for a variety of reasons, a deficit of trust in the region in our resolve. That's the area that we need to emphasize. That's what I'd lead with. I think the reassurance piece you describe is indispensable. So, I'd emphasize it slightly different in order to keep my glass half full optimism alive.

One of the things that is really useful about this is unlike a lot of writings about U.S.-China relations recently, you don't fall into the lucidities trap, we have to accommodate China or we'll have a war camp and you don't fall into the glass is half empty, the bet didn't work, we need to contain China camp. And monographs this size in the last year or so have generally fallen into one of those two camps and you have embraced the necessary complications, nuance challenges of the middle which is exactly where our policy should be. So, I might suggest you add one more title which is resolve, reassurance and consistency. Because the Clinton administration has definitely demonstrated resolve. It has definitely demonstrated reassurance. The President told Xi Jinping he would keep (inaudible) China policy. The problem is you can't have a strategy that is resolve, reassurance, resolve, reassurance, you've got to have consistency and we've generally had consistency over the last seven presidencies and we need to get back to that. I don't think our friends in Tokyo or Beijing know exactly where the lie is for this administration on China, Japan regional strategy. I think there are very good people in the administration at senior levels who could answer that very effectively but it's not clear and we need to do that.

You say on page 7, we don't know and perhaps the Chinese themselves don't know their strategic intentions over the medium to long term and I think that's right. People have heard me say this, perhaps, but I think the historical pattern does give us some evidence that rising powers tend to be revisionists in their own neighborhood. We did that, Japan did that, Bismarck's Germany did that, and free ride on the global hegemon. So, we have a situation in China which you captured in this pretty well, which is we probably will have more issues on the global front then where we agree than disagree. And potentially more on the regional front where we disagree than agree. And you can't assume that cooperation on global issues will, in any way, alleviate the challenges at the regional level but you can't let

the challenges at the regional level effect the cooperation you, for your own reasons, wanted at the global level. So, that's another level of complexity that you bring out.

I think just to conclude, just pointing to some of the specific recommendations. I think the hardest having tried to implement some of these in the past, I think the hardest areas you're going to have are actually in security. You don't get this wrong but I want to emphasize for the audience, that confidence building measures, reassurance are means not ends and that our military power in the Pacific has an end, has a purpose and it is deterrence, is the number one purpose. So, focusing on some of the specific recommendations where I think people following this blueprint would have challenges, you recommend, for example, you criticize air-sea battle. I agree with you, it wasn't a strategy, it wasn't even a military operational doctrine it was a technology driver and it was hijacked by other think tanks have tried to say we're going to target these cities in China and it became something it wasn't. You recommend that we sort of shave our response to the A2AD, anti-access denial challenge by, if I understood it correctly, not targeting mainland China in defense of our effort to be able to operate in that region. The problem with that is, that China is clearly targeting Japan and U.S. bases in Japan, clearly part of the doctrine. The evidence has been laid out pretty clearly.

Similarly, confidence building measures about our surveillance activities, in principle we want to avoid incidents at sea, we want transparency, we want confidence building. But having been in these, and I think probably Jim too, the Chinese view is, you agree on the principle, you shouldn't be doing these surveillance activities then we'll talk about how to avoid accidents. But if you're not willing to agree that you shouldn't be doing these then you're just going to have to run the risk of accidents. So, we're sort of going to be stuck at the get to there.

Taiwan sort of saying no missiles, if you pull back missiles or change missiles it might influence our arms sales. That would violate the six assurances so, we can't do it without consulting with Taiwan. When I was in the White House, Chen Shui-bian told President Bush, and it was basically the foreign ministry getting him on the plane and saying, say this boss. He said, if we pull back our missiles, then you can stop selling arms to Taiwan. So, Randy Shriver and I were asked to follow up and we did. It was very clear, it was a foreign ministry last minute audible that had no traction. But the real problem was, it was completely unverifiable. And removing missiles, especially road mobile missiles from Fu Jen,

doesn't really help if you're stopping multiyear fighter or other programs with Taiwan.

I mention all of those because I think there are going to be some real technical difficulties and first principle challenges. But all that said, is many people in this room have probably read the President and Xi Jingping agreed to set up these four dialogue areas. The one on security is led by Tillerson and Mattis. I wouldn't recommend to them that they start with those CBM ideas. I think they need to do a much deeper exchange and dialogue and set down their bottom lines. But I think this is a menu for them to think about and maybe these are hard but there is nothing else out there for them to go on. I think your book would be a starting point for a blueprint for how they might structure that dialogue even if some of the things in here are going to be too hard to try to do early. It gets people thinking about well, what could we do, once we start having the kind of strategic dialogue where we understand each other's bottom line. So, great contribution, thank you.

MR. O'HANLON: Just two quick things, thank you. On the specifics to clarify and there is always a danger when you write short you don't write clear. On the issue of targeting the mainland in response to A2D. Whether we said it or not, we certainly mean to say that it shouldn't be the only choice or the first choice. The danger is we get into an escalation crisis problem. If you depend too much on strategic targeting as your strategy and you don't have other alternatives to provide pressure that's short of that and ways of signaling that, in every crisis you're either going to hit Beijing or hit their strategic command or nothing, that you have a crisis escalation, crisis instability problem. So, I don't think you could rule out, obviously at some point, you have to be able to hold their most valuable assets at risk. But if it's the only thing you have in your strategy, then you have a problem of early escalation which then leads to preemption et cetera, et cetera.

MR. GREEN: You don't say this but you guys would lean towards what is called, the offshore control strategy which I would agree with you on.

MR. O'HANLON: Right. And second, on the Taiwan thing, again whether we're clear or not, I think we agree with you that our recommendation is that they release the absolute number of missiles, not just pull it back because of the mobile problem and it isn't verifiable. So, it would have to be an actual like an INF type agreement in Europe where they actually destroy, in a verifiable way, their missiles so there would be both lead time and some transparency about reconstituting rather than just

having it geographically. Kurt, over to you.

MR. CAMPBELL: Thank you so much, Mike and it is great to see this little book come out from my dear friends Mike and Jim. I really was a big fan of the previous book that they put out about three years ago now which is slightly different in title. There is a new R here and that's rebalance. I was thinking the only real suggestion I had for the title was adding another word. I like Mike's but it doesn't start with an R. I actually we think we face another challenge which this is probably not going to be -- it's going to be moderately controversial. I think the R that we're going to face in the near term is a different R which is relevance. What I'm struck by as I travel around Asia, is there is an enormous amount of focus about how to interpret what is going on in Washington, how to make sure that you're not in the cross hairs of one of the power centers and what can be done to basically stay out of the penalty box. So, an enormous amount of focus on let's do a few things, let's invest and let's pick a State, maybe Michigan, maybe Pennsylvania. Let's create some jobs, let's do something, so that we can get back to what is really important to us.

So, I'm more struck by a very careful strategy about no sudden moves. Let's be very careful, let's do what we can to understand all the complex psychologies involved but I see a lot of other things that are going on in Asia right now particularly on the trade and economic front that really don't involve us. So, I think, over time, I think we could be, Mike and Jim, we could misunderstand a lot of what's happening in Asia as really about managing us. Like making sure that we're not doing something that causes a country to get put in a situation where there's a major retaliation or that they'd become a country with enormous anxiety around it. I think that is very much borne out by the initial diplomacy of Chinese friends and there is enormous attention to carefully manage the Trump team. I think they've learned some very important lessons from the initial outreach by Prime Minister Abbey and others. But I think we have to be honest with ourselves and I hope by talking about this. I don't mean this as a criticism, I'm just suggesting that for us to be effective in Asia over time, demonstrating our relevance to what matters in Asia, is going to be near the top of the list and I'm not sure we're doing that right now. So, people are very polite in not talking about trade and no one ever talks about TPP. No one ever says rebalance or pivot anymore so, Mike and Jim were nice about my book but you can get that book for like $.5. People will pay you to take it. So, let's be honest with ourselves about some of the challenges that

we face going forward.

I think at the core of that is a worry that there could be a -- this is slightly different than the interesting phenomenon that over the last 40 years a huge recurring debate was the idea of American decline, that somehow we were in the midst of this hurdling decline. Mike describes this very effectively in his book. This is really not so much a decline as just waywardness. Just taking a strategic turn and going in a direction that makes no sense, apparently, and I do think that we're going to have to be attentive to it. So, I just put that on the list more generally.

The second thing, we were talking over there, you have more time to read than you think you do of late, that's my experience. So, I just finished two great books that really helped me put this book in a larger context. The first is Graham Allison's book and it's either called Ready for War or Ready for Peace, I can't remember which one. It is really about lucidities trap and all these case studies. A little bit complicated but it sort of suggests that some of these structural issues are inexorable. And they defy the kinds of wise tactical council of what you can do to either head off or avoid a full scale societal structural fight of the kind that Graham describes in great detail, particularly involving Germany before the first and second World Wars. So, when you read that book, you're struck by how many of the dynamics that we face in the U.S.-China relationship that drive us in the direction of more hostility and misunderstanding.

There are a few areas that are reassuring about institution building and about, there would be debate about this but I think overall, the United States has been very supportive of China playing a larger role on the global stage. Now you can say, ah ha, but you want them to play a role in their image, in our image. I'm not sure that's completely accurate either but as opposed to what we've seen in previous circumstances which is an attempt to deny the rising state, a more significant role in global politics.

The second book, which I just was talking to colleagues and friends about here, is by a friend name Dan Chrisfillin and he's written a book that will be out in a couple of months that's masterful. It's called “China Mission: 1945-1947.” It is essentially, it's not the untold story, but it is not the very well-known story of George Marshall at the peak of his political and military powers. Being sent in, in the midst of the Chinese civil war and getting it completely wrong, basically, totally striking out and having

enormous domestic challenges and real issues associated with trying to keep the peace and insinuate an American role in China. That book is a cautionary tale about keeping in mind, the difficulties and the challenges that we face invariably when we operate and deal with China.

I do want to make a couple of points more generally. The reason that I like the book, in particular, I got a chance to work with Jim and the quality of his mind in figuring out how to apply specific lessons and having a work plan, is remarkable. As they go forward, the part about this book that is interesting and it is sort of implicit in some of the pages, is for a variety of reasons. I don't know why this is the case, but the effect of the socialization of our two elites is that it is really rude or inappropriate at least until very recently, to talk about conflict and war between the United States and China. It is assumed, even in the midst of the most difficult challenges, that we're going to find a way to work it out and we're going to be able and that we believe that in our core, that this is in the best interest of both countries. I would be interested in why and how that norm was established between our two leadership groups. I still think it exists.

I've seen it personally on the Chinese side and I've certainly witnessed it on the U.S. side. I will say, in the last two months, I did have one meeting with someone very prominent in the new administration who asked the question. He said, well gee, isn't it the case that hegemon's fight and shouldn't we just anticipate this. The real question, he seemed to suggest was, is it better to go earlier rather than later, that was the real question for the United States. I have to say that when it was put to us, I was just shocked by that. I couldn't believe that someone was talking about it in such almost glib fashion. I think what this book helps us understand is the norming of, we're going to work it out, despite the difficulties. It is an extraordinarily important feature of the U.S.-China relationship going forward.

The last thing I will say is that I think the one, if I were to suggest that the book needed one other area despite another R, is a lot of the agenda is defensive, which is necessary. How do you avoid problems on operational recognizant flights. What do you do with respect to war planning. How do you structure certain kinds of engagements between our militaries. I accept all of that and I think they're very important contributions. The one thing that I do think is largely missing in the U.S.-China relationship and is going to be essential going forward is, we have remarkably few habits of true cooperation. We do almost nothing together that's not in a strict bilateral context. So, I was struck when I was in government,

when we tried to figure out how we would do a small project together in Papaya New Guinea, an enormous strategic importance. Got to get that right in PNG. It took us two years to get the relevant sign off in the two governments about some very modest program that we would be able to work together on and build those habits of cooperation.

So, ultimately what I'd like to see is more devoted to those efforts. They're going to be in education, they're going to be in development, they're going to be in climate change. So, those areas where working together and figuring out what our common pursuits will be an essential feature of avoiding the kinds of horrific examples that Graham Allison lays out in his book. I highly recommend this book. It does feel, kind of like if it were a wine and you were tasting it, you'd go this tastes like October 2016. My hope is it will be relevant in July 2017 and the fact that there's such a good group here and people who I respect and admire gives me some hope. Thanks.

MR. O'HANLON: Thank you Kurt. Thanks also Mike, Kurt and Jim again for the privilege of writing with you. Let's take your thoughts now. Please wait for a microphone after I call on you. I think we'll do maybe blocks of three at a time so we make sure we have a couple of rounds and get a number voices in this discussion in the short time we have left. Again, feel free if you have a question, I hope somebody does. We'll start here at the second row and then we'll take two more.

MR. MULVANE: Hi. Brandon Mulvane from the China Airspace Studies Institute. For Secretary Campbell, Dr. Green made a statement that the strategy for the Pacific was deterrents, the end goal was deterrence which seems to be, there is no one else to deter but China which seems to be a very explicit kind of thing. I wonder from your point of view from the State Department either previously or now, would you agree with that or would you change that characterization.

MR. CAMPBELL: Can I just clarify briefly. I have written in two or three places recently that the objective of our grand strategy in Asia is not deterrence. The objective of our military forces, the primary objective is deterrence, just to be clear.

MR. O'HANLON: Thank you. The gentleman in the back please.

QUESTIONER: It was said that the norm is that we will work it out and that there will be no conflict. My question is, are you sure. I periodically get invited to China to speak. On late night TV, the television is just filled with military hardware being fired off. In particular, naval vessels firing their

missiles. Whenever I see those things on TV, I'm deeply concerned.

MR. O'HANLON: Thank you. And is there a third question before we go to the group? Yes, here.

MR. SHALE: Russel Shale with the Global Taiwan Institute. This question, I guess, is primarily to Jim. The question is, besides selling more arms to Taiwan, do you have any recommendations as to how the United States can get China to reduce its military threat against Taiwan? Thanks.

MR. O'HANLON: So, should we start with Kurt and then work down?

MR. CAMPBELL: I think there are a number of things that the United States and others are trying to accomplish in Asia and they go well beyond simply deterrents of certain activities with respect to China. I think we have a clear set of challenges with North Korea. I think what we have managed to build, I talk about it in my book and Jim and Mike refer to it obliquely in some respects. We do have a kind of operating system in Asia that has been good for every country in Asia, probably best for China than anyone else, ironically. And that operating system, the peaceful resolution of disputes, freedom of navigation, all the different component pieces is arguably what, on top of or integrated into, has led to peace and stability in Asia for decades. And that is something that we're not so much, it's not a deterrent strategy, it's more about preserving and supporting and building and integrating into. I believe that is an ongoing feature.

I think one of the challenges on the military side is what I have seen of late and I'd like to hear Mike and Jim talk about this. I do think there are elements of Chinese strategy particularly in the last several years that are frankly antithetical to their interests. So, I think there are elements in terms of military building and training and propaganda that are antithetical to China's strategic goals. And what we have not talked about as much is what I think is perhaps most worrisome is the preparedness of China in certain circumstances to use economic tools.

In Taiwan, that's more unacknowledged, less unambiguous in the Philippines. When I meet with Chinese friends and they're like we can't use economic tools against North Korea, we don't have them, and I'm like you don't have them, look at what you're using against South Korea. Just do that against the North, they don't like that. I think these tools and the willingness to apply them in Asia, is undermining

fundamentally what I think is essentially a hope among many countries in Asia to be able to find that common respect, engagement that allows countries to live and co-exist in a number of circumstances.

This question that you raised about the propensity of propaganda and what it means. I would have thought, and this is just my own experience with all of what you're describing, that there would be a tendency among Chinese leaders as a result of this socialization, this almost anthropology of we're finding ourselves. We're a great nation again, we're recovering from global humiliation. That you would find leaders that are more risk accepted. But I don't think, at least yet, that that has happened.

In fact, I think the most interesting thing, like if you look at the remarkable last 100 days, for me, the most interesting thing is the links that China is going to get along with the United States. That is the most interesting thing. They are doing everything they can to want to get along with Trump but to try to do it in a way that it doesn't appear that they want to get along. So, whatever that means, trademarks, investments, cultivation, using prominent friends in the United States, it is a full court press. We want to get along with the Trump team, we want to do everything we can. That is interesting. That is an interesting data point that gives you some indications about what Jim and Mike talk about. The question is, is this a long term trajectory, does it have more to do with this year like this is a busy year and I've got a lot of other stuff going on and I've got to choose 500 people for various positions so, I don't want conflict with the United States. Is it that we're not ready yet. Is that, look we've got to let these guys have a few more years on their own to do real damage to U.S. foreign policy and Asia and then we'll figure it out, no, we just don't know the answer to that question but it is the most interesting feature of Asian diplomacy right now.

MR. GREEN: So, when Kurt was saying I've got to fill 500 jobs and I'm ready right now, I was really not sure at first which side he was talking about. Ken Lieberthal and others would track this more closely than I do but it seems to me that since the meeting in Mar-a-Lago between Xi Jinping and the President to Kurt's point, there's been a tone change. I mean, Xi Jinping has said things like there are a 1000 reasons why fighting the U.S. would be bad. My corollary to Kurt's point, which I agree with is, there is and has been promulgated within the central military commission, things like the mercy doctrine and plans to first begin with the denial of the East and South China Sea and then move towards control. But in all of the promulgation of this within the CMC, the foreign ministry wasn't there and was nobody

saying, well what if the American's push back. My colleagues may disagree with this, but I think there was less push back then they expected.

I think they find Trump unpredictable and certain scary and they have the 19th party Congress. What it shows is that there is clear ambition and strategic ambition but very little desire among the leadership to confront the U.S. And so, to Kurt's point about Korea, or even the Philippine's right now, unlike Russia after the election of Donald Trump which is doing everything they can to interfere with our foreign policy and mess with us, China is being very careful. But they are also doing much harsher things to South Korea and others.

What that says, is that our strategy is not about the U.S. Beijing dialogue alone. Our strategy has to really look at the region and how China thinks it can reorder things without confronting us. If we let him get away with this revisionism against the smaller states, we lose. So, we should take some reassurance from the unwillingness to confront the U.S. but be alarmed at the increased willingness even since the election of the President, to put more pressure on South Korea and other countries using coercive means. Which is why ultimately, as I've said a gazillion times, the best China strategy is a really solid Asia strategy including trade, including alliances and the core of that, of course, is the China piece where reassurance is important.

MR. STEINBURG: Just to follow along with that because I have the same reaction as Mike which is the, I think Kurt is right, I think it's counterproductive for China. But, I think, Mike quoted our point about we don't know what China's strategy is but by their deeds ye shall know them. And when you see actions like the coercion against South Korea, countries both Korea and the United States are entitled to draw conclusions about the kind of world that China envisions which is one where the piper in Beijing calls the tune. That should be a caution to us.

Let me just say a word on the Taiwan question because military arms sales are obviously important. They are important as much for their political value as their military value and that's the part that I would focus on. Suddenly it stuck with now almost two decades was something that my former boss, Sandy Berger, said we're thinking about policy towards Taiwan. He said, the one thing we want to make sure is that there should be a deep anxiety in the mind of leaders in Beijing that we would not sit idly by if China tried to threaten or coerce Taiwan. This is different from a formal security treaty. We don't

have a formal security treaty, we're not going to have one. But as long as there is a belief in Beijing that they cannot count on the United States to sit idly by while Taiwan is coerced, we will help maintain stability across the straights.

So, then the question is, what do we do that creates that idea in Beijing's mind and Kurt has done a great deal on this. He has written about this, which is there are ways in which we engage that we show our stake in Taiwan. Whether it is in trade, whether it is in visits of economic officials, whether it is all kinds of things that we do together that make clear that we care about what happens to Taiwan. And that conviction and that image that's been publically made clear to the leaders in Beijing, I think, is the most important deterrent. Far more important than what model of F-16's they get because it is not a force on force issue. It has to be what will alter China's calculation is just what are the biting off if they should attempt to coerce Taiwan.

MR. O'HANLON: I'm just going to add one brief remark in response to the question about how sure we are that there won't be war. I liked Kurt's framing but I know all four of us worry, as do you, about the possibility that this could somehow go awry. Jim and I in our 2014 book and again here, look at the Korea issue. I think there are a lot of scenarios by which we inadvertently wind up potentially shooting at Chinese or vice versa in the Korean Peninsula in the context of a war that did not start because of them or because of us but in which we both have strong interests. So, I won't go into the details now, we only have a few more minutes left for one last round of questions. But I would say that we are quite worried and on this particular point, unlike some of the others I made earlier, I would ask Chinese friends to step up their game. Because my understanding is that we're still not seeing any meaningful China-American dialogue at least official's levels over how to reduce the risk of what is probably a more likely crisis in Korea than it had been a few years ago. So, thank you for your question, it is a very valid point. We spent a lot of the original book and this trying to mitigate the dangers of various wars that we acknowledge could indeed happen if we're not careful.

If we have time for any last question or two that might still be on your mind. I see three hands, let's take those and then we'll finish up.

MS. CARTIER: Veronica Cartier. I'm just supporting for the security sector. With the current situation of Korean military aggression, China which aspires the primary security actor in East

Asia, has conflicting strategic interests on the Korean Peninsula. As Mr. Kurt Campbell just stated, how do you structure our military and I think that it's a very significant point that we have to focus on. U.S. conventional long range hypersonic has been duplicated by China. (Inaudible) that used U.S. source in military innovation as well as that China has the largest investment for the aerospace development. So, then my question, why don't we focus on security sector before economic engagement with China. Thank you.

MR. O'HANLON: Sir in the back and then over to Jeff for the last question.

QUESTIONER: I guess this is just focused on Mike Green. Where does Japan fit into all of this.

MR. GAGE: Hi. Captain Jeff Gage, Navy Fellow at Brookings this year. Pull the thread on Dr. Green's comment about the extent to which a country like China might be revisionist locally and more cooperative internationally. Back in the South China Sea, I don't see the historical analogue with the United States, only in the South China Sea. It is unique. The volume of trade, allies and partners of the United States not only in the region but even in Europe and the Middle East rely on the transit routes through there and China just increasingly is chipping away, potentially controlling that. I don't dispute any of your recommendations, Mike and Jim, in your book with respect to the South China Sea. But can we go maybe even further and potentially look to actually take a stand on claims in the South China Sea and try to resolve them. Even if it means in some cases we fall in favor of China, China you get the parasols. Philippines, let's actually come off top of the center and take a stand so that we can resolve the issue of territoriality before they just sort of get it. The last part of that is do we draw a red line with respect to the international order in the South China Sea. Thanks.

MR. O'HANLON: Should we start with Mike and then Kurt and then Jim and me to finish.

MR. GREEN: So, Japan. A lot of the strategic messaging command of Beijing and in my view, that is especially true of the new model of great power relations. About getting the U.S. to agree to a vision for regional where Japan is a second tier, where the U.S. and China are the leading powers. And where globally you have a multipolar system, the U.S. is constrained by Russia, the EU and so forth. That's just not in our interest and one of the great flaws, I think, in thinking that a new model of great power relations will work. A new model of relations, yes, it is the great power part which implies a

hierarchy where Japan's dropped to tier two. And the reason is because to the extent there is a multipolarity in Asia. We're clearly the most powerful pole and China is more powerful than many others. Most of those other poles, India, Japan, Indonesia and Korea are democracies and don't want to live under Chinese agminate.

So, it's not just symbols, it's not just words, we should be demonstrating in our actions that we begin with our alliances. It is one of the troubling things about the Trump administration which did that quite effectively in the Abbey visit but is opening up all these questions about whether Beijing through the Ivanka Tramp and Jared Kushner link might be able to get the White House to start a different narrative. That is something that this administration is going to have to get under control.

On the South China Sea, I personally do not think the U.S. should take a position on sovereignty because if we do it somewhere, if we do it, there is a whole list of reasons. But the main one is, our allies are going to expect to do it elsewhere. We don't take a position on the Falkland's, we don't take a position Senkaku with our closest allies. If we start doing it in the South China Sea, of course, Japan or Britain or others are going to demand it of us. One of the challenges presented by China's coercion in the South China Sea is to rule of law. If we start sort of arbitrarily decided that the State Department legal counsel decades old interpretation is inconvenient, we sort of undermine our own argument.

The other reason that the coercion in the South China Sea is important, of course, is sea lanes. But the third reason which I don't gets enough attention, Jim and I in various cities had this discussion. I think that the five Chinese PLA air bases they built, have military significance in phase zero and in phase one. Why, because any confrontation over Taiwan or the Senkaku is an all first isle and chain, it is one continuous front. And in phase zero and phase one, if we have to divert and pay attention to the South China Sea which could be bastion for submarines threat to sea lanes, it thins us out. Which is precisely why in the 1995-1996 Taiwan Straits crisis, it was our strategy to keep the Chinese off guard in the South China Sea. So, it is one continuous front and it has real military significance in that context.

I know in the Senkaku because I'm a Japan guy, people try to out Japan me by saying, if we're really serious about (inaudible) China we should say the Senkaku are Japanese. No, part of the point is rule of law. If we start making these decisions based on our geopolitical conveniences at the

time, we completely undermine our whole tool kit.

MR. CAMPBELL: I also like Mike's answers. I think it's very compelling and I think that we don't want to be coerced by the situation into doing things which are not in our long term interest. You're certainly right that that level of trade and international significance is probably greater. One shouldn't underestimate how much in the late 18th century and through the 19th century we saw the Gulf of Mexico and the islands, Caribbean as being fundamental to our security and nobody else could be there. You have to look at the U.S.-British engagement over Venezuela and remember how insistent we were that we were going to determine the terms of this. We were pretty clear about this even though we didn't yet have the canal where it really became crucial to trade. It was a preoccupation of American foreign policy that there be no foreign powers. Cuba became an issue well before the Spanish American War. The French in the French West Indies, a huge issue for American security and we weren't having any of this. This was very clear, John Quincy Adams, the whole bit.

I think there is more to this, although not perfectly, but I agree on the red lines. The sense, and Mike talked about the freedom of navigation. It is a vital national interest to the United States that nobody claim the right to interfere with freedom of navigation, international waters under accepted international principles and that's why we're doing what we're doing. I think there should be no doubt and we should make clear there's no doubt in China's mind that this would be a red line that had consequences.

Just to Mike's point, we don't (inaudible) conversation every time we do, I don't dispute that there is military significance but I also think it is important to remember that we talked a little bit about my concern about vertical isolation and the doctrine. I'd be far less concerned at phase one or phase zero if we were taking about bases by the Paracel's then I would be then I would be if we were attacking the mainland. So, I think there are options to us to limit the consequence.

I think that we need to have a conversation about modernization. I think both sides should be prepared to do. The Chinese hate it when we draw any analogies from the U.S.-Soviet relations but the fact is they are important analogies and there are things that we learned about each other and about the development of preemptive capabilities and capabilities that were seriously threatening the other sides forces. And we had a good history, ultimately, with the Soviet Union

beginning to do things about that. So, we should have those conversations. They may not result in anything but at least they could produce some transparency and some ways to understand the anxieties and the concerns that each side new capabilities. Just like when we think about long range strike and what the implications are of being able to have strategic effects with non-strategic weapons, that's a big deal. We have to understand the destabilizing consequences just as the ability to strike our bases in the region is destabilizing China's ability to be destabilizing for us.

MR. O'HANLON: I'm just going to go down the row for any final thoughts. I know we're already a couple of minutes after and we understand if somebody has to leave of course. But because there is so much here on the table, I'll give everybody one last chance to comment. I have a specific question for Kurt. Let me say one thing in response on your hypersonic point in addition to what Jim said. Technology is going to keep advancing and a certain part of our strategy is going to have to resoluteness and resilience, speaking of R's. This was in our original book and part of resilience is military resilience. Surface and Mike McDevitt is here and I know other people who have thought a lot about this question. Surface naval assets, the trendline over history in recent decades has been, they've been pretty vulnerable and probably continue to get more vulnerable as time goes by, at least when they're close to the firing range of an enemy. I don't see anything changing that. Possible directed energy, missile defense will or something else, chances are we're going to have to rethink some of the ways we do the long term envisioning of our future fleet. Admiral Richardson is going to be at Brookings tomorrow, I want to hear what he says about that because big surface ships are really hard to protect. Submarines are less hard to protect. Drone vehicles that are attached to mother ships may have greater survivability. We may have to do more standoff strategies and Jim and I talk about this in both our first book and the second one that there may be times where it is stabilizing to think about a standoff strategy by avoiding the first recourse of attacking targets on the Chinese homeland. But it may, overtime, become just a lot more realistic as well because it allows us potentially to defend shipping lanes further away from where China could be firing hypersonics at us, for example.

So, this is a whole big hornets' nest of issues but the important point for today's discussion is that we don't claim that these issues go away just because we have some reassurance in the U.S.-China relationship. The resoluteness part is every bit as central and it's going to stay that way. I

think that's the big, broad point I want to emphasize.

Maybe we can go quickly down the row for each of the three of you and Kurt, the question I have for you if you're willing to engage on these terms. Jim and I call our a glass half full with a question mark. Mike Green took off the question mark and said the glass is half full. I think I heard you say maybe the glass is about 40 percent full but I'm not really sure. Are you willing to answer in those terms or is that not the best way to conclude your comments today?

MR. CAMPBELL: You know, I have to say I have been so struck, Mike, just of late at it's always the case but really the inappropriate uses and the limits of very simple analogies. I think one of the challenges with the half full, half empty, is there any picture that is more static then a glass comfortably sitting on a desk that's got water in it. It's so beguiling and so wrong when you're trying to think about the incredible dynamism, the unbelievable kind of context of the most vibrant, challenging dynamic bilateral relationship that the United States will ever know. So, if you ask me, am I an optimist or a pessimist, I am an optimist. My time in government made me much more of an optimist rather than less of an optimist. What does it mean that right now I'm probably more optimistic about the U.S.-China relationship than I am about the immediate trajectory about the United States.

MR. O'HANLON: One last quick follow up, did the rebalance by the end of Obama, October 2016 or December 2016. When you left government four years ago, if you could have been asked to evaluate where the rebalance might go against realistic standards of the type Jim was talking about at the beginning, do you feel like it worked out pretty well. Did the Obama administration's pivot or rebalance work out more well than badly despite all your reservations. Is that part of what gives you optimism or is your optimism from a broader perspective even than that.

MR. CAMPBELL: So, I was in a meeting about three months ago where someone actually said something nice about the pivot or rebalance and I was just so shocked by it. It caught me completely off guard. It's a good idea but implemented by idiots or that kind of thing. It was just generally put in a more positive context. I think on one level just attracting that kind of discussion is valuable so, the fact that it has triggered a lot of back and forth. The larger purpose was to make an argument that the line share of the history of the 21st century is going to be written in Asia and we are very poorly positioned to recognize, take advantage of and operate within that context. We're poorly positioned militarily, we're

poorly positioned strategically, diplomatically and commercially. We could be doing much better than we've done. I think there are some areas that give you some hope and I think there are a lot of areas that say we've got a lot more to do. The amount of time that our senior strategic leadership spends in places which are important like Syria, in comparison with thinking about what's our long term strategy in Asia, is still somewhat troubling to me.

MR. GREEN: Kurt is right. I am pessimistic about our foreign policy for the foreseeable future. Having written the history of U.S. strategy in Asia, I think administrations with different ideas of how reality works tend to be tamed by reality. It takes a year normally and I think it's going to be longer in this case for a variety of reasons. But I also think Winston Churchill reportedly said, you can always count on the Americans to do all the wrong things before they do the right things. I actually think if we're going to have this interruption in our foreign policy and national sense of identity and purpose, it's not the worst time in some ways. Not only is China being careful with us but our allies, Japan, Australia, Korea, they're all being careful with us. They want us to get through this.

I was in Japan recently and a mutual friend of ours said, if you guys keep doing this stuff since the election, we're going to have to start hedging. I said, what are you going to do. We're going to do more with Australia. Throw me in that briar patch. And then our economy is doing pretty well. It's not like we're in an economic recession right now as we were when the Obama administration took over. I tend to be cautiously hopeful that God will -- what is it, God loves drunks, Brookings fellows and Americans. We may be a little bit lucky in the sense that our partners are not giving up on us. The hedging is not damaging to us yet and we have a little bit of time to recover. The worrisome thing is what if this is the new normal. There I would say and I think we probably all agree, it probably isn't but we're not sure.

MR. O'HANLON: By the way, before Jim wraps up, I'm going to tell a quick story which I claim 1/1000th of the credit for Mike Green's title. Because we were sitting in a bar in Tokyo where I said something almost as eloquent as he just did about God looks down on Irishman and Americans with more than they deserve. Mike is like, “More than Providence.” That's the title for my book.

MR. GREEN: That's true and for the record, the glasses were all empty.

MR. STEINBERG: The saying is, if your glass is half full, may it be again. So, the thing I'd

like to stress and agreeing with everything that Mike and Kurt said and putting on my professor hat here for a minute, is the important of agency. This is Kurt's right to call attention to Graham's book and all this discussion about lucidities traps.

But the one thing for sure is that there are inherent tensions but there are not inherent outcomes. The agency matters here, policy matters here, choices that are made matter here. On both sides, it is quite important. I will say that part of my anxiety and Mike has talked about the anxiety on our side. We talk about the anxiety on their side, Ken's here and Mike and others. I am concerned about the decision making process in Beijing and who is at home, who are making these decisions, what are the factors that are going into it. We don't know a lot. It is less transparent today than it has been at other times in the past. Because of that and because of the importance of agency here, that makes me nervous. I just don't know what are the factors that are driving the leadership as it makes these decisions about whether to be nice to Trump but bad to the South Koreans. So, this part of agency and the opacity and the kind of closeness of the decision making process in Beijing about these kinds of issues is one thing that keeps me somewhat nervous about what might otherwise have some of the positive features that Mike and Kurt and you have talked about.

MR. O'HANLON: Thank you everybody and thanks to all of you for being here, appreciate it.

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