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ASIA'S STABILITY: GLANCING BACK, LOOKING FORWARD
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PARTICIPANTS:

Opening Remarks:

BRUCE JONES, Vice President and Director, Foreign Policy
The Brookings Institution

Panel 1 - A retrospective on a changing East Asia: The first twenty years of CEAP:

RICHARD C. BUSH, Moderator
Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies
Senior Fellow, Center for East Asia Policy Studies, The Brookings Institution

SOOK-JONG LEE, Professor, Sungkyunkwan University
Former President, East Asia Institute

TOSHIHIRO NAKAYAMA, Professor, Faculty of Policy Management
Keio University; Japan Fellow, Wilson Center

JONATHAN STROMSETH, Lee Kuan Yew Chair in Southeast Asian Studies
Senior Fellow, Center for East Asia Policy Studies, The Brookings Institution

YUN SUN, Co-Director, East Asia Program and Director China Program
Stimson Center
Nonresident Fellow, Global Economy and Development, The Brookings Institution

YUAN-KANG WANG, Professor, Department of Political Science
Western Michigan University

Panel 2 - Asia's changing strategic landscape: Sustaining the long peace:

MARK LANDLER, Moderator, White House Correspondent, New York Times

DAVID DOLLAR, Senior Fellow, John L. Thornton China Center
The Brookings Institution

LINDSEY FORD, Director, Political-Security Affairs
Richard Holbrooke Fellow and Deputy Director, Washington D.C. Office
Asia Society Policy Institute

BONNIE GLASER, Senior Adviser for Asia
Director, China Power Project, Center for Strategic and International Studies

HELEN TONER, Director of Strategy
Center for Security and Emerging Technology, Georgetown University

Closing Remarks:

MIREYA SOLÍS, Philip Knight Chair in Japan Studies
Senior Fellow and Director, Center for East Asia Policy Studies

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P R O C E E D I N G S

MR. JONES: Good afternoon. My name is Bruce Jones. I'm the Vice President and the Director for the Foreign Policy Program here at Brookings. And it's my pleasure to welcome you here today to celebrate the 20th Anniversary of our Center for East Asia Policy Studies, and to launch a major new foreign policy project on *Sustaining the East Asian Peace*.

Originally founded as the Center for Northeast Asian Policy Studies, the Center has grown to include all of East Asia in its scope of work. The Center for East Asia Policy Studies and its scholars focus on policy analysis and the development of better understanding of the issues facing East Asia and the United States, and this work is not just as relevant now as when it was started, it's much more so. East Asia has, and will play a central role in American foreign policy and in the evolving order that we confront. And that's the focus of the work that we are going to be talking about today.

The expertise of the Center's Senior Fellows spans the region both geographically and substantively, and over time they have contributed significantly to a range of policy issues including U.S. North Korea policy, Asia-Pacific regional trade dynamics, Cross-Strait relations and U.S.-Taiwan Policy.

I think the longevity and the continued relevance of the Center reflects the sustained importance of the region in American foreign policy, and as the region's influence continues to grow, I think the Center will play a critical role in shaping our understanding of the region and offering pragmatic recommendations to the United States and to our allies and partners.

The fact that the Center's 20th Anniversary has coincided with such a momentous time in East Asia only underscores the advantages of having the instrument that we have here, and the team of scholars that we have here, and the ongoing importance of their work. It seemed to us, therefore, fitting to use the occasion of the 20th Anniversary of the Center to launch the Foreign Policy Program's new project on *Sustaining the East Asian Peace*. The project is designed to look back at the 40-year period since 1980 when East Asia, as a whole, has enjoyed relative peace with the exception of a few low-level conflicts of course, and asks the question: Can this peace be sustained?

Four decades of peace in the region has resulted in massive economic growth that has benefited not the East Asia but the world as a whole, including the United States, lifted hundreds of millions of people out of poverty, created a global middle class and reshaped the global economy. It was a period marked by significant U.S. engagement in the region, in political, economic and strategic arenas.

The recent years have seen substantial rise in tensions in East Asia. China's power projection has caused numerous disputes with its neighbors, especially in Southeast Asia, friction has been growing between Beijing and Taipei across the Taiwan Strait, strategic competition between the United States and China is coming to a head, on a young, new leader in North Korea is challenging regional and international policy towards the Korean Peninsula. And it seems to us that we can no longer take for granted continued stability and economic growth in the region.

Solutions to the mounting tensions need to emanate primarily from the region itself, but I think we believe that U.S. policy can still play a critical role, and the project on Sustaining East Asian Peace will address both the key regional issues and identify policy options for the United States, its allies and its partners to preserve peace, stability and prosperity in the region.

I'm delighted today to have a great group of experts here to discuss these issues; starting with the first panel that includes current Senior Fellows of the Center, but also alumni of our long-standing Visiting Fellows Program that will address the dynamics of East Asian foreign and domestic policy in recent decades that have contributed to the region's stability and growth.

The second panel featuring distinguished Asia experts from across Washington will discuss the future dynamics of the region addressing economic, security and technological trends unfolding in East Asia and their implications for the region.

So to introduce the panel and to lead the discussion, without further ado, I'd like to invite Richard Bush and the members of the first panel to the stage; and to thank you, both Mireya and Richard, for your leadership, in this Center and in this initiative.

MR. BUSH: I'm Richard Bush. Thank you all for coming today. Let me start with a personal note. It was my privilege to be the Director of this Center for 16 years. I was actually very fortunate to get the position, at that time I was a Democrat in a Republican administration, and I was getting word that a very wealthy Republican woman wanted my job. (Laughter)

And just at that point, just at that point, Jim Steinberg, who was then Vice President of the Foreign Policy Program, came to me and said, Bates Gill, the Founding Director of our Center for Northeast Asian Policy Studies is moving to CSIS for reasons that I cannot understand, and we need a Director.

And I knew the way Washington worked that you only get one chance to work at the Brookings Institution, if that. And if you get that chance, grab it. So I grabbed it. And I've been here ever since. And I've been very fortunate.

One of the reasons I am very fortunate is the Visiting Fellows Program that we had for a number of years after I assumed the Directorship. I have some of my closest

friendships with alumni of that Program, some of them on the stage here, some returned to Asia, some stayed in the United States, all that's fine, whatever, but those friendships I really value. And it's always wonderful to see the alumni of that Program.

This part of the program is to look back, and examine how Asia or different parts of Asia have changed in the last 20 years. We have a great set of panelists. Yun Sun, who will speak first, and is on the far right, is a Senior Fellow and Co-Director of East Asia Programs, and the Director of the China Program at the Henry L Stimson Center. She was a Visiting Fellow here in the fall of 2011.

Toshihiro Nakayama is the Professor of American Politics and Foreign Policy in the Faculty of Policy Management at Keio University in Japan. He's currently a Japan Fellow at the Wilson Center. He was a Visiting Fellow here in 2005 to 2006.

Sook-Jong Lee is Professor of Public Administration at Sungkyunkwan University in Korea, and the Director of its East Asia Collaboration Center. She was in the first class that I and my staff were sort of fully responsible for picking, and when we picked her we did well. This was 2003 to 2004.

Jonathan Stromseth was not a Visiting Fellow from Asia, he is our Lee Kuan Yew Chair in Southeast Asian Studies, but we figured we'd better cover Southeast Asia. Jonathan worked for over a decade in Asia for the Asia Foundation, so he might as well be from Asia.

Finally, Yuan-kang Wang is Professor of Political Science at Western Michigan University in Kalamazoo. He was a Visiting Fellow here from 2005 to 2006.

The plan of march is that each of my friends will speak for about 10 minutes, maybe we'll have some discussion on the stage, and then open it up to discussion.

So first, Sun Yun?

MS. SUN: Thank you, Richard, for the invitation to be here. And thanks to

Mireya for having me today.

I was a Visiting Fellow with what was then called the CNAPS, Center for Northeast Asia Policy Studies, back in 2011, and a topics that I worked on while I was with Brookings was a National Security Decision-Making Process of China.

And this was eight years ago, and I was looking at the National Security Decision Making of the then Hu Jintao administration. And the topic that I have been assigned today is to talk about how China's foreign policy objectives have changed in relation to its domestic politics in the past two decades.

And I was looking at Xi Jinping's national security decision-making, and realized that how big a difference it has -- it has happened in the Chinese context.

So apparently in the past two decades China's -- the changes to China's foreign policy is probably the most dramatic and the most conspicuous among all the East Asian countries.

So from keeping a low profile and mantras that Deng Xiaoping decided, starting from 1979 to the now very assertive foreign policy of China, China's assertiveness or China's position is -- its position in East Asia has changed dramatically.

So in the past China had more or less a certain extent of respect to the U.S. leadership and even U.S. hegemony in the Asia Region, but now China takes no -- leaves no stones unturned to compete with the United States for its leadership in the region.

And furthermore, China is also trying to -- the words the Chinese would use is to displace, or at least to weaken the U.S. influence in the periphery of China's -- of China, and also the U.S. ability to influence countries, China's neighbors' decision making.

So according to Xi Jinping's proclamation, Mao Zedong was a leader that made China independent, and Deng Xiaoping was a leader that made China rich, and now he is going to be the leader to make China strong.

So, basically all the policy behaviors that we have observed about China in the past, since 2013, there's the concrete reflection of the desire for China to become a strong nation. So, China's desired international order, or its objective as defined by President Xi Jinping, is a community of common destiny for all mankind.

And this concept is very much embedded in China's traditional vision of an ideal world order resembles hegemonic stability theory but was a very different set of moral codes of the hierarchy. So, the concept of Tian Shan system, All Under Heaven, envisions a world centered on and dominated by a superior and morally benevolent country or civilization. And in the Chinese context it is a Middle Kingdom.

So, the hegemon superiority in military and economic power forms a foundation for peace and stability through deterrence and coercion, and the moral superiority, as primarily demonstrated by the hegemony's benevolent provision of public goods anchors the desirability of the hegemonic hierarchy among other states, at least from the Chinese perspective.

So, in this framework we can find the origin of most of China's foreign policy behavior today. So, for example, the One Belt and One Road, or the Belt and Road Initiative, of course is primarily targeted as the absorption of China's domestic overcapacity in its economy.

But externally Belt and Road Initiative also seeks to demonstrate the China's benevolent intention, China's provision of public goods through -- through as, for example, infrastructure projects and its financing, in order to eventually expand the China's influence over the decision making of recipient countries in the Belt and Road.

Secondly, about the U.S. presence or the U.S. role in the -- in the region China has reached a much more clarified demand about the U.S. role in the Asia Region, and this traces back to the CICA Conference in 2014 when Xi Jinping made the statement

that Asian affairs eventually will have to be managed by Asian people, and the problems of Asia eventually will have to be solved by the Asian people.

So in the Chinese foreign policy design, although China does not seek the exclusion of the United States from the Asia Region, but China does define itself as the great power in Asia, and U.S. roles and operations in Asia need to follow the rules and the limits designated by China.

On a fourth, we called hot topics in East Asia for North to South, North Korea, East China Sea, Taiwan and South China Sea; we can identify clear intention on China's part to undermine U.S. regional presence.

Although in the name of the China's national security, because these areas are close to China's homeland, projecting into China's future regional strategic outlook, China might be satisfied for now with a U.S.-China G-2 at this point. But down the road it is uncertain, at the most, that China will welcome U.S. as China's peer in the Asia Region.

The last but not least, China's foreign policy under Xi Jinping has defied the rule after the Cultural Revolution about the export of the ideology, and that China is actively promoting the China Model, or what Xi Jinping would call the China Paths to development in the less-developed countries and developing world.

So, according to Xi Jinping, the banner of socialism with Chinese characteristics is now flying high and proud for all to see. It means that the past, the theory, the system and the culture of socialism with Chinese characteristics have kept developing, and planning a new trail for other developing countries to achieve modernization.

And China believes it offers a new option for other countries and nations who want to speed up their modernization while preserving their independence, and it offers the Chinese wisdom and the Chinese approach to solving the problems facing mankind.

So, for all this development when we talk to Chinese interlocutors, we hear

the explanation that Xi Jinping needs to pursue a more assertive foreign policy in order to push forward his difficult to domestic reform in China, that Xi Jinping needs more credits from foreign policy arena to boost his domestic popularity in order to defeat his political opponents to pursue anti-corruption campaign, and to deepen the economic reform in China.

So in this sense the Chinese explanation is that Xi Jinping's foreign-policy is an extension of Xi Jinping's domestic politics instead of China's international ambition, but this dichotomy does not necessarily hold water, because these two dimensions are not mutually exclusive.

Xi Jinping might be motivated to pursue assertive foreign policy because of his domestic political need, but it does not mean that China's foreign policy does not pursue the result of such assertiveness, for the Chinese policy community is the biggest opportunity and the biggest challenge to this foreign policy course, lies in the United States.

So overall, the Chinese assessment is that the changing dynamics between China and the United States eventually originate from the changing power balance between the two, from what they see as a relative decline of the United States vis-à-vis China, and also vis-à-vis itself.

So, on issues, especially in the Asia Region, China sees the timing and the geography are both on China's side, and they do believe there will be a day that the United States is exhausted by its commitment in the region so far away from its homeland, and it will pack up and leave.

So by then all the countries in the region will more or less fall in order, the orders that China defines.

So, currently the U.S. attitude with the U.S. policy towards its allies, U.S.'s resources and its willingness to spend those resources to build up and strengthen as the regional partnership and alliances system as well as the U.S. attitude towards free trade in

the region, have all been believed by the Chinese too -- are providing opportunity for China's further ascension.

So, I'll stop there. Thank you very much. I look forward to the discussion later. Thank you. (Applause)

MR. NAKAYAMA: Well, thank you, Richard. Thank you, Mireya. And it's really nice to be back to Brookings. You know, it was 15 years ago, almost, when I was here and I was really nervous being on the podium at Bookings, and I'm kind of still nervous that -- you know, surprised that I'm still being, you know, nervous that I'm up here.

It's like 20 years in one minute, right, so it's that's easy I guess. And this is a very, sort of, a nice day for -- in Japan, or a day of transition, right. So, I guess we've just entered, this is the first day of day one in fact, so it's a good timing to sort of look back I guess.

And 20 years ago I guess, Japan more or less accepted the world would more or less come together, you know, the theory of convergence, not as optimistic as -- you know, that Europe was, because there was the issue of North Korea, you know, China's wise was uncertain but, you know, at the time the term, you know, Japan-China friendship actually made sense, right. These days we don't talk about that too much anymore, but 20 years ago it made sense.

And we never thought sort of the North Korean issue would drag on this long. So we also, you know, sort of a slow convergence in our region, and in Japan in particular.

But 9/11 sort of shattered that, and also, you know, our unexpected, you know, rapid and -- from a Japanese point of view -- uncertain and sometimes hegemonic rise of China sort of worried us a lot.

And also, you know, this hasn't been determined yet, but we see the

tendency in this country, whatever you call it, retraction, or retrenchment, or reluctance, that is also a huge concern as well.

Domestically, you know, the huge -- the biggest concern is the decline in the population, the Japanese government is trying to sort of tackle with that issue but it hasn't been that a success -- successful up until now. There's issue of physical deficit, and also the, sort of the Japanese industry hasn't been sort of adapting to the sort of newly-emerging, sort of, industrial infrastructure. So that's another problem as well that we've been dealing with for the past 20 years.

Of course the 2011 March earthquake had a huge impact, not just in terms of natural disaster, but it had an impact on the Japanese psyche, right, because our, goal, purpose, was always economic development, but is that really the right way to go. So it started sort of a new soul-searching process in 2011.

So, looking back, the past 20 years was a difficult 20 years for Japan, and from looking at it from outside maybe you see a Japan, sort of, relatively declining, but I think, like I said, it's a sort of a start of a -- sort of a redefinition of Japan in the coming years. I think that was the period that we've experienced for the past 20 years.

And Richard gave us some couple of questions, so I'll try to sort of answer that question, and use my seven or six minutes that I have left. And, you know, he asked us about, you know, how Japan's sense of security changed over the past two decades, particularly with respect to China and North Korea.

And definitely in terms of policy, and in terms of -- in terms of institution, and in terms of, you know, at the sort of popular level of how, sort of, we understand the region, there has been a sort of a direction towards robust defense posture,

I think that's a strong consensus within Japan. And this is not just to sort of, you know, counter or complicate China's hegemonic rise. It's in a way to convince the

Americans and make -- force Americans to choose the U.S. by us becoming more effective ally.

So, it's not just about, sort of, you know, complicating China's rise but being more reliable partner to the U.S. I think that's the important thrust of Japan's, you know, the increased robust defense posture.

And in terms of the U.S.-Japan alliance, you know, the necessity was always realized but if you think about the situation that we're facing now in Northeast Asia, there's a rising, sort of, consensus that Japan cannot handle the situation alone.

So, we need to sort of convince the United States that U.S. has to be the resident power -- resident sort of power in Northeast Asia.

And so in the '90s some people were talking about sort of alliance adrift, you know, alliance losing a purpose, but I think these days there's none of that. So, I think that kind of thinking sort of underlies Prime Minister Abe's, sort of, you know, strategic hugging of President Trump.

So, for the Japanese people even under the, you know, Trump administration, its business as usual, and I'm exaggerating a bit. It's so sort of to convince the U.S. that you have to be here, and we will deal with the situation together.

And the issue about Koizumi and Abe, and what kind of influence -- sort of, impact they've had on Japanese politics and on security, it's really difficult to generalize.

I think you can sort of divide this past 20 years into sort of four periods, right. There was the Koizumi period, the DPJ, Abe's second term, and the rest, including the first term of Prime Minister Abe.

And I think the one which had the most negative consequence was, I think, DPJ which took power in 2009. Not that I'm, you know, I'm taking a partisan position, because it totally shattered this vision of Japan's, of transitioning into a decent, sort of, two-

party system, right.

That sort of idea and confidence is totally gone, you know, even till now, you know, after -- a couple years after the DPJ. And Prime Minister Koizumi, he was really popular, and he was very well known, one of the most well-known leaders that we've had, I guess. But in terms of policy; and especially on security policy there hasn't been that much compared, especially, to what Prime Minister Abe has done in his second -- his second term.

So, I wouldn't say Prime Minister Abe's -- Prime Minister Koizumi's, sort of, you know, effort, foreign and security policy was all that consequential. So, when I -- when I was at Brookings 14, 15 years ago, it was the Koizumi period, and he kept on going to the Yasukuni annually, and people were sort of almost accusing me of, you know, Japan becoming a dangerous nation.

You know, that there's a -- there's a rise of nationalism in Japan. That was what people talked about, but now if you look at the position of Japan it's kind of different from like 14, 15 years ago, right.

So now Japan is being talked as a, you know, defender of liberal international order according to Professor, Professor Eikenberry, I think that's a bit sort of overwhelming.

And there was an article, just in *Politico*, Prime Minister making a speech in Europe, and the article says that: if he had delivered that speech in English he could have been the best EU leader we could have, right. (Laughter)

And the friends of Europe are not in the West but it's in the East, right. So it's a total different perception, I think, of Japan these days, a bit of an exaggeration.

I think, you know, it is a fact that there's many reasons, the fact that Japan is a homogenous society, and maybe we have a very effective sort of, you know, wall to a certain degree, but anyhow Japan does not -- sort of, we're not seeing the rise of, you know,

nationalist, populist sort of sentiment in Japan.

And so, yes, we are doubling down on the alliance, you know, hugging the Trump administrations, and doubling down on the alliance, but at the same time we are doing many of the -- sort of, the global governance issue that U.S. is not interested in.

For instance, working on TPP without the U.S. CP -- CPTPP, right, and like a sort of EPA with EU issues on global -- sort of global warming and, you know, all the other issues. So it's not that just Japan is just doubling down on Trump and hugging Mr. Trump, but we are doing many other things. And I think that's possible because we don't see this, you know, populist nationalist sentiment arising in Japan.

So speaking, you know, without sort of a fear of, you know, its implication I think, you know, the 20 -- this coming 20 years is a sort of like a preparation period for the re-rise of Japan, not in terms of becoming a superpower, right, Japan is not a superpower, but we'd like to think of ourselves as a -- you know like a country with a sort of scope, a sort of a global scope. Right?

And at least, you know, a strongest sort of vision of that in Asia Region. So, I think the next coming year would be the preparation period for Japan's rerise in terms of Japan becoming a country with a global scope. And I'll end here. Thank you. (Applause)

MS. LEE: Hello. My name is Sook-Jong Lee from South Korea. I have only 10 minutes, but I'd like to share my special feelings with you.

I was a Former Fellow from 2003 and 2004, and the first batch of recruitment under the 16-year rule of Richard Bush of the Center, and at the time Richard and my good friend Sharon Yang, who's sitting back there, and Kevin Scott, we are all like a family.

So, I brought my two kids, they still remember their fond memories of their elated family, the Brookings Institution Center.

So, I'm very happy to be part of this Twentieth Celebration, and I'm sure under the new leadership of Mireya Solís the Center will continue to rise.

Okay, I am asked to reflect for the last 20 years of Asia from the Korean perspective. If I recollect the past 20 years for South Korea it was quite a continuous rise. We had very difficulty for the Asian financial crisis from 1997, 1998, and we thought it's almost a Second Korean War, a kind of war.

However, we quickly recovered from the crisis, and then South Korea has emerged as one of the very strong native power, and also a very vibrant democracy in Asia-Pacific Region. And at the same time it's not only South Korea, North Korea has risen in their own fashion.

And for the last 20 years, already, there is a succession of the Kim family to the third generation in 2011, so Kim Jong-un is ruling the country, and ever since 2011 with his strategy of Pyongyang, also with the nuclear power, military power, and at the same time pursuing the economy.

However, I will say even though the peace between two Koreas has been maintained, their rise as to almost in effect a nuclear state throughout the six nuclear tests from year 2006 and year 2017, and all random and the frequent missile tests. You know, it was a kind of very capable nuclear state that can threaten the Mainland USA.

So, of course most of South Koreans perceive North Korea a very contiguous way, in several aspects. The human rights condition in North Korea is pretty bad, but economically North Korea has been sustaining.

And I heard from some economists saying that actually, jangmadang, the market economy, informal economy of North Korea, has been pretty good despite all the sanctions. And then -- and we have a Summit between Trump and Kim Jong-un twice, but denuclearization has been stalled.

So now, yes, Koreans very much cherish peace between two Koreas, and 2018 was a turnaround from the 2017 escalating tensions. But now we are quite a little bit disappointed, because some diplomacy is not going well. So, we'll see how this divided nation will strive for the peace in the Peninsula and also in Asia Region.

And also South Korea is one of a strong military ally of the USA, you know, whenever I hear talks from the ambassadors and diplomats from USA, they like to say Korea is multifaceted partner to USA. Of course we have a very strong military alliance relationship, we have good trade relationships, and furthermore in terms of value of democracy and market economy of the South Korea and USA value, very much strong.

However, these days, you know, we worry some; it's that shift of Korean perceptions, their attitude by the rising concerns. Actually the concerns started when President Trump ran a presidential race in the year 2016, because when he was campaigning he mentioned he wanted to, you know, withdraw the soldiers.

And also when Mr. Woodward's book, *The Fear*, came out and he, Trump, President Trump has mentioned again about the pulling out of the U.S. soldiers from South Korea.

And last year, right after the Hanoi's -- right after the Singapore Summit at the press conference, President Trump has mentioned again that it's a very expensive war game, and that he, even though it's not now, he wants to bring the U.S. soldiers back home,

So, you know, many Koreans are, you know, are beginning to worry about the continuous American commitment to the alliance with the South Korea. And so we have to -- we are waiting, and looking at -- a wait and see whether it's a problem of President Trump's transactional approach to the alliance; because it's not only their alliance with South Korea, alliance with Japan and also with NATO, okay, about, you know, he has too much concerned about money.

So we increased it 8 percent of the money to assist U.S. Forces in Korea, so I think South Korean Government is sharing about just slightly less than USD1 billion to support the U.S. Forces in Korea.

That kind of -- kind of transitional approach because we strongly believed the U.S.-ROK Alliance is based on values, but now many thinks that, you know, talking approach from this financial perspective, so that worries many South Korean security experts.

So, we'll see, you know, especially the -- how the U.S. will see the utility, the value of the alliance with South Korea as more so the U.S. Indo-Pacific Strategy is that -- as it's aiming at deterring China. I suspect the value of alliance with South Korea can be diminished, because South Korea's petition has been very much ambivalent in deterring China in Asia-Pacific or Indo-Pacific Region.

So after North Korea issues that that's the -- very much, very structural, and then long-term worries over South Korea.

Lastly, South Korea is very, very vibrant and we have ideologically a somewhat divided country between progressivist and between conservativist. And throughout the industrialization our leadership, our rule came from more conservative force.

But after democratization, if you look at the last 20 years, we had a progressive 10 years, 10 years of converging a Moo-Hyun Government, and then we have nine years of conservative government by Lee Myung-Bak and Park Geun-hye. Now and again we have a Moon Jae-In Progressive Government.

So, I'm asked: how are the Progressive -- how the ideological difference of government can affect South Korea's external policy, foreign policy?

It's an interesting question, but it's difficult to generalize, but despite this danger for the generalization, I would say, usually conservative government tend to have a

more international and global policy.

On the other hand, the Progressive Government are more -- how can I say -- concentrate on Inter-Korean Relations and also more domestic issues, you know, from the authoritarian legacy, and how to promote democracy, and so forth.

I guess the North Korea policy is the most salient case you can find the ideological difference of government, usually Progressive Government emphasize improving relationship with North Korea, and also in trying to support, and also Korean economy, and the Conservative Government tends to emphasize more national security that -- how to diminish the threat from North Korea, and also deemphasize cross-consultation with the ally, USA.

So, definitely there are differences by ideologically different government. However, even, that said, there is not much room for the substantial difference because the alliance with the USA is so important for South Korea's national security. So, whether the government leadership is from Conservative force or Progressive force, the maneuvering space is not that different. Okay.

On behalf of the other countries, Japan policy that's unfortunately, you know, regardless of ideological difference, often the Korean Government tends to oppose the very nationalistic anti-Japanese foreign policy.

It's not because this remaining anti-Japanese sentiments, it's more like a democratization effect, because many things regarding how we have managed it, comforting women issues, and also forced labor issues, and those issues are kind of dividing South Korea and Japan, the two most critical allies to USA, over the years.

But it's not just for the government position; it's more like, you know, the democratization of a society, because many NGOs and human rights activists are asking to address these issues. So that is also one thing.

And China issue is interesting. I don't see much the impact of the ideological propensity of the ruling government over China policy, I think leadership between Chinese leaders and Korean leaders have been more based on chemical -- the chemistry of the leaders.

For example, that our Former impeached President Park Geun-hye had a great chemistry with Xi Jinping, however, you know, what all this -- you know, the fall out following the deployment of THAAD that became soured.

So, I would say the impact of ideological difference over China policy is not that great. Okay, so let me stop here, and I'll try to answer the questions. Thank you. (Applause)

MR. WANG: Thank you, Richard; and Mireya for the opportunity to be here. It's great to be back. I have fond memories, 14 years ago, and Toshi was my co-host, so it's good to have a chance to catch up with him again.

So, my assignment here today is about Taiwan, and I'll organize my presentation in terms of the three questions that I was given: first, Taiwan's sense of security? Secondly, how skillful are Taiwan's leaders in reassuring in China? And number three, how to assess the quality of Taiwan's democracy?

So, first, Taiwan's sense of security, to put it mildly, is not getting any better. And the reason is very simple, it's because of China right, because of the rise of China, China's capabilities are increasing of course abroad, so when I say capabilities it's not just about military capabilities, it's also economic capabilities, diplomatic capabilities, and cyber capabilities, right.

And so, in terms of military capabilities we all know that the military balance of power in the Taiwan Strait has consistently tilted in favor of China over the past 20 years.

And so that puts Taiwan in a difficult position, right? And China recently has

conducted what it calls encirclement patrols. So basically flying airplanes around the island as a way of intimidation, and China is doing the same in Saint Kaku, you know, with regard to Japan as well.

And not long ago two Chinese fighter jets just crossed the median line of the Taiwan Strait, and so those military pressures are increasing.

And economically, China's economic capabilities have also increased, and that puts Taiwan in a difficult position because that Taiwan's economy is very much dependent on China to today, right. China is Taiwan's largest trading partner, and also the destination to -- the largest destination of Taiwan's outbound investments.

So a lot of Taiwanese business people are operating in China now, so that puts them in a -- in a situation in which that they might become a pawn, or some tool for China, right, to put pressure on in order to force Taiwan to make political concessions.

And the recent example is South Korea, right, when they thought that the anti-missile defense system was reported, right, China basically punished a lot of South Korean businesses operating in China. And so it might do the same thing to Taiwanese business as well.

And diplomatically, China's global clout has substantially increased. You can see this at AIIB, or the One Belt, One Road, and recently Italy just joined the OBOR, right.

And so now many countries will just defer to China on the Taiwan issue. So, since 2016 China has taken away six of Taiwan's diplomatic allies, now Taiwan has only 17, and also forced airlines to change its name. So, so like Air Canada changed Taiwan to Taiwan, China.

And it was only the U.S. Airline refused to do so, but it just leave out Taiwan, so if you search it's Taipei, only and no country.

And so those are the kinds of things we are seeing China is increasingly doing that, and so -- and so this kind of diplomatic isolation, and not just about stealing away Taiwan's diplomatic allies, but it's also about downgrading existing relations.

So, one example is in 2017 Nigeria, the Taiwan trade office, was forced to get out of -- to move out of the capital of Abuja and move to Lagos, in another city. So basically you're put in a -- not an isolated place -- but away from the capital right. So, those are the things that China can do today.

And so there are also other type of capabilities which I'm not going to get into, cyber capabilities, influence operations, information warfare, and some call use sharp power, all those kind of things; and China's capabilities have increased across the board.

But among all these developments there's a silver lining, and that is the strengthening of U.S.-Taiwan relations. So, in a way U.S. support could offset some of China's increasing capabilities.

So, this year is the 40th Anniversary of the Taiwan's Relations Act, and which is an American domestic law, but it regulates U.S. relations with Taiwan, and last year Congress passed the Taiwan Travel Act to allow high-level visit between the two countries, and there's this ARIA, right, the Asian Reassurance Initiative Act, and more recently the Taiwan Assurance Act is in the works.

So, as China continues to rise, I think the United States will have strong incentives to elevate Taiwan's strategic values, as part of the Free and Open Indo-Pacific strategy, and also both countries share the common interest in maintaining the balance of power in East Asia, and they also share the same democratic values.

And so U.S. can also help Taiwan reduce its economic dependency on China, because of the China factor Taiwan is isolated from all kinds of regional trade agreements, and so -- but by maybe signing something like the U.S.-Taiwan Bilateral Trade

Agreement they might help Taiwan to break out of the kind of economic isolation in East Asia. So, there are a lot of things that the U.S. can do.

And secondly, have Taiwan's leaders become most skillful in reassuring China? And the short answer is yes and no. And if you look back 20 years ago, in 1999, that was the year of the President Lee Teng-hui, and he talks about the special state-to-state relations.

I think, Richard, you were involved, so you know very well about what went on there. Right? And then the next time you had the President Chen Shui-bian years, a lot of surprises in U.S.-China relations, and which leads to President Bush kind of speaking in front of Wen Jiabao, Chinese Premier who was visiting the White House at that time, saying that he was opposed to any unilateral change of the status quo in the Taiwan Strait.

And so those were, kind of, the bad years. And more recently it has changed, that is that President Tsai Ing-wen, she has avoided no surprises and also avoided not to provoke China. And so she also says that she understands and respects the historical fact of the 1992 Consensus, which was a talk between the two sides, and basically its One China principle -- One China position but with different interpretations from the Taiwanese perspective.

And so she kind of offer a lot of confrontational stance when she took office. But on the other hand, China does not accept that, because China's position is very ritualized, it's only One China, and this is the precondition you have to accept before coming into any dialogue with China.

And that, in my view, is not helpful for any kind of negotiations because you have to except a precondition before coming to talk. But that's what it is, right. And that position I don't expect it to change, and also China has been suspicious of the TPP, the ruling party today because it thinks that the TPP wants to help de jure independence and

does not want unification.

So, unless TPP agrees in some form to the One-China issue I do not see any movement on that regard. But there's an election coming up in 2020, so that may -- that may change, but we don't -- we don't know for sure.

And finally, about assessing the changing quality of Taiwan's democracy, this is not an easy assignment, but I would say that from what I can see that Taiwan is a vibrant democracy, it has genuine freedom of speech and freedom of the press. Basically today in Taiwan you can say anything, even the Chinese flag, you can fly the Chinese flags in Taiwan and without any consequences, right.

And so it's a very free and open society. And also Taiwan has experienced two party turnovers, so the DPP and the KMT, they've basically switched power twice, at least twice in the past 20 years. So, Taiwan's democracy has become more mature, and also more consolidated.

But on the other hand I see three concerns when it comes to Taiwan's democracy. At first it's China's influenced operations, and in the past China tries to influence Taiwan's domestic politics through intimidation, right.

So, we have the 1996 Taiwan Strait Crisis when China just had the -- launched missiles around the two ports in Taiwan, and issued military threats, that when the year 2000 President -- Premier Zhu Rongji said the Chinese people are willing to shed blood if Taiwan declares independence, and those backfired.

And China has learned its lesson, and so now it's trying to do somewhat differently, through the influence operations, right, and so we know that China now has bigger stakes, right, but it also has bigger carrots now.

So, recently it announced the 31 measures basically treating our Taiwanese citizens who -- to go to Mainland China and work there, and they are treated just like they

were Chinese citizens, given all the rights and benefits. And the strategy is doing hearts and minds in Taiwan, and that -- and China is also trying to influence Taiwan's media, so their media, that's very friendly to China, but also there's a kind of clandestine support of actors who are aligned with China's agenda.

And so because Taiwan society is quite divided, and so they kind of give China an opening to exploit the kind of domestic division.

And a second concern that I see is that there's -- Taiwan has no consensus on how to deal with China, and that is a problem because the China factor dominates Taiwan's domestic politics. If you look at elections and all kinds of political issues it's all about China but -- and so that Taiwan's domestic parties are divided between the Green and the Blue Parties, on the both sides.

But they do not agree on how to deal with China, so that kind of opens up a space for China to kind of manipulate the kind of domestic division, so it's very polarized, just like the United States, right.

So when we talk about parties, all polarized, and Taiwan is also pretty much polarized and so -- but the problem here is that if there's no consensus on how to deal with China, how are you going to do that, right?

And so that's a big issue for Taiwan leaders to think about. And Taiwan has to -- and China and Taiwan like to use the term: we should set aside our differences to seek common ground.

And I think that principle also applies to the two political parties in Taiwan, they need to set aside their differences and seek common ground when it comes to how to deal with China.

And finally it's about the rise of populism. Taiwan is not immune from the global trade in that kind of anti-establishment sentiment. And you see the right of Han Kuo-

yu and other political leaders, and that is that people are tired of traditional politicians. They want a fresh face, someone who can speak directly to the people and use the language that people can understand.

And so people do not like the political fights between the two political parties, they are tired and sick of that, and so are looking for an alternative.

And the upcoming election in 2020, it could open, you know, space, avenue for alternative candidates because people want to get things done and improve their economic conditions.

And in the end I would just like to add that democracy is Taiwan's biggest asset because just a few days ago, I have a Chinese student, you know, and she came to me and she was very concerned about freedom of speech in China because it was a professor who was kind of fired at Tsinghua University, she's (inaudible).

And she came to me and says that: well, Taiwan must keep its democracy because their kind of freedom would be a beacon to the Chinese people. And I think that democracy is Taiwan's biggest asset. So, Taiwan needs to do everything it can to protect it. Thank you. (Applause)

MR. STROMSETH: As the final speaker maybe I can -- I can be the bridge at --

MR. WANG: You’ve earned the privilege.

MR. STROMSETH: I've earned the privilege, all right. I'll be the bridge between speaking -- between our engagements and the discussion.

It was correct when Richard mentioned I had lived quite a bit in Asia. In fact about two decades of my life roughly split between China and Southeast Asia, a little more in Southeast Asia. I might go a little further back, Richard, than our assignment today.

But in 1972 when I was about yay high I was living in Northern Thailand for

a few months. My father had a sabbatical leave from the academic world, and I fell in love with the temples, and the rice fields, and the spicy food. It was only quite a few years later that I realized that I had been there in that place at a very pivotal time in the region's history.

War and revolution were just across the border in Laos, Cambodia and Vietnam, and an anti-communist grouping of sorts, the Association of Southeast Asian Nations had sort of formed a bridge or a divide in the region to press back, including Indonesia, Singapore, Malaysia, the Philippines and Thailand.

And that, that sort of divide would last about 20 years. The Khmer Rouge of course committed genocide in Cambodia, the Vietnamese invaded Cambodia, eventually there was a huge peace-keeping operation called the United Nations Transitional Authority for Cambodia. Richard knows a lot about that.

Peacekeepers came from around the world, also engineering battalions from both China and Japan, interestingly. I was part of that mission and I remember it like yesterday, but that was flawed in some ways, and we still have Hun Sen in power in Cambodia today.

It was another pivotal moment that I think helped to remove a lot of long-standing divisions in the region, and basically provide opportunities for growth and regional integration.

Over the next few minutes I'm going to sort of touch on three aspects of the region that Richard asked me to respond to. And one is sort of how, how did the region evolve what were the main aspects for the next 20 years after that? And how is it responding, secondly, to China's rising influence? And finally, how our domestic politics in Southeast Asia affecting regional relations more generally?

So, in the broadest strokes I would say that two characteristics defined Southeast Asia over the last 20 years or so. One would be economic dynamism, and

another would be successful multilateralization or multilateralism generally.

So, from after peace was achieved in Cambodia for instance, ASEAN expanded eventually to 10 members, Vietnam joined in 1995, Myanmar and Laos in '97, and finally Cambodia in '99.

This gave the members sort of added weight, in a sense the expression: *punch above your weight* was often assigned to ASEAN because individual states could participate in this collective institution, and have more influence internationally and regionally that they could -- than they could possibly have as individual states.

There was the emergence of the notion of ASEAN centrality, the idea that ASEAN kind of provides an institutional platform within which other regional institutions are anchored in the Asia-Pacific Region.

There's also efforts by ASEAN to define the terms of the region and mesh great powers, and manage great power rivalry. We can argue about how effectively that was done, but I think the most important point, and this gets, I think, to some remarks that Bruce made earlier, and that really is the premise of this larger project, this multilateralism helped to foster stability, integration, and really conditions for economic growth going forward.

And if you look at what the region has achieved, you know, if taken together the 10 countries of ASEAN now are the third largest economy in Asia and the fifth in the world. They're the fourth largest export region in the world, and they are the top destination for U.S. investment in Asia, more than total U.S. investment in China, India, Japan and Korea combined.

And ASEAN is also big, again, if taken together they're the third most -- the third largest population in the world at 630 million, Indonesia alone of course is 265 million, the fourth most populous nation in the world.

Kind of echoing some of Yun Sun's comments earlier, and getting to the second point I'm addressing which is: how is the region responding to China's growing influence?

I think as Yun Sun pointed out China has been kind of practicing a more aggressive and proactive form of neighborhood diplomacy promoting the concept of a community of common destiny in the region. They do couch this in terms of inclusiveness, and win-win cooperation, but there are of course concerns that this is sort of a broader effort to kind of integrate neighboring countries into a Sinocentric network along different dimensions, whether it be security, culture and economics, and so on.

Of course their aggressive island building in the South China Sea is a prominent aspect of this, and it has created divisions within ASEAN, obviously there are some claimant states and some non-claimant states who may have different perspectives on how hard to push back for instance.

But at this stage in the region it's really an economic game. Economic statecraft by China I think is rapidly emerging as their principal tool of leverage through inducements and coercion with BRI being really the most visible platform.

This is particularly true in Mainland Southeast Asia along the Mekong for instance where there's growing concerns about China creating a sphere of influence for instance.

There's an expression one increasingly hears in the region that we focus so much on the sea we forgot about the land. Concern for instance that China's efforts or ongoing -- the ongoing reality of having increasing influence in Cambodia, Laos, Myanmar, for instance, may have longer-term ramifications for -- for divisions within ASEAN than the South China Sea.

Now ASEAN largely welcomed the Belt and Road Initiative from a strictly

economic standpoint, but it also has started to feel some unease over contract terms, transparency, debt issues, and so on. But there's still quite a strong demand, and I think Mahathir and Malaysia's recently -- recent decision to go ahead for instance with the East Coast Rail Link is some evidence of that.

I also think that there is kind of a dynamic of mutual learning going on in the region, where ASEAN is itself getting smarter, how to manage BRI, and China is learning from its implementation mistakes and making adjustments. And I think this will probably make BRI more sustainable in Southeast Asia over the long term.

And we certainly saw ASEAN showing its support for BRI last week at the BRI Forum in Beijing. I think nine of ten ASEAN Leaders attended, the only one who didn't was Jokowi from Indonesia, and he was dealing with election results that went his way, but it wasn't a snub, I think he was just staying home for domestic political reasons.

And I think as ASEAN looks to the future, they're going to sort of think about what China's economic footprint is going to be in 10 year 20 years calculate their likely interdependencies and calibrate their policies toward China accordingly.

Finally, the third point Richard asked me to address is sort of the changing domestic politics in the region. Right now I think the conventional wisdom is that democracy has been declining in Southeast Asia for several years, people point to the military coup in Thailand in 2014, Duterte's drug war and extrajudicial killings in the Philippine, Hun Sen's disillusion of other political parties and muzzling of the media, for instance, in Cambodia; and concerns about rise of religious and political intolerance in Indonesia.

And even the glow of sort of Aung San Suu Kyi's historic victory in 2015, in Myanmar is dimming as, you know, nearly 800,000 Rohingya refugees have escaped into Bangladesh to escape ethnic cleansing.

But there are still conspicuous examples of democratic practice. We saw

for instance that UMNO, the ruling party since 1957 in Malaysia lost power in 2018. Also importantly, Indonesia just conducted its fourth direct presidential election since the country democratized in 1999, and that, in itself I think, should give some hope for what looks to be an increasingly consolidated and maturing democracy.

But I think what all of this means to me in some ways is, and it reflects a kind of domestic imperative that we see in the region, a messiness if you will that may kind of undermine ASEAN cohesiveness, or at least its ability to sort of effectively manage regional and international issues as it has in the past.

But these are new realities and I think even if these countries are not high functioning democracies all of them they are increasingly beholden to domestic interests, concerns and problems. And I don't think that's going to change.

There's one big issue of course, we didn't address, which is U.S. policy toward the region. And what I just described, I think along different dimensions, has big implications for U.S. policy to Southeast Asia and the broader Indo Pacific. If anybody is interested, we could of course address that in the discussion.

MR. BUSH: Thank you very much, Jonathan. Thanks to all of you. (Applause)

I won't try to sum up all of your insights, I won't -- I think I will forego a discussion here up on the stage, so we have more time for questions from the audience. Mireya?

MS. SOLÍS: Thank you very much. Mireya Solís, I'm the Director of the Center for East Asia Policy Studies. And thank you so much for the panelists. I wasn't at Brookings when many of you were visiting fellow so it's a wonderful opportunity to have you here.

So, I have two questions. One for Yun and Toshi. Toshi mentioned that 20

years ago it made sense to talk about the friendship framework to discuss Japan-China relations. So, how would you characterize these relations today? What framework makes sense?

And the second question, this is putting, Toshi, my Japan hat. I enjoyed very much your presentation. I very much agree with the argument you made that the past 20 years have been a period of transition for Japan, allowing Japan to be more active in the global stage.

I want to talk about some of the domestic challenges to sustain that global leadership at the bottom, and at the top. What I mean is public opinion, when you think about the country's international engagement; there are some issues that certainly create a lot of interest, sometimes controversy, trade, security, immigration.

And I think that it's interesting to look at opinion trends in Japan on these three issues. On trade there was a very decided opposition based on agricultural resistance, but we don't see that anymore. We don't see as many of you also remarked for other contributors the populist backlash.

So that's an interesting phenomena, where is the anti-trade phenomena in Japan? On security you do see much more sensitivity, and they were mobilizations during the Diet deliberations on the 2015 security bills. So would that be a hard constraint for Japan to do more?

And third, I think the big surprise is that we always think of Japan as a homogenous country that was very reluctant to open up to immigrants, but there was a revision recently to the immigration bill allowing, for the first time, non-skilled workers to come to the country, and this is early days, but nevertheless we don't see public opinion showing a decided backlash against that proposition.

So how do you see public opinion constraining Japan's global engagement?

And at the top leadership; you mentioned two of Japan's strongest Prime Ministers of recent years, Prime Minister Koizumi and Prime Minister Abe, and one of the questions that all Japan Hanseis are now talking about: is what happens after Abe?

Would Japan go back to that period of instability, of one prime minister a year? Would the Prime Minister have at some point decides that he actually wants to stay for a fourth term? Or if not, can there be another strong leader with a strong commitment to the global stage emerging from the ranks of the LDP circles, or from other parties? But as you mentioned, the trends are not great for that possibility. Thank you.

MS. SUN: I'll go with the Chinese perception as a framework. I think in the Chinese perception the relationship with Japan will largely remain competitive, although there are periods of practical considerations and practical cooperation like, for example, now they had the Sino-Japanese cooperation on third-country issues, and basically the Chinese sees that as cooperation with their BRI, and they see that as a more benevolent attitude Japan has demonstrated towards the BRI.

But for China, the most important question is: what is Japan's alignment choices looking to the future? And this is particularly true given the uncertainty associated with the Trump administration's policy towards Asia. What is the future of the Alliance?

I don't think the Chinese bear any illusions that Japan will want to remain as a firm ally of the United States, but is the U.S. as an ally reliable to Japan satisfaction? I think that's a primary factor that determines how China sees Japan and how Japan sees China.

MR. NAKAYAMA: I agree that the relations would remain competitive, but because of the -- the vicinity, the fact that we are close, we have no option but to sort of search for cooperation we don't want a direct conflict with China.

So, competition but at the same time try somehow to manage it and seek a

space where we could cooperate and I think that's what we're exactly doing now on BRI.

So, some people here in Washington would say that even a country like Japan is hedging because they're worried about the U.S., you know, commitment to Asia, but I don't quite buy that. And I tell to those people, don't use Japan to criticize your own President, right? (Laughter)

And I think, you know, for the past seven or eight years relations between Japan and China was really bad. I guess it like minus-10, so now we're only sort of bringing it up to like minus-one or zero.

So, I think there's a -- you know, I think that's the general perception, and sort of the distrust is quite strong. So if, you know, the perception in Japan is that if you pile up what China is doing in the region, many Japanese people, not just the people in the government, but even in the business community to a certain degree, they see has hegemony conditions.

So, I think that's -- that lies at sort of the -- you know, the core of Japanese people's perception towards China.

And on your a sort of a question about, sort of, you know, public opinions and how that would constrain Japan's global commitment, you know, I would need a long time to answer that, but I'm now going to sort of -- you know, because I don't have time, but I would say that in terms of immigration it is interesting that there isn't that much of a -- you know, a backlash yet, but if we actually see many people coming in as, you know, foreign workers that might be.

But, you know, Japan is a pretty secular society, right; and we don't have this religious, you know -- a core belief or religion. So, so if you actually sort of walk around and talking you see foreigners all over. If you go into a convenience store you would see a foreigner, you know, behind the -- what we call the -- you know, the counter, and totally okay

with us.

So maybe we are more adaptable than we think, because of there's no core religious belief. As long as they can fit in to our custom and to this language -- they don't have to speak perfect language or anything -- but you know, minimum, the minimum level of communication, maybe we will be able to adapt to that. So I'm being a bit optimistic these days.

MR. BUSH: The gentleman and the Nike cap, right there?

QUESTIONER: Thank you very much for a very good presentation. My name is Elliott Hurwitz, I would like to ask a question of Wang Kang -- Wang, sorry for that -- or anyone else.

In the current election in Taiwan I think a man named Terry Gou is running, and he's the Head of Foxconn. And I think you know the rest of the question. They have very strong -- very strong sales in the PRC, and I'd like you to discuss that election please.

MR. WANG: Well, Terry Gou has been compared to President Trump because they were both business people, and very successful in that regard. And he recently announced that he will run for the KMT nomination. And the most recent rules passed by the KMT is to use public opinion service.

By the way, Taiwan's political party doesn't have good primary systems, it's kind of very ad hoc, and in the U.S. very established primary systems, but Taiwan's political parties they keep changing the rules about who the candidates will be.

But you do get the public opinion surveys Terry Guo is number two, number one is Han Kuo-yu. So, it's hard to predict who is going to be the frontrunner for the KMT. But either way if you look at Han Kuo-yu; and also Terry Guo, the Foxconn CEO, they are both untraditional politicians.

It kind of fits into this kind of a global wave of populism, that is that people

are kind of sick and tired of traditional politicians, and these two offer a very different alternative, and they are all straight talkers -- they don't, you know, use all the rhetoric as traditional politicians would like to do.

They all use plain languages that people can understand, and that's where the appeal is. So, I cannot make a prediction, but it's interesting to watch. (Laughter)

MR. BUSH: Just one observation on Terry Guo. His start as a candidate didn't work out well because as soon as he announced his wife left him -- (laughter) -- and if you -- excuse me?

QUESTIONER: She came back in a week.

MR. BUSH: She came -- she came back in a week? Well, but there's a Confucian principle, if you can't rule your own household how can you rule a kingdom, right? So do we have another question? Okay we'll go here, here and here; the gentleman with the set of worker's cap?

MR. WINTERS: Steve Winters, Independent Consultant. I'd like to direct this to Yun Sun. I really appreciated your summary of some of the latest statements from China about the community of benevolence, and the moral order. So my question is, there was one period in my life when I sort of dabbled in some Chinese philosophy, and you had Confucianism and Neo-Confucianism, and so forth and so on, I mean it's a massive subject.

So the question is, in your opinion if we had some experts here who are also connected to the State Department, or diplomacy, or whatever, National Security Council, who had background in traditional Confucian philosophy, and so forth and so on. Do you think that would help them one iota in understanding the moves that China is likely to make?

And also, it's actually a good question, I thought, because I've seen some internal you government reports on Xi Jinping, and he's actually quite a serious person in

terms of religious beliefs, and this and that, and this and that, which you don't often pick up from the public image.

So what do you think? Would our better understanding of this whole traditional Chinese worldview help us better to deal with China in any way?

MS. SUN: I think it -- I think it does and I think it would. So we know that the Confucianism or the Chinese traditional culture was very much destroyed or damaged during the Cultural Revolution, but I would say that old habits die hard, and if you look at the Chinese bureaucratic politics, the tradition of a lot of the 2,000 years of accumulation of the Confucianism still applies today.

And if you talk to Chinese officials today within the bureaucratic system you hear very similar descriptions compared to what has happened in the -- in the Chinese history. And in particular between the domestic political philosophy and China's foreign policy behavior I'll just point out one thing, which is a hierarchy.

The world vision and the country -- the visions of the countries are based on hierarchy, that not the -- for example the society is harmonious not because everyone is created equal, but because everyone has assigned a designated role according to their moral competence, and the material competence.

And as long as everybody observes their own role, the harmony and stability will be -- well be maintained. And I think China's foreign policy behavior with a hegemonic rise is very much modeled upon that -- that belief in hierarchy.

QUESTIONER: My name is Zhou Wangi. I'm a reporter from Radio Free Asia, and I have a question on one of the most important security issues in the region, that's North Korea. Yesterday on North Korea's First Vice Foreign Minister, Choe Son Hui, said in the state media that the United States should change its calculations and positions by the end of this year.

And the United States is still maintaining the big-deal approach in dealing with North Korea. So do you think that it is possible to narrow -- narrow the differences in terms of the approach to the North Korea's nuclear issues? A and how can you -- how can you break the deadlock in the negotiations?

MS. LEE: Okay. Well, that's a very tough question. Actually I think by the end of this year it's very important, so how many measures we have about seven measures. Right? If you believe Mr. Trump has very special leadership, right. So this is somewhat diplomacy trying to resolve the North Korea's nuclear issues from the top rather than bottom up will create some momentum, and actually President Trump has been saying, you know, very good words to Kim Jong-un.

So we believe this top-down solution has a chance compared to the previous U.S. Government approach. However, after this failure of a no deal from the Hanoi Summit, I guess the U.S., especially State Department, and many believe especially that Mr. Bolton, they are asking Yongbyon plus alpha, and plus alpha must be, I think according to the news, you know, that North Korea should deport the lease and the USA is asking -- they're bringing up nuclear weapons and missiles and so forth.

But of course Kim Jong-un and his team, it's saying that's very, unilateral. We are not going to submit to the kind of wish. So they are kind of trying to persuade the White House, but I don't think it'll work, because Mr. Trump as he's getting more driven to the next Presidential Election, that it will be very hard from the next year, I don't think he will compromise, as he had said in Hanoi Summit, sometimes no deal is better than the bad deal.

So I think it's time for Pyongyang, Kim Jong-un to come up with a more incentivizing the White House to continue to talk, but just blaming the leadership and asking the White House, the USA to change the calculus, I think they are losing momentum.

If they are really serious about why they build the nuclear weapons to get the USA to the negotiation table they shouldn't -- they shouldn't waste the important timing because time is ticking up.

MR. BUSH: The gentleman right here, yes. And this will be the last question.

MR. MACRAE: Chris Macrae, Chris Macrae, Norman Macrae Foundation. Basically a question to -- a question to any of you: do you actually do research between under-thirties, between your nations? This is something our Foundation does a lot of, and we really don't find conflicts between Chinese youth, and Japanese youth, and Korean youth.

For example, I was at the AIIB Summit in Korea in 2017, which was also the first time Moon Jae-In spoke abroad or to an international audience. And really all the young, you know, under-30s really just want to get on with work, want to get on with building communities. After all, you have half-a-billion under-30s in China, the Chinese people are still -- only have a quarter of the wealth of, let's say, Americans.

And most of those people in 20 to 30 are, you know, in one-child families, so they're absolutely responsible for the whole family tree. And so there's a huge degree of responsibility, I would suggest, amongst youth across many of these Asian nations, and I don't see the sorts of conflicts in what they want to do, and what they want to do with technology, and with small enterprises, that seem to be, you know, top of all of your minds.

MR. NAKAYAMA: Can I go? At Keio University in Tokyo, I manage this Keio, Fudan Yonsei sort of trilateral University exchange. And of course, you know, the students there they love to, you know, chat and they love to do projects together, and that's always there. But that's too much of an optimistic vision, because if you take the group as a whole they're not that different than the older generation I think, as a group.

And the people who would be involved in, you know -- interested in involving themselves in those exchanges, sure. I mean they're willing to cooperate and all that. But at the, you know, more sort of larger level I think the difficulty, you know -- we tend to think that, you know, when this younger generation would have their voice things would solve, I don't think it's that optimist.

And I didn't go into our difficulties with Korea, but it is extremely difficult. And that is shared even among the younger generation as well. Before it was always Japan doing something, and then Korea -- you know, Korea would react. But this time around it's the Koreans doing something and the Japanese would really react, you know, in a very hard way.

So, I don't see, you know, that younger generation is the solution to the difficult issues that we're seeing, and I think that's the same, with the rise of nationalism in younger generation in China as well.

MR. BUSH: With that, I think we'll bring this panel to a close the next panel is ready to go. Thank you for your attention and your great questions. And thanks to the panel. (Applause)

MR. LANDER: I want to start by trying to explain the dimensions of this changing landscape. But before I do that, I wanted to do one thing, which was as a way of maybe setting the tone for our discussion. Just pull out the relevant language that was in the Trump Administration’s National Security Strategy document issued last year, which described both China and Russia as strategic adversaries of the United States. And some of the key language was, “After being dismissed as a phenomenon of an earlier century, great power competition has returned.”

It described both China and Russia, but for our purposes, China, as a society determined to make economies less free and less fair. To grow their militaries and

to control information and data. Repress their societies and expand their influence.

So, certainly, in the quarters of power in Washington, there's a new, I won't say entirely new, but there is a growing consensus that is far more ominous about the role China's playing, both in the region and globally. And I'm sure that'll be a centerpiece of what we talk about today. But with that, take it away. Bonnie, I'll start with you.

MS. GLASER: Thank, Mark. And thanks to all of you for being here. I was essentially asked to talk about China's foreign policy ambitions and then maybe a little bit about what it would look like if there were a China-led Asia.

So, the first thing that I would say is that I think that China's or Xi Jinping's ambitions for China are really not a mystery. We know he articulated them at the 19th Party Congress in October of 2017. He talked about China becoming a, you know, great nation, national rejuvenation. This is not a new goal of course for China. He said this should take place by 2049, the centennial of the PRC's founding. And by that time, the army, he said, should be a first-class military.

And of course, he declared a new era in which China would move to the center of the world's stage. Not clear what that means, but it certainly means putting China I think on par with other countries and increasing its ability to defend its own interests.

So, foreign policy in essence is aimed at creating an international environment that will facilitate the achievement of these goals. For all intents and purposes, I think it's clear that China has abandoned Deng Xiaoping's, you know, hide n bide or keep a low profile. Xi Jinping's articulated something he calls (inaudible) way, which is to be proactive, strive for achievement. Obviously, different than his predecessor's, although Hu Jintao was to be fair, a transition period toward that.

Some people say that China's ambitions are really primarily regional and not global. And I don't completely agree with that. I don't think China's focused exclusively on

its periphery, although its periphery is a priority, particularly for its security.

But when you look at the goal that Xi Jinping has articulated, the being a leader in the reform of global governance, that word is the global governance, it's not regional. And for example, China's very explicit in its view that the global governance system is unfair, it's unreasonable, it needs to be changed. It's not always clear what changes China wants to make in the system, but there are a few examples that we can identify. The current global governance systems, obviously, privileges liberal democratic values and standards. And China's stated goals include diluting democratic principles and replacing them or augmenting them with authoritarian principles.

And I understand there was a discussion the last panel, and I'm sorry I missed it, but Xi Jinping's talk about community of common destiny for mankind. In my view, this is pushing a vision for global governance in which the state, not always the individual, is the ultimate authority.

So, China's also seen as pushing for new international norms, especially when those norms are seen as threatening to China's political system. So, human rights, internet freedom would probably be the two areas that China as proactively pushed to introduce its own norms that allow not just for protecting, of course, individual interests but also, privilege and state interests that favor China's authoritarian preferences.

In the human rights council, there are several examples of China introducing language and resolutions that incorporate Chinese's norms that actually potentially provide states an opportunity to abuse human rights in the pursuit of other interests. And we can also see this in the digital space where China has pushed an agenda of sort of baking in authoritarian principles into global internet governance.

So, these examples of Chinese revisionism, at least to me, suggests that China is a sort of select revisionist power. You didn't quote the particular line in the National

Security Strategy that says that China and Russia revisionist powers. I don't see China as seeking to upend the post-World War II liberal international order. China's probably been the largest beneficiary of that order.

But there are areas in which China sees the global governance system as threatening Chinese interests, and they are seeking to introduce changes. I think in the future, we might see China seek to introduce similar changes that would defend its interests in international maritime law, norms and practices perhaps in the World Bank and IMF. I think to some extent we're also seeing and maybe WTO reform if that ever gets underway.

And it goes without saying that U.S. disengagement from the multilateral area provides China with increased opportunity to press its ambitions to make the global governance system more favorable to China.

So, I think it's important also to say that although China's ambitions to some extent are global, there's really scant evidence that China seeks to supplant the United States as the sole global superpower. China's not looking to be a global policeman. It actually doesn't want to take on I think too many global burdens. China's not building aircraft carriers so it can transport Chinese troops to faraway places and overthrow leaders of foreign countries, to install leaders that are more friendly to China. I think that Beijing primarily wants to make the world safe for China's rise, and that's its primary goal.

So, regionally, China seeks to establish a Sinocentric order. In my view, that vision isn't necessarily a recreation of the tributary system that we saw in the dynasties, although there might be some attributes of that. I wouldn't look to that as a model. I think China has a modern leadership that is really primarily looking forwards, not backwards. But the bottom line of this system is that China's neighbors must accept China's preeminent status and not take actions that would damaging to China's interests.

So, China I think will continue to use access to its markets as well as loans

and aids as rewards and punishment. The Chinese think of this as economic statecraft. They have applied it to almost a dozen countries so far. They see these tactics as successful. So, I think that they will continue.

The Belt and Road, I think loans also are seen by China as creating economic dependence that in turn can be used to gain political influence. And so, that's an area where I think China thinks of in terms of its own vision for its role in the region.

It's clear that China seeks a diminution of U.S. presence and influence in the region. We've known since the mid-90s that China has called U.S. alliances of cold-war relics. They now have more of a strategy I think to drive wedges between the United States and its allies and undermine their relevance. I think it's indisputable, they want U.S. military forces in particular out of the region. And we can see some evidence in the single draft code of conduct and the language that China has introduced there. And we can talk more on that in the Q&A if anyone is interested.

I would highlight what China is doing militarily, which is really raising the risks and potential costs of the United States to intervene in a crisis with the goal that the Chinese want to deter U.S. involvement in contingencies, whether they be in the Taiwan Strait or elsewhere, so often referred to as anti-access/area denial capabilities. There's a series just this last week put out by Reuter's, which I think is ongoing, about China's military capabilities. And there's one in particular that highlights China's advantage in missiles, in terms of their range, which is I think really goes to the point that China has the capability now to reach U.S. bases throughout the region, including in Guam as well as potentially ships. And this is an asymmetric capability that may really work to China's advantage.

So, I wanted to close just by making three points about what a Chinese-led order in Asia would look like. And that could be a whole talk in itself, but I thought I'd just highlight three points. One, is should that scenario emerge, a Chinese-led Asia would result

in countries in the region having less room to maneuver and increased accommodation I think are to Chinese interests and constrained ability of smaller states to protect their own interests.

Secondly, I think the territorial disputes would likely be settled on Chinese terms. So, one example would be Taiwan would likely feel compelled to reach an agreement with Beijing that would probably be harmful to Taiwan's autonomy. By the same token, Southeast Asian claimants, I think in the South China Sea, would probably be forced to make concessions that would undermine their sovereignty.

And then finally, I think that a Chinese-led order would not bode well for multilateral regional institutions. I think that they would be weakened, that China would continue to prioritize bilateral relationships. And to the extent that it was active in multilateral organization, I think China would want to assume more of a dominate role and an agenda-setting role. But organizations like OSEA and East Asia (inaudible) and maybe even APEC would probably be weaker and less relevant to the region and less able to solve problems collectively. And I'll stop there.

MR. LANDLER: Thank you very much, Bonnie. I think that actually sets the stage very well for the rest of the panel. And at this point, I think we should narrow the lens a little bit and ask Lindsey to talk about what to some extent this expanding more ambitious China means for not just the United States militarily but the other countries in the region. What kinds of decisions will that force confront these countries with? So, Lindsey, take it away.

MS. FORD: Thanks so much, Mark. And thanks to Mireya and Brookings for having me, and congratulations on the 20th anniversary. So, when I worked at the Pentagon, one of my former bosses, Ash Carter, he loved this particular quote. If you look back at his speeches, you can find it in a multitude of them. And what he liked to say was,

"Security is like oxygen. When you have enough of it, you pay no attention to it. And when you don't have enough, you can't think about anything else."

And I think that where we are right now in terms of the Asia Pacific region is that for a long time, where was sort of stability in the security sense that, you know, we came to take for granted, and that we're not there anymore and suddenly, we're facing new questions about, you know, what do you do to preserve, as the project that Brookings is taking on, the idea of a long peace, you know. Are we coming into a new era in which that peace is just gone, or is there actually still an opportunity to maintain what we've been enjoying for the last few decades?

I think that one of the key challenges that we're facing, one of the main reasons you're seeing sort of this shift, is that the sort of preeminent military role that the United States enjoyed for a long time in the Pacific region, which really helped in a lot of ways I think, create the space necessary for countries in the region to focus on economic prosperity and development.

That military edge, that military preeminence has declined, relatively speaking. It doesn't mean the United States is not still the, you know, the strongest, largest military. We are. But the reality is that the delta has shrunk. And in particular, while the United States certainly is, you know, maybe the preeminent global military, in the Asia Pacific theater in particular, that's simply not the case because China has advanced and modernized its military and largely focused all of those capabilities specifically on the Asia Pacific region. Whereas the U.S. military, is dispersed globally.

So, in terms of the sort of shrinking preeminence of the U.S. military where you see it so particular, is in Asia. The implications of this I think in some sense are less dire than you sometimes here, but in another sense, create a lot more complexities. Yes, the U.S. is still the largest military power. It still has a network of allies and security partnerships

in the region that's unparalleled. And to a large extent, those relationships are more capable, more interoperable today than they were 20 years ago. And I think at the end of the day, the United States does remain the security partner that most countries in the region look to.

However, the challenge I think is one of credibility. There are questions, both in terms of from U.S. allies, from U.S. partners, would the United States uphold its commitments in the region. Does it remain as committed to responding in the event of a crisis given that now that crisis is likely to play out in a much messier, much longer, much harder way?

And so, looking forward, while I don't think the United States is going to completely restore the sort of preeminent military dominance that it used to have in the region, what we see coming out of the Trump Administration's National Defense Strategy, National Security Strategy, is an effort to I guess retain certain advantages militarily moving forward.

But this is going to take a pretty significant strategic revamp. And while I think you see signs in the National Defense Strategy that the Pentagon is moving in that direction, I think there are some fairly significant tradeoffs and things that will have to happen that haven't happened yet. So, in particular I want to point out I think three particular challenges in the military realm right now. One is that there's a much more complex, what I would say, deterrence environment in the Indo-Pacific. What does this mean? Well, we talk a lot about preventing conflict, right? And sure, there's been no major sort of greater power conflict in the Indo-Pacific for a very long time. However, we now have to look at not just preventing major power conflict, but how do you prevent the kinds of things that we're seeing like what we call gray-zone aggression?

These are the kinds of thing that we talk about in the South China Sea or in

the East China Sea. You know, salami-slicing tactics of maritime militia trying to sort of slowly expand political insecurity aimed without sparking a major conflict. How do you deal with the kinds of hybrid-security challenges where maybe you have a threat in the cyber domain, as well as violent extremism combined with conventional challenges, up to the high end of new emerging technologies autonomous weapon systems? These are all kinds of things that now the United States and its allies and partners have to think about. How do you prevent any of those problems from leading to aggression even if it doesn't necessarily lead to a major great power conflict? And that becomes a much more complex sort of calculus of how you deter a much wider spectrum of aggression.

Political and military challenges. The United States in terms of its credibility I think, is primarily facing a political military problem of reassurance in the Indo-Pacific region. And this is a problem with our allies and partners. Maybe you have the right capabilities, but will you really use them?

But it's also a problem at home. Here in the United States right now, we see a lot of rhetoric coming from both sides of the aisle, quite frankly about well, should the United States really be committed overseas in the same way? Is it maybe time to focus more on what we're doing at home? How much do these overseas commitments cost? Is it worth it? These I think, are some of the challenges that we have to push back on.

In the Indo-Pacific region, we've seen a lot of debates lately about cautionary agreements when it comes to our bases in places like Japan and Korea. Certainly, some challenges negotiating these agreements. These are the kinds of things that eventually if those political military challenges are allowed to fester, undermine the ability of the U.S. and its allies and partners to actually come together and bring military power to bear in the region.

And then finally, I think there's an operational and investment challenge.

Because you're having to deal with deterring a much wider spectrum of potential security problems in the region, you have to spread your investments much more broadly. You have to think about how do we deal with potential counterterrorism challenges in the Philippines at the same time that you're trying to deal with new capabilities to address space and counterspace problems, as well as cyberspace as well.

The U.S. is going to have to spread those investments much more broadly. That means its also going to have to work much more with its allies and partners to think about what kinds of investments do we want allies and partners to be making. What kinds of investments do we need the United States to be making?

The other aspect of this is to some extent, the United States is thinking about how to modernize its forces, which means investing in new types of capabilities that we don't have yet. That money in the budget means that you're having to take money away from things like let's say, aircraft carriers, who are out in the region all the time on a daily basis. And there are going to be tradeoffs, budgetary tradeoffs that are going to have to be made here that the U.S. and its allies are going to have to think much more carefully about how they want to make.

So, I think there are four priorities in particular moving forward. One, the United States I think needs to clarify its commitments and intentions in the region much more precisely and clearly.

You saw recently, that the Trump Administration went out to the Philippines, clarified the standing of the Mutual Defense Treaty as it applies to the South China Sea. I think that was a really important step. It's one the Philippines had been asking for for a long time and one the United States had already made in terms of the (inaudible) in the East China Sea.

But there are going to be a number of other decisions like this where the

United States may not be able to firmly commit everywhere. But we need to be far more clear, that in the places where the United States has alliance commitments and obligations, that we'll absolutely stand behind those.

There are going to be other places I think where for U.S. partners, the United States is looking at and will need to look at more going forward, how can we work with partners to help them enhance their own capabilities? We see in Indonesia, in Vietnam, in India, in particular, countries don't necessarily want the United States to step in and do it for them. But they're looking to think how do they deter any kind of aggression in the region on their own. And the United States can be an important partner there.

Updating not just capabilities but also concepts of operation, how should countries respond to hybrid threats, to gray-zone threats in the region? I think what we saw in the South China Sea from about 2013 to 2017 is that the U.S. and a lot of other countries didn't particularly have good concepts of how we ought to respond to these kinds of problems. People are just beginning to wrestle with this. But I think they're going to have to be a lot more creative about it going forward. And also, I think we have to recognize that in a lot of these cases, the U.S. military, regional militaries, don't need to be in the lead. And so, it takes a much more integrated planning approach across the government.

Prioritizing strategic depth is the third. And what I mean by this is in an environment that's much more multipolar, much more uncertain and contested, what you're going to need is much more strategic depth in your relationships, the kinds of capabilities that you have in the region, and where the United States probably wants military presence and access.

To do this, the United States is going to have to put a premium on having politically sustainable relationships and access in the region. We can't simply be asking people to pay more for everything and expect that they're going to be okay with that and

everyone's going to welcome us with open arms.

And then finally, I think that there's definitely a need to focus on crisis and escalation management in the region going forward. There's going to be a lot more uncertainty in the strategic environment, especially as you have new technologies coming on board. You're going to have much more likelihood that small miscalculations actually pull you into a much larger conflict.

The Obama Administration put some focus on confidence-building measures in the maritime, the air domain, in cyberspace as well. But I think that collectively, the U.S. and China, as well as allies and partners, need to be thinking about what are the next kinds of areas where we need to talk about confidence-building mechanisms. I would point to new technologies in particular, I think is a really important area.

And then finally, along those lines, I also think we need to be talking about what arms-control agreements in the Pacific for the 21st century look like. We have a whole lot of potentially new technologies, dual-use technologies, that can be used in the military domain as well. And there's no sort of agreement on how countries might want to employ these weapons and where we would draw the lines around what shouldn't be done.

It's an incredibly important conversation to be having. I'm sure, Helen can speak a lot more about this. But as we're pulling out of agreements like the IMF, we need to be thinking about what are the types of agreements that come next. I'll leave it there.

MR. LANDLER: Thank you, Lindsey. I confess, I hadn't thought of Ash Carter as the most quotable official. But that line about oxygen and security is a pretty memorable one.

David, we're obviously in an intensely interesting period in your realm. We may be in the final stages of a U.S. China Trade Deal. There's been some interesting reporting about the nature of that deal just in the last day or so. And Xi Jinping has also

been in Europe signing up new people for the Belt and Road Initiative. So, take it away on the economic equation.

MR. DOLLAR: Okay, thank you very much. Great pleasure to be here. So, I'm going to talk about the changing economic environment. And the theme here would be sustaining prosperity. Asia's done remarkably well for a long period of time. So, the key issue is how to sustain it.

So, I want to introduce four points, each relatively quickly. So, I want to start with the Belt and Road Initiative because that's on everybody's mind. We just had the big forum in Beijing last week. And I think the Belt and Road Initiative is largely welcome in the Asia-Pacific region and around the world. It's really a global program of financing infrastructure, particularly transport and power.

There are some concerns. And I thought the interesting thing in Beijing last week is that Xi Jinping was apparently listening to the concerns and internalizing some of the concerns. So, there was less triumphalism than there was two years ago at the first Belt and Road forum. And there was in some sense a mea culpa from the Chinese recognizing that thee were issues of project selection, competitive bidding, debt sustainability. And so, I saw the Chinese as reacting pragmatically. Johnathan Stromseth made the same point on the earlier panel, that the Chinese seem to be reacting pragmatically.

Now, some of the issues are serious. Countries are concerned about the costs. So, you probably saw Malaysia backed away from its high-speed rail. But the end result was the Chinese, they agreed on reducing the project by about one-third in cost, and Mahathir was there in Beijing saying that Malaysia is completely on board.

Pakistan is interesting. They originally asked for a set of coal-fired power plants, and then a new government came in, and they wanted to switch to renewables. And the Chinese said that's fine. So, I think there are lots of examples of the Chinese

pragmatically responding to what I think of as client demand.

And also, in terms of financing, a lot of these loans are on commercial terms. And the poorest countries are going to have a lot of trouble servicing the debt. So, we've already seen China reschedule Ethiopia, Venezuela, and probably other countries we don't know about.

Now, it would be much better if China offered soft terms ex ante rather than rescheduling ex post. So, I don't want to paint too rosy a picture, but I see the Chinese pragmatically responding. And there is a need for infrastructure in the developing world, so I think a lot of this will probably work out relatively well.

Where China succeeds in building good projects, the benefits are primarily going to go to the recipient country. But China's also going to benefit. For every country in Asia, China's a bigger trading partner than the United States, except for Afghanistan and Bhutan, they're in our column. Okay.

And fifty countries in Africa have more trade with China than the United States. So, it's actually quite rational for China to be supporting infrastructure around the world because it will benefit the recipient countries, and it will benefit China, and there will be small benefits for the United States as well.

Now, the second point I want to make is that in my long World Bank career, I always argued that policy reform was more important than the infrastructure investment. So, I'm relatively enthusiastic about the infrastructure investments, but you really need free trade, you need trade liberalization, you need customer facilitation, logistics, all of these things. There are a lot of good studies showing you that cutting the delays at the border by one day would be worth a lot of these expensive -- they would be the equivalent of these expensive infrastructure projects. And, you know, you cut those delays, no necessarily with infrastructure, but with essentially customs facilitation and dealing with red tape, corruption,

these kind of issues.

So, the investments need to be complimented by policy reform. And here this is where countries typically look to the United States to take the lead in promoting new trade agreements and increasingly deep-trade agreements that get into some of these issues of trade facilitation and behind the border things.

And so, that's what's missing in Asia right now, is the U.S. has withdrawn from the Trans-Pacific Partnership. I admire Japan for going ahead, but let's face it, without China or the U.S. in TPP, it's not that big, it's not that powerful. China's promoting the RCEP, but this is a relatively shallow agreement. So, I think there is a risk that we're not moving ahead with new trade agreements in Asia Pacific, and that would be the traditional role of the U.S., and that's what's missing.

Now, the third I leave to last or not last, but ultimately, the issue of the U.S. China Trade Deal. I don't think it's that big a deal. I think the neighbors or partners in the region are very worried about the trade war and the risk of escalation, so they would like to see an agreement. And it looks like we're heading to an agreement. But I would argue that our partners are also -- they're nervous about the agreement because it seems that the main headline is going to be China agreeing to purchase various things. And almost all of that will impose losses on our partners.

So, we want soybean trade to be redirected from Brazil to the United States at Brazil's expense. We want LNG to be redirected from Australia to the U.S. at Australia's expense. We would like the U.S. to export more cars at the expense of Japan and the European Union and so on down the line. So, there's a large shopping list from China. Frankly, a lot of countries in the region, our partners more generally, are going to be unhappy about that.

Now, on a more positive note, you know, we're also negotiating over market

access issues, technology transfer, IPR protection. So, to the extent that there's real progress on those issues, then everybody benefits. All right, whatever agreement China makes in terms of market access with the U.S., that's going to be available to everybody. And if that were a deep, comprehensive agreement, in some ways it would obviate my second point, that I don't see us moving toward deep, new trade agreements. And I'm skeptical we're going to get a deep, new trade agreement between China and the United States.

Now, the fourth point, quickly, which I just added listening to the colleagues up here. So, I want to agree with a point that I think Bonnie was making. I don't want to put words in your mouth, but we often hear talk about China trying to undermine the global economic system. And I think of this particularly in terms of the international economic institutions like the World Trade Organization, the IMF, World Bank. I don't see China trying to undermine these at all. I see China trying to strengthen its influence and deepen its involvement in these institutions. And the Chinese, of course, have particular things they would like to see. You know, right now they would like to see an expansion of the IMF for example. And the United States is opposed to that.

So, what I worry about is that our primary international economic institutions will be eroding because the U.S. and China have a lot of disagreements about WTO reform, about IMF reform. And there's the potential for a grand bargain where we reach a compromise and we reinvigorate these institutions. But right at the moment, it seems we're very far away from any kind of grand bargain like that. And in the meantime, I think those institutions are eroding. And I'll stop there.

MR. LANDLER: David, thank you.

Helen, you're picking up part of this discussion that is the most mysterious to me. I went to a conference in Davos that was dominated by AI and discussion of artificial

intelligence, and at the end of it, I wasn't sure I understood it any better than at the beginning. So, maybe you can help me in that quest, and in talking about the role that technology plays in this new landscape. So, go ahead.

MS. TONER: Absolutely. Thanks so much, Mark. And, Mireya, I thank you for inviting me. It's great to take part in this.

So, yeah, as you say, Mark, I will be focusing on AI in my remarks. That's not to say that it's the only technology that will be relevant in East Asia. Of course, you know, 5G is the topic of the moment, and other technologies will be very relevant. Perhaps, they can come up in the Q&A.

But I'd like to talk about three characteristics of AI. And before I do that, I'll give a brief sort of rundown of what AI actually is because as Mark says, I think there's often a lot of handwaving that goes on.

So, AI essentially means artificial intelligence, obviously. It essentially means getting computers to do things that seem smart in some way. And nowadays, when we talk about AI, we're using talking about a subbranch of AI called machine learning. And we're usually talking about a subbranch of machine learning called deep learning. And so, this is basically computer systems that have a network that's very roughly structured based on the human brain. This is sometimes called neural networks. That's what's involved in deep learning.

And the first of the three characteristics I'd like to talk about of deep learning, I'll be using deep learning and I interchangeably from here, is that it's a general-purpose technology. This is a term from economics. And basically, what I want to say with this point is that AI's effects will be felt across all sectors of society, across industry, science, basically everything, as well as the military angle, which often does seem to come up most.

So, you know, this technology we have, deep learning can be used for

image recognition, for speech recognition, translation, recommendation systems like you have an Amazon or Netflix. These are relatively mature applications. And it's also showing a lot of promise in other areas like robotics or building robotic systems that are more flexible and able to be adaptable more than what we see in, for example, traditional industrial settings. It's also promising for sequential decision making of the kind we're starting to see in games. For example, in video games or in games like Go. And it's getting better at generating things like images and texts. So, these last few are more emerging areas that are less mature.

But because it has this very wide ranging or these very wide-ranging potential uses, again, the first characteristic is it's a general-purpose technology, and the implication of that or a very important implication is that AI's effects on the world, including its effects on East Asia, are going to be primarily in I would say the economic and scientific domains. So, primarily, it's going to lead to growth across the board. It's going to be deployed widely across industry. It's going to lead scientific progress in areas like healthcare, energy, transportation, things like this. I think overall, it shows a lot of promise to be really, really valuable for society in general.

Of course, this is not without caveat. So, there's obvious concerns about privacy and bias and safety and reliability of these systems. And, you know, in the international setting, if we're talking about economic and scientific benefits, there's also in East Asia and in the U.S. China relationship, of course, concerns around, you know, not having a level playing field, around IP theft, all of these types of concerns.

But I think it's important when we're talking about AI in an international or a geopolitical setting, to just lay this backdrop of this sort of economic, scientific, broadly shared, cross-boundary, cross-border effects being the largest ones that we're talking about here.

The second characteristic I'll talk about is that these systems as of today are fairly unreliable and fairly unpredictable in many ways.

So, they work just fine if you want to be using them again, for, you know, Netflix telling you what show you should recommend next or Facebook suggesting which friend is in your photo from that party last night.

But if you have it in an unmanned undersea vessel that might encounter an unmanned undersea vessel of another nation, that's a totally different story. And these algorithms are just not at all ready for the primetime in those kinds of settings.

So, if we're talking about any kind of more critical applications where getting things right on the first try is important, aka anything involving the military, not to mention other sectors, we need to be really careful about how we're using these systems.

About potential, for example, if we have two sides in some kind of conflict situation, increasingly delegating their decision making to automated systems like this, does that give the potential for unintended escalation where human operators would've stepped in and made some changes and changed course.

These systems just are not able to do well in nuanced and novel situations in the ways that humans can do better. And it also implies that there is space for investment in research to make these systems better, and that that investment can again benefit all countries.

So, for example, investments in sort of the safety and security of nuclear weapons. For example, permissive action links which allowed weapons to be locked down unless they were being activated by a certain specific person with certain specific permissions, that technology was one that the U.S. very readily handed over to the Soviet Union because it was in everyone's interest for nuclear weapons to work in this way. And so, similarly, I think there are many opportunities for research in these directions.

The third characteristic I'll talk about is that research in these areas, so in AI and in machine learning, deep learning, is very open and distributed across the world in a way that especially, U.S. decision makers, I think, are not used to thinking about with novel technologies that have military relevance. So, they're used to thinking in terms of nukes, in terms of stealth, in terms of these technologies that were developed in government labs or by government contractors and that, therefore, could be potentially locked down if need be and held within borders and things like this.

This is not how the AI research ecosystem works. AI research is being done by universities all around the world, by companies all around the world. Labs within companies are publishing their research openly. That's how strong this norm is, that, you know, within industry, it's not possible to hold research within the bounds of a given company.

So, I think this just means that there certainly are applications of AI that a given country might wish another country was not able to use. So, for example, if you are trying to deploy AI in a military setting, you would hope to have some advantage over your adversaries.

Certainly, from the prospective of liberal democracies, it seems like China is beginning to use these technologies in undesirable ways. For example, for facial recognition or for tracking undesirable behavior. And this is certainly something that is very concerning and that we should be trying to think of how we can combat. But because of the nature of how this research is being done, I would argue that it is not feasible to simply try and lock down or secure, for example, American innovation within America in the way that it's sometimes discussed because that is going to firstly, not work, and secondly, be really counterproductive for American competitiveness and for America as a destination for the World's best and brightest, both in terms of individual researchers and in terms of successful

companies and successful universities. So, I guess I'll leave it there, and we can delve into some of those issues more in the Q&A.

MR. LANDLER: Thank you very much, Helen. And I'm glad you said you'd also be willing to talk about 5G. I just noticed sort of walking over here that the prime minister of Britain has actually fired the British defense secretary over leaks from a meeting that had to do with the role of (inaudible) and building out the 5G network in Britain. So, clearly, that's resonating all over the world and in interesting ways.

So, why don't I -- I'll just ask a couple questions, and then I'll throw it very quickly to the audience because I think your questions are probably more interesting anyway.

But anyway, here's my first thought, and this comes from my vantage point as a White House Correspondent. I cover Donald Trump for a living. (laughter) And one of the questions I often wrestle with, and I thought of it again when Vice-President Biden declared his candidacy recently, and he used this phrase, he said, "We're living in an aberrant moment in American history." Which sort of applies, implies rather, that we can return with a different president to an old way of the way the world works and the role of America in the world.

But I've been detecting in reading and talking to people, sort of a growing recognition that it doesn't matter who replaces Donald Trump. Some of the things that have changed in the last few years are not ever going to go back to the way they were before.

And so, I thought I would just sort of put that as a general question to anyone on the panel who wants to tackle it. The changes that have happened in Asia and in the American role in Asia, how much of that is purely a function of this very unusual president and the ideas he has and could be reversed under a Joe Biden or another president? And how much of it simply is never going to be the same again? And so, to

some extent, merely a recognition on his part of how the world has changed and the role America plays in it. So, anyone who wants to take a crack at that.

MR. DOLLAR: I'm happy to start with the economic side of that.

So, it seems to me that a lot of the big tectonic shifts predate Trump, and Trump might be more of a response than a cause of this. And so, for me, a key moment was the global financial crisis, which emanated from Wall Street. It had a devastating effect on the U.S. and the world.

Before the global financial crisis, the U.S. economy was five times bigger than China. And by today, the U.S. is about 50 percent bigger than China. So, we're still bigger. But within a few years, China's going to be the biggest economy in the world.

So, I think, you know, that's a shift that was going to occur. It's been accelerated in that it influences a lot of these other issues we're talking about.

So, that's something that's definitely changed. We can't go back. Right. We can't be five times bigger than China. But I still think the best response is to strengthen multilateral institutions. You know, economic institution is my area. And that's still a winning strategy. And Trump has definitely taken us far away from that. And I think most of the democrats running are talking about strengthening our participation in global institutions in general. So, I still think that's a winning strategy for the U.S.

MR. LANDLER: Bonnie.

MS. GLASER: So, I would agree with that. If you look at the military and security realm, what's going on in the economic realm, of course, is also reflected in the military competition. You know, China has something like 400 surface combatants and submarines. And their estimate is that they will have 530 by maybe it's 2030 or something like that. I forget the exact prediction. The point is that the military balance we're shifting, is going to continue to shift because China has prioritized its military modernization because it

is capable of doing so. And this is China's backyard, and we're pretty far away, and there's only so much military capability that we're going to base in a region. And it's not surprising that the Chinese have sought to achieve military advantages over the United States.

But I come down in the same place that David does, and that is that the policy response could change under a new president. And if the policy response changes, then the receptivity of countries in the nation and in the region and then their policies could change.

So, we have not been very proactive in multilateral arrangements nor have we been utilizing our alliances in very effective ways. But our alliances are not in tatters either. And there is ample room for strengthening them if we have a president that celebrates champions and wants to further utilize those alliances.

And so, there is this sort of a bit of I think of an interactive nature. If U.S. policies towards alliances are more positive then perhaps, the responses then you get from Japan and Korea but then also, non-allies like partners in Southeast Asia that really don't want to choose between the United States and China, but they also want the United States present. They want alternatives. They want to balance China's rise. And so, even though China's rise is inevitable, the kind of choices they make is in part determined by the choices and the policies that we make.

Lindsey, I want you to weigh in too. But I just wanted to -- before you do, in the context of the military discussion, it has been my impression that no agency has been more successful perhaps at slow walking some of what this White House wants to do then the Pentagon. You know, whether it's in, you know, some of the issues around basing and deployments in the Korean Peninsula or other areas. And maybe that was more true under the previous defense secretary than under the acting defense secretary we have now. But I'm interested in asking you as well, whether you see some of the trends that you described

earlier in terms of the military balance as changing much under our next president, or are we simply on a kind of an inexorable path?

MS. FORD: So, I would agree with both Bonnie and David that I think in particular when you look at some of the military trends you're seeing, they were in play way before President Trump. And actually, when you look at some of the specific types of investments and things that China's made on the military side. I mean they were influenced by events much longer ago. And I don't think that the overall trendline in terms of a narrowing gap between the United States and China is going to change. However, this is I think why I try to emphasis in my remarks that what it requires then is a fundamentally different strategic approach. You could make much better use, as Bonnie said, of the allies and partners and their own security and military capabilities in the region. We shouldn't want to go back because we shouldn't want to go back to a day where militarily it was here's the big U.S. military, and other countries are far less capable. We now have very capable allies and partners who are working alongside us. And that's something I think that the United States should welcome.

But I do think that the U.S. has to think far more carefully and has to be much more creative, frankly, about how it works with allies and partners. The kinds of technologies and investments its makes. And you just have to be I think a lot more rigorous about decisions and tradeoffs because the notion that we can sort of like just buy our way out of this on the military side is just wrong.

MR. LANDLER: Great. You know, Bonnie you said that, and David I think you echoed this, that this notion of China as a purely revisionist power isn't quite right. That China's goal isn't necessarily to upend the system but just to be more influential within it. And David, I think you talked about this Belt and Road forum as having a kind of a mea culpa aspect to it. Is there a sense that in both the economic and the geopolitical military

sphere that China has overreached in the last couple of years? And if so, how does that play itself out? I mean is this is a tactical retreat by Xi Jinping, and once he's got everyone calmed down again, he just returns to his path, or are there broader implications to what these various pushbacks might amount to in terms of the future or progression?

Go first David and then Bonnie.

MR. DOLLAR: Okay. I mean I think that's a great question. So, I think on the economic side, it's definitely worth thinking about a certain amount of overreach.

You know, when all of this started a few years before Xi Jinping branded it. And a lot of it was driven by China's very large overall surplus, meaning they had to investment somewhere in the world. So, they start this thing, and it's accelerating, and meanwhile, their surplus has disappeared, you know. So, they're not playing with their own money anymore. I mean they're basically borrowing on international capital markets and lending, and all of that is very risky. And their technocrats I think, you know, are quite worried about the scale. So, then you get pushback from some of the countries I mentioned, you know, Malaysia and others. And I think it's sort of convenient for China to be listening to these countries and then it's also listening to its own technocrats and many of its own people as reflected in the internet. People are, you know, why are we building all this infrastructure around the world when we still have a lot of important needs in China. So, I think it is a kind of tactical pullback on the Chinese side.

MR. LANDLER: Bonnie.

MS. GLASER: I think a lot of Chinese scholars and potentially foreign experts see overreach. I'm not convinced that Xi Jinping sees overreach. And I don't want to limit this just to the Belt and Road, but if you look at for example, the island building in the South China Sea, let's remember the 19th Party Congress political report that Xi Jinping said very clearly, that this was one of his achievements in the first five years. China has clearly

shifted the status quo in the South China Sea in its favor. It has paid a very low cost if any, I think. So, now, it's consolidating. We'll see how long it takes before they begin to push forward again.

You could look at the situation in the Taiwan Strait and the amount of economic military political pressure that Xi Jinping is putting on Taiwan. The number of countries that have shifted their recognition in favor of the PRC and abandoning Taiwan. Some of this is in China's favor. We can argue about whether or not it's in China's interest. I mean some people again might say that's overreach, and it will create a backlash.

But I think that Xi Jinping is a confident leader, that he sees that in most of the policies that he's pursuing, that he has been successful. It doesn't mean you don't tweak things along the way. And I think the Belt and Road may stand out as a maybe a unique policy that's being pursued that you could argue really, the whole policy existed before it was ever announced. I mean (inaudible) the go out policy sort of evolved into the Belt and Road Initiative. And, you now, the way that it has been implemented has created some perhaps challenges for China. But even then, the majority of the international community has welcomed it. And this is a symbol of China wanting to be part of the world and contribute to global development. And when the United States said, you know, this is a terrible idea, it's debt trap diplomacy and all of that, you know, most countries said, uh huh, I don't feel it that way. And we welcome these loans because who's providing alternatives? There aren't many other alternatives that they can use.

So, I think it's generally been good for China's international image with the exception of yeah, there's a few countries that have created problems, but if we talk about China taking over assets as a result of these debts, we still only have really one, right, it's (inaudible), you know, is the only case in Sri Lanka. So, there might be more, but so far that's it.

So, I don't know. I guess I wish that there was evidence that Xi Jinping had concluded that he had overreached and therefore was tacking or revising his strategy. But I just don't see much of evidence in that.

MR. LANDLER: Okay. Helen, just before I go to the audience, I wanted to ask you one sort of very basic question on AI. I've read a multitude of articles that say the Chinese are going to eat our lunch in AI. And then I've read a couple of articles that say actually, that's total nonsense. We have, you know, such a deep advantage over them, and that, you know, Xi Jinping announcing billions in development means little compared to where we are today. So, can you give me your sort of just take on that basic question?

MS. TONER: Yeah, for sure. And of course, it's hard to make predictions, especially about the future, but I'll try. I think my basic take is that this is the U.S.es to lose, essentially. And I'll talk a little bit, well, I'll knock down one argument that I find very frustrating, that I think has caught on more than it should have, which is this idea that essentially, you know, data is the new oil. It's this super important input for AI. And because China has more citizens than the U.S. and because it has weaker privacy protections around the data of those citizens, it therefore has this fundamental advantage in data, which is this key input to AI. So, China has this fundamental advantage in AI.

And I think that take sort of chains together two kind of weak arguments and creates like really quite a weak total argument. And the reason is this, is that firstly, data is not that crucial in input to AI systems, or it's not always a crucial input to AI systems. And certainly, it's not a monolithic input. So, different types of data are needed for different types of systems.

Some types of AI systems need consumer data. So, I think it is true that the Pentagon would have real trouble if it tried to open a food delivery startup in Shanghai because it just doesn't have the data on what those consumers want.

But if we're talking about self-driving cars, that's a totally different type of data. If we're talking about analyzing satellite imagery, you want satellite imagery, you don't want, you know, how your consumers are using WeChat and so on and so forth.

So, I think when people are making the argument that China's going to eat our lunch, that's often a large component. And I think that is not a very good point. I think two other inputs to having a strong AI industry, doing cutting-edge AI research, one is hardware. So, semiconductors and chips. And the U.S. is just doing really, really well in that industry, and China is trying its best to catch up and it's catching up in some of the sort of lower tech parts of that industry but is really struggling at the higher-tech end.

And another really crucial input is human capital. And this is where the U.S. just leads by far. You know, I was in Beijing studying last year and was friends with two master students in machine learning. And for them, it was so obvious that of course, everyone in their grade wants to go and work in America for the American companies, of course, obviously. And I think we can really underestimate from here, you know, from sitting in this country, how much of a magnet we are for the best and brightest from around the world. And I think that is leading us to risk squandering that advantage because we don't see how valuable it is.

MR. LANDLER: Thank you. That's a very helpful answer.

Listen, we have about 20 minutes left. And so, I'm just going to go straight to the audience. I see several hands. I would just ask for you to identify yourself, if you could, and to please keep the questions somewhat brief. And there's a lady in the back in the blue, and why don't I start with her, and then I'll come to these gentlemen here.

QUESTIONER: Thank you. Reporter from Voice America. The Financial Times reported on Sunday saying that Admiral Richardson told his counterpart in China that its nonmilitary vessels will be treated as the PLA vessels. So, my question is, will this shift of

views in the United States increase the possibility of conflicts between the United States and China in the South China Sea? Thank you.

MR. HANDLER: I guess Lindsey or Bonnie. Yeah.

MS. FORD: So, I think what's important here is a recognition on the U.S. government's side that if China has a broad range of vessels that are behaving in a way and at times coming under a chain of command that is military and not simply civilian, that the United States expects and would treat those vessels not as purely civilian vessels because that is not the way that they are actually operating and behaving.

And so, the statement I think is trying to reflect on the American's side, hey, you can't expect us to just simply treat this as a fishing ship when it's not actually operating and behaving that way. I don't think that that has to. And I don't think anyone would want to see that lead to conflict. I think actually, what ought to happen is that you start leading toward more responsible behavior where ships are not taking the types of risky behavior that would lead toward conflict. Ultimately, that's what we should be pushing towards.

So, I don't think what the United States is trying to do is to create a more adversarial situation. But simply saying hey, if you're going to have these ships that are not purely civilian then you can't expect that we actually look at them and treat them that way.

MR. LANDLER: Bonnie.

MS. GLASER: Yeah, I guess I would just add that the change in the U.S. position is ultimately motivated by the fact that the Chinese have felt that they can operate in destabilizing ways and particularly, put pressure on other countries in the region with impunity using nonmilitary vessels. So, this is an effort to inject some unpredictability about how the U.S. would respond and by doing so, strengthen deterrence.

That said, the U.S. doesn't want a military confrontation with China. And I personally find it difficult to come up with a scenario in which the United States would use a

Navy vessel against a Coast Guard or militia vessel. So, if you talk about, for example, a specific FONOP, let's say the U.S. is conducting, if China were to try and interfere with that Freedom of Navigation Operation with a law enforcement vessel that is a white-hulled vessel, what do we think the United States Navy ship is going to do? Are we going to deliberately ram that ship? Maybe we want the Chinese to think that we will, but my guess is that we would not.

So, I myself have really not come up with a contingency in which the United States would actually do this. But as Lindsey said, it is driven by the fact that the Chinese command system, if you look at the maritime militia exercises with the Chinese Navy, the Coast Guard is now under the Central Military Commission, so these are really in a sense all military ships. But I think it's really intended to inject some uncertainty there about how the U.S. would respond and therefore strengthen deterrence.

MR. LANDLER: Okay. The gentleman here in the second row.

QUESTIONER: Hi, (inaudible) with Western Michigan University. I have a question for Helen. A very fascinating talk. And I'm wondering because you talk about China using facial recognition. And as far as we know, China is trying to be a surveillance state. And so, does AI help in that regard, or what is possible based on what we know? How can AI help, you know, a country that's interested in building a surveillance network? And also, is there any way that we can fight it?

MS. TONER: Yeah, it's a really good and important question. I think the thing I would say up front is that I think so far, China is not using AI very much in its social control system. So, I think there's been a lot of concern recently about, you know, China's social credit system being some massive AI-powered, you know, omnipresent thing that is, you know, controlling the lives of all its citizens, which is completely overblown. So, most of the social control China is currently exercising is powered by people, you know, by

thousands and thousands of people sitting in a room censoring individual or blacklisting individual terms, and they get censored from WeChat and so on.

So, right now, I think the main way their using it that I'm aware of is in facial recognition. So, this is looking for example, at surveillance footage and recognizing people from that. They're using that in certain settings, not in all of the surveillance cameras that they have deployed.

But because as I said, deep learning is such a general-purpose technology, I think there will be plenty of creative ways that it can be used. For example, you could imagine going through someone's messaging history and using natural language processing to pull out, you know, suspicious things that they had written in a way that might be too resource intensive to do by hand. If you have an algorithm that could do that automatically, you could potentially, you know, flag suspicious behavior more effectively. Things like that.

So, I think there will be plenty of ways that the Chinese government will think to use these technologies for what they are trying to do, which is, you know, cement their own control. In terms of what we can do about it, it's a really good question. I hope that discussion on this deepens and goes beyond well, we shouldn't work with the Chinese on anything or well, we shouldn't let Chinese students study here because I think those suggestions are unrealistic and also probably won't help very much.

I think also going back to the discussion before about sort of what is going to be the same after this administration changes and what is going to be different.

I think one thing that as being regrettable so far in this administration is that the positioning is very much a U.S. versus China, sort of two countries, and we happen to be on team U.S. because we're in the U.S. And if you're in China, I guess you're on team China. And I think that's a really weak framing for the U.S. because there's just two countries, you know, who knows.

And I think it would serve us much better to really center the values that the U.S. was founded on, you know, freedom, democracy, prosperity and bring in our allies who are also committed to those values and think about what are the norms for uses of these technologies, what types of technologies should we feel comfortable developing at our universities and having our companies develop. And I think that will end up with a more nuanced answer and will be a long process. But I think it will lead to an answer that is more sustainable and that will stick as opposed to just being a question of which team do you happen to choose.

MR. LANDLER: Okay. Whoa, a lot of hands. I'll go kind of in order of the way people raise them. So, the gentlemen on the aisles was next and then the lady in front of him will be after him and then these two gentlemen over here.

QUESTIONER: Thank you for doing this. My name's (inaudible) with China (inaudible) news agency of Hong Kong. My question is for Bonnie. Yesterday, the National Committee of the foreign policy released reports on a closed door (inaudible) dialogue on (inaudible) relations in New York in the beginning of April. You were one of the participants. And the report suggested that when election seasons are coming, there should be (inaudible) and no surprises among the three parties. Do you believe this proposal can be accepted or can be achieved by the three sides in the context of the U.S. and China increasing strategic competition in upcoming Taiwan's election? Thank you.

MS. GLASER: I guess I think it depends on how you understand the phrase, "No Surprises." So, there are certainly decisions that the United States might make in its policies towards Taiwan that China doesn't like. And the United States should not put its relationship with Taiwan on ice just because Taiwan is having elections or because we are heading into our election season. We have an important relationship with Taiwan, so a lot of things should go forward. And that should include arms sales, frankly. And we don't

consult with China about arms sales. So, one could imagine an arms sales being made and that being seen by China as violating a sort of understanding where this prescription in the report of no surprises. So, that might be one example in which it is perhaps difficult to realize.

That said, it's a good idea if all three sides are as transparent as they can be and to decrease unpredictability and uncertainty where possible. I think certainly, all of the participants should refrain from any actions that would really intensify instability.

And the first that I would point to would be a repetition of the action that was taken several weeks ago in which two Chinese fighter jets flew across the central line of the Taiwan Strait for approximately 45 kilometers and a total of about 12 minutes for the first time in 20 years. It was destabilizing, and that kind of action really should not be repeated.

MR. LANDLER: Okay. The lady in the second row.

QUESTIONER: Yes, one of the speakers from the previous panel. My first question is for David Dollar. I think China is facing much criticism about the VRI. And I think I read they are saying they are much willing to work with global institutions like World Bank and IMF and so forth. But would -- because you work in World Bank a long time, right, but those institution's global economy (inaudible) still are heavily influenced by USA. But now the World Bank president used to be a very strong China (inaudible). So, is there a chance that these institutions will embrace China to increase their influence within these institutions rather than, you know, that China is creating their own institution? That's number one, because I heard Europeans, for example, are more willing to (inaudible) compared to Americans.

And two, the second question to Bonnie. You talked a lot about Chinese norms in selective are. But (inaudible) when they want a China-centered order, you know, we are talking rules and norms and so forth. But when I say norm, especially in social

science, it's more like internalized values, right. So, we bow and totally comply to what Chinese are saying, you know, what is right or wrong, what is (inaudible). But I don't see a kind of a good measurement where there are many countries who are willing to accept the Chinese norms at least (inaudible) is different from norms. But if I see the (inaudible) power, China's (inaudible) is still far much low and lagging behind the major western powers.

MR. DOLLAR: Thank you. So, for the question for me, I would say that up till now, the World Bank and the IMF have both been willing to be helpful to China on the Belt and Road. The World Bank has been very helpful to the development of the Asia Infrastructure Investment Bank. I realize that's somewhat separate. It's not really that directly involved in Belt and Road.

But just as an analogy, the World Bank would love to work together with China Development Bank, which is the largest conduit of funds for the Chinese program. But frankly, CDB is not very transparent. You know, it hasn't really been that interested in working with the World Bank. So, I would say it's been difficult.

And as you said, there was definitely talk in Beijing last week about Chinese institutions working more with the Bretton Woods Institutions. I would point out that in the case of the IMF, the Chinese have given the IMF a $50 million grant to do training on debt sustainability in belt and road countries. And it's an example, you know, China deepening its relationship with the IMF. And I think the IMF has walked a pretty good line, good middle ground, of being critical about some aspects of Belt and Road while being largely supportive.

As you say, there's now a new president of the World Bank. I suspect the World Bank will still be open to working with China, partly because there are a lot of other countries that are members, and, you know, these big bureaucracies are like battleships, you know, they're really hard to turn around. So, I think World Bank is happy to work together with China. And if it hasn't happened that much, it's mostly because it's difficult.

MS. GLASER: So, I agree with you that China has fairly weak soft power, if you define soft power in the way that most people do in the west, that it's essentially a result of attraction, and it's bottom up, and it comes from civil society and culture. I mean the Chinese are really thinking about soft power as more top down. It's created by the state. And I think they believe that they've made some headway. But in many areas, they lag behind.

But that's not to say that they haven't made progress in terms of inserting norms into multilateral institutions, documents, resolutions. And if you look at the UN, I think the Human Rights Council is in fact, I'm forgetting who the expert is at Brookings, your colleague who wrote on the UN Human Rights Council and China's actions -- Ted Piccone. Thank you very much. Excellent. I would commend it to you all. And there's also been several things that have been written by experts on what China has tried to do in the conversation on cyber and internet governance up at the UN. And some people downplay some of this language even inclusion of community of common destiny. But it is representative of an effort to insert authoritarian values to undermine what are universal values and human rights. And let's remember that when Hu Jintao was general secretary and president, there was a push in China to actually accept the idea of universal values. And that has been completely rejected by Xi Jinping. And now they have developed their own notion of socialist core values.

And so, I don't think that we should dismiss the notion that China is making some progress in this area. And it's an erosion of the kind of democratic and liberal values that I believe have been the underpinning of the post-World War II liberal international order. And China doesn't accept those norms. It's accepts the institutions, but not the norms.

MR. LANDLER: Okay. I think we have time for about two more. So, this gentleman over here with the baseball cap.

QUESTIONER: Hi, my name's Elliot Hurwitz. I want to thank the panel for a very good presentation.

I'd like to follow up on Ms. Toner's comments on human capital. First, I'd like to say that most indices of educational attainment show that the U.S. is far behind and is getting worse than many other countries, especially including the PRC in high school and college and so on.

Secondly, the PRC -- I'd like to discuss the trends in this area. The PRC has enormous activities in the human capital area. And so, it seems to me that sooner or later they're going to be ahead of us.

And third -- okay, the so the only thing is trends that I'd like you to discuss. Thank you very much.

MS. TONER: Yeah, thanks a lot for the question. So, I think there's a distinction to be made between how the domestic populous is being educated versus where sort of outstanding talent is ending up spending their professional lives.

So, the U.S. just absolutely is home to the best high-tech workforce on the planet. And a large portion of that high-tech workforce was not educated in the U.S., but they want to come here for a variety of reasons.

So, I think we could have a whole other conversation about, you know, what education policy should be doing to keep up with the changing times, primary and secondary education and to some extent, tertiary as well.

I think in terms of trends, so China is certainly making very active efforts to recruit some of these kinds of top talents. They are working to some extent. They are not working nearly as well as China would like. And I really think that if the U.S. were to double down on our own advantages, we could really, you know, fairly easily neutralize the small success that those programs are having, simply because we're a really nice place to live.

Like it's just really good to live here. The air is clean. The water is clean. The government like works really pretty well considering.

MR. DOLLAR: At the local level.

MS. TONER: In terms of political freedom, you know, freedom of organization, freedom of religion, all of this stuff.

Again, I think it's really easy to take for granted once you're here, and it's really not something that is taken for granted in countries where it is not so. And I think China's a country where it is not so.

So, I think my overall take to this would again be this is essentially ours to lose. And the way to do better would be to double down on our strengths.

MR. LANDLER: Thank you, Helen. Okay, we have one last question. I want to keep it short, and the answer short too. Please. And this gentleman over here's been waiting.

QUESTIONER: My name's Karl Polzer, and I have a project called the Center on Capital & Social Equity. And my question goes to the basic relationship of China to the United States. Is there an element of complimentary in what we're doing with each other that provides some strategic stability in that they make a lot of stuff for us? They make a lot of money and they put it back into our economy through buying our bonds. So, if anything really went wrong -- and at very low interest rates, so it's not hurting us that much in the long run. They have a lot of capital outflow. But we have a lot of their security in our hands with these investments they have in our bonds.

The second part of the question is what if interest rates went up, and then there's a destabilizing factor of more capital flowing out of this country just to, you know, finance our entitlement, etc.?

MR. LANDLER: David.

MR. DOLLAR: Yeah, my quick reaction is you're basically right, that they're economic benefits on both sides.

They go beyond what you just discussed, but they include what you just discussed. So, any effort to decouple China and the United States is going to be costly to both sides because there are real benefits. And then I would argue, we have a lot of areas of common interest like climate change is one of the best examples.

So, listening to the wonderful panelists, we've got a lot of areas of tension, and then I would argue, we have a lot of areas of where we could potentially work together.

MR. LANDLER: A good note to end that on. So, I'd like to thank all of these panelists for a terrific conversation. And thank you all for listening until the bitter end, and now comes the sweet send off. Thank you.

MS. SOLIS: Thank you very much. (Applause)

Good afternoon, everyone. I'm Mireya Solís, Director of the Center for East Asia Policy Studies. And I would like to offer very brief words before we close the program. And I emphasize, I'll be brief. I realize that we've been here for a while.

We care about every single program that we organize, every single event that we organize. But I have to say that today is particularly special. It is special because we are launching a new project for the foreign policy program on sustaining the East Asia peace, that will look squarely at the risks of conflict, the character of any Asian peace, and the durability of such peace in the midst of technological and geopolitical transitions.

With this initiative, we seek to develop and offer timely policy recommendations to sustain U.S. political, defense, and economic engagement in the region.

But today is doubly special because we are celebrating our 20th anniversary. Our center has changed much in the past two decades. We went from one senior fellow to

five. And we also expanded the coverage of our region, so much so that we had to change the name of our center. We went from the Center for Northeast Asia Policy Studies to the Center for East Asia Policy Studies.

But not all has been changed. We have been constant in our commitment to in depth policy research and our commitment to address key issues facing U.S. foreign policy in East Asia.

These issues include war and peace, the future of the regional order and in particular, it's economic architecture, and issues of governance in an array of national political systems.

Today's celebration is a joyful occasion, allowing us to reconnect to our visiting fellow alumni and to remain engaged with all the new friends. And it's certainly an opportunity to give thanks.

Our center owes much to the Brooking's leadership, past and present. And so, I would like to express my gratitude to Strobe Talbott, Martin (inaudible), John Allen, and Bruce Jones.

One person above all deserves credit. With appreciation and admiration, I would like to recognize Richard Bush. The person who has contributed most in making the Center for East Asia Policy Studies what it is today.

Of the 20 years of CEAP, Richard was at the helm as center director for 16 years. CEAP has thrived and flourished thanks to Richard's dedication, talent, and grit. (Applause)

Richard has passed administrative duties to me, so he is therefore freer to pursue his research and scholarship and offer policy advice that will be sorely needed in the challenging times ahead. Stay tuned for his next book on Taiwan, which will be a major contribution.

In closing, I would like to thank the panelists and moderators for offering valuable insights in today's sessions, to express my appreciation to all members of the Center for East Asia Policy Studies for your hard work and collegiality every day. And to please ask all of you in joining me with a round of applause with a special recognition to Richard. Thank you. (Applause).

And with that, we conclude. Thank you so much.

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