

## Session III Group 1 Transcript

### MacArthur Asia Security Initiative 2010 Annual Meeting

#### Session III. Group Discussion Group 1. Post-Crisis Global and Regional Order

August 2, 2010

##### Moderator

Mely Caballero-Anthony

##### Presenters

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T.J. Pempel

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##### Moderator: Mely Caballero-Anthony

Good Afternoon. Could I invite those of you standing up there to kindly take your seats? We're about to commence this session which is basically a continuation of I think the discussion we had this morning. But when we look at post-crisis global and regional order we go beyond just the economic issues, the economic crisis that has just recently affected many parts of the world and now look at other issues. And for this particular session, we have two very excellent speakers and it is my privilege to introduce them to you.

To my right is Mr. Roy Kamphausen who is the senior vice president for political and security affairs, and director of the NBR's office in Washington D.C. As senior vice president for political and security affairs, Mr. Kamphausen manages the NBR research programs on political and security issues in Asia. To my left is Professor T.J. Pempel who is a political scientist at the University of California, Berkeley, who's known for many of the books we use in our courses and let me just highlight some of them: *Remapping East Asia: The Construction of a Region*, which is a Cornell University Press book, *Beyond Bilateralism: U.S.-Japan Relations in the New Asia-Pacific* and *Crisis as Catalyst: Asia's Dynamic Political Economy*.

I think to start with, may I just refer to some of the key questions that were actually raised in our handbook which I think should be

made mentioned to if only to set the tone of this afternoon's discussion. And in these two presentations some of the key questions that are actually raised are, include as follows. What are the other security issues, nontraditional issues that have emerged in East Asia? And more importantly in the context of building regional communities, is the framework for bilateral or multilateral cooperation changing accordingly? And what kind of effort is needed for strengthening multilateral cooperation in a changed environment after the crisis? And are there any proper strategies to think about to coordinate or connect different perceptions of individual states on Asian multilateralism? I thought I'd just highlight that just to give us a sense of where we are trying to go with this session. So without further a due, may I call on Roy, please.

##### Presenter I: Roy Kamphausen

Thank you, Mely. I wonder how many in the room watched Germany and Spain earlier this morning. I'm mindful that we are at the end of the day and for some folks they may have combined jetlag with an early get-up to the soccer game or football match. So, I'll try to be entertaining. Actually though, I should begin by saying that I'm actually standing in instead of my NBR colleague Meredith Miller who literally on the way to the airport learned of a death in her family and so she immediately turned around and went home and is participating in those family services this week. And so she called and asked if I would stand in for her and make some comments to lead off the discussion. And I'll attempt to do my best and when you see her

next, please speak well of my efforts even if they don't match up to what she might have done.

This topic really looks at the nexus of traditional and nontraditional security issues, or transnational security issues post-economic crisis. And, I'd like to make four points as much as to get our conversation going and once you heard from Professor Pempel as well, as to present a sort of coherent completely rounded out package. So, let me make four points.

The first is, and it's actually one of the questions that were posed to this memo, it seeks to understand the ways in which traditional security understandings have been adjusted or modulated or changed or transitioned after the economic crisis. And I think one of the ways to look at this is to start by understanding how capabilities may be changing after the crisis. If national resources affect capabilities, capabilities then affect perceptions. And there is one very large consideration here and that is and it relates to the United States. What is I think becoming exceedingly clear is that the United States is entering an era in which it will make national security decisions as much on the basis of resource availability as on security concerns. So, resources will matter as much as strategy. Now your immediate reaction is, "Well that's natural. That's the natural order of things. That's the way it should be." But in fact, in the United States in the last decade that has not been the case. In the post-9/11 world, the strategic consideration, the overarching concern, the highest priority was to prevent another domestic terrorist attack on the United States. So, the logic was, "will do whatever is necessary to prevent a reoccurrence." And this fed into the development of the mentality of almost pursuit of absolute security, certainly as it pertained to domestic security within the United States. This pursuit of this condition of absolute security as you know primarily derived from what was once called the "war on terror," and now it lacks a convenient catchy name but impules this theme and it's characterized by the desire to do whatever it takes to prevent this reoccurrence.

Now this mindset has had a spill-over effect in a broad range throughout the American defense mindset in many other contingencies including East Asia. My point is that

this era is drawing to a close. And resource constraints largely as a result of an outcome of the economic crisis, these resource constraints will be as important in the formation of American strategy as anything else. We've already seen the beginnings of this. In fact, the early efforts by Secretary of Defense Gates to attempt to make the American defense industry a tool of American strategy and not the owner of it and this will be a pitched battle for some years. My point is on this first point, is to say that the economic crisis has resulted in a changed approach to how the United States will look at its regional strategy. Now, I'm not suggesting that this is another peg in the coffin of an American-in-decline kind of logic. In fact, there are good indications that the United State may get it right. They may get the mix of strategy and resources right. But we are at the beginning of that process and it remains to be seen on how it will turn out.

The second major point I'd offer for your consideration is that transnational security issues may have increased visibility post-economic crisis because these transnational issues in many cases or in nearly all are rooted in or derived from economic interactions. What do we mean by this? Well we think about the transnational nature of food security, and the transnational nature of water security. Consideration of its sources, safety, as well as rising water levels and what that means for littoral populations. A third example is environmental degradation as a result of inappropriate or immature economic development programs. A fourth is climate change with many inputs to it but most of which have an economic derivation. And so, post-economic crisis these transnational issues may have greater visibility precisely because they are rooted or derived from economic interactions.

The third point I would like to make is that in a post-economic crisis world, these largely economically derived issues might be well-addressed by the sort of economics first approach that East Asia has taken to its kind of nascent regional structure. Mely's well-positioned to comment on this point. I look forward to her thoughts. In fact, Asia might be as well or better positioned to respond to some of these transnational security issues post-crisis because this

is not the first time Asia has dealt with the aftermath of an economic crisis. We think about the 1997 Asian Financial Crisis and the lessons that it might have taught about the requirements for regional responses that may be of some use in this current crisis.

Finally, final point, having built this cooperation post-1997 Asian Financial Crisis, through a series of regional response mechanisms, the platform or a platform for cooperative approach might already be in play for these issues, which do demand multilateral responses. You know many of these cases, or many of these examples, and many of these initiatives. They include things like the Mekong River Commission, The Coral Triangle Initiative, the East Asia Emergency Rice Reserve and the ways in which existing structures like the Shanghai Cooperation Organization have begun to look at some of these transnational issues including topics like water security. This though leaves us with two issues and I'll wrap up here and look forward to our discussion.

The first issue is, it's unclear the degree to which these patterns of regional cooperation, how deeply rooted they are and whether they'll be durable enough and flexible enough to respond to these emerging challenges. And the second is that, although we argue that many of the transnational issues derive from economic interactions and the environmental and climate change cases are good points here, or good examples here, they still have national security and sovereignty pieces to them. Just because they derive from economic interaction does not necessarily mean that an economics only approach can be employed to manage them. So the question remains what mix of tools will be most appropriate to push forward cooperation on these issues.

So, with that I'll close and look forward to our discussion.

**Moderator: Mely Caballero-Anthony**

Thank you very much Roy for keeping very faithfully to the time. Can I now turn to T.J. please?

**Presenter II: T.J. Pempel**

Yes, thanks. I took the description of this rather literally asking about toward a new Asian order and I want to offer six points about what I see as major trends in shaping of the new order in East Asia.

The first of this is regarding the United States, and it's simply that the United States continues to be the most powerful single country in the region and in the world both in terms of GDP and of course in terms of its military capabilities and military spending. But, I think it's important to recognize that if power and unipolar influence is to be continued, it traditionally in the United States rested on not only military strength but also economic strength and the capacity to be a market, the capacity to be a leader in finance. And thirdly, the importance of its soft power. And I think the Bush administration did a great deal of damage to both the economy and the soft power presence of the United States generally and in Asia. I'm not going to go through Bush tax cuts and deficit spending and the like but the American deficit grew enormously under the Bush administration in part because of the war in Iraq and Afghanistan and in part because of the tax cuts that were carried out, all of which leaves the United States in a relatively vulnerable position financially and the crisis that we've seen in 2008 and 2009 further erodes the American economic power. I think the Obama administration has made some moves toward getting back some of the soft power presence that the United States had in Asia and the rest of the world through its approaches of multilateralism. But I think in that regard as well, the United States is a bit weaker than it might otherwise have been and as we look forward I think what might once have been described as a Pax Americana at the end of World War II and for many years afterwards is in some respects now open to broader question.

The second point I guess I want to make is that the growth of Asia economically in particular means that it's no longer simply a component of a larger global system. In Waltzian terms we really don't have Asia as just a subsidiary of broader balance of power and resource attributes. East Asia has taken on a measure of strength of its own and will probably be more of a driver of the international sys-

tem than a recipient of external international pressures on it. Some basic numbers: Asia if you include India and China includes close to 35% of the world's GDP now versus about 20% for Europe, 20% for the United States. And more importantly, Asia's contribution to world growth is about 50% of the growth versus about 18% for the U.S., 12% for Europe. So, a great deal of the dynamism of the global economy is coming out of Asia and Asia may well turn out to be the key shaper of any new Asian order or Asia-Pacific order and quite possibly even of the global order.

A third point is that Asia continues to be driven by a bottom-up process of regionalization, that is to say activities by corporations that involve trade and foreign direct investment across national borders. But increasingly there's also been a top-down process that involves governments making decision to facilitate the economic links across the region. This includes the spurt of free trade agreements that have gone on across Asia that have been driven by governments rather than by corporations as well as the growing number of investment treatise that are being reached. So we now have a situation in which a good deal of the internal production within Asia has shifted and someone made the point earlier that it is no longer necessary to focus on what stuff comes out of country A and is finally consumed in country B. But the interesting question is which countries are really the key drivers or the key contributors to the high value added in any product. A good deal of what we are seeing now in Asia involves China as the factory to the world, but China is still a long way from making some of the key technological contributions to the products that eventually come out of China.

We've also seen in the terms of top-down process a fourth point that I want to make and that is the growing financial integration that has taken place across East Asia. The Chiang Mai Initiative particularly since its multilateralization, involves at least the potential for a deeper financial integration across the region. We've seen the development of regional bond markets. And we are also seeing a good deal of common approaches to banking and insurance sectors and the growing penetration in globalization

of the financial sector within East Asia. So, it's becoming more integrated across Asia but also becoming integrated with the global financial system.

The fifth point is to say that Asia has taken on a more formal institutional character. We've heard the alphabet soup being rattled off by many people, the ASEAN plus 3, the East Asian Summit, the ASEAN regional charter has deepened the ties within Southeast Asia, etc. I want to make just one or two points on the security side of things. I think one of the interesting ways to conceptualize the development of security institutions in East Asia is to look at on the one hand the ways in which some of the evolving security institutions are reaffirmations or expansions of the old Cold War ties and others that cut across the old Cold War ties. So, the United States for example continues to maintain its bilateral alliances in a few cases such as the Japan-Australia-U.S. linkage, or the Korea-Japan-U.S. linkage, the U.S. has moved to try and trilateralize what were once bilateral hub-and-spoke arrangements. So, there's been some deepening or enrichment of that. China continues though to maintain its alliance with the DPRK even though the character of that has changed. Russia still has its alliance with the DPRK. So in many ways we have a continuation of these Cold War structures. But I think it's also important to recognize that particularly with the trilateral arrangements the ASEAN plus 3's plus three, that is to say Japan, Korea and China, we're now seeing crosscutting arrangements that break up the old bilateral or the old Cold War linkages. We also see the East Asia Summit as a possibility and while it has been in limbo for a period of time, largely because of the actions of the DPRK, I think the Six-Party talks hold out the possibility for a real concert of powers in security. The North Koreans have managed to bring together erstwhile rivals such as Japan, Korea, China and the United States and also Russia to try to deal with the nuclear problem and I think if we can resurrect the Six-Party process that has the potential to be a much more substantial long-run and relevant institution that will help to break down some of the Cold War ties and create a broader Asian security community.

Finally, the last point that I want to make is that much

of this, as Roy talked about it, much of this regional cooperation has moved across and away from the traditional security areas and picked up areas of nontraditional security. So, it's seeing a whole variety of trilateral, quadrilateral functionally-orientated cooperation among the nation states in different parts of East Asia. So, in essence I think we're seeing both traditional and nontraditional security institutions coming to the fore that are creating a much more vibrant network of forums through which the nation states in the region can cooperate.

And I guess as a last point in general, to go back to what I said about the Pax Americana at the beginning, in many respects what I see as happening now in East Asia is that East Asia is becoming in many respects more peaceful despite all of the temptations for conflict and friction among nation states. But, I think on balance we have to stress the fact that actual conflict has been kept to a minimum and while many people are looking at security scenarios that look potentially dangerous I think the overall fact is that it's been a rather peaceful region and I think what we may have though is an East Asia that is becoming more peaceful or an Asian region or a new security order in which there is more Pax, that is to say more peace, but it will be less Americana and more driven by the Asian states themselves. Thanks.

**Moderator: Mely Caballero-Anthony**

Thank you very much. Those are very, very insightful points that have been raised by the two speakers and I thought what was interesting from somebody who works on the nontraditional security issues is the point raised by both speakers that when you look at the way these issues are being responded to, it's not like one is separate from the other. The same mechanisms, whether it's from the old Cold War type of alliances, are actually being used to address many of these nontraditional security issues and I can think about the response to the natural disasters in Indonesia where you know it was basically the U.S. together with its partners leading the way in addressing these issues. And secondly, I think the point raised by both speakers about the role of the United States still being ex-

tremely important in addressing these issues, but at the same time Asian countries becoming more, perhaps more aggressive, and as T.J. had said perhaps even becoming the driver of these processes. With that, may I open the floor for discussion? And just a small point though, in the session that we had this morning, it was a bit too formal you know you ask questions and then our two speakers would respond. But I was hoping, especially this is around the time of the day when people get a bit sleepy, to make this more interactive. So, if you have more things to say I as a chair will tell you if it's a bit too long, but you are free of course to also give your own comments in response to some of the points that have been raised by our two speakers. So, with that let's observe the same thing that we had. Please kindly raise your nameplates and I shall call you in the order of the way I've seen. So, I'm wearing glasses but I'm still, I think Mr. Kumar please, thank you.

**Santosh Kumar**

There's one comment on the presentations which were excellent from both the keynote speakers. I have a problem with the classification of things. And I think we need to be analytically careful when we are discussing it. Are we talking of Asian security or are we talking of East Asian security? Because many times I think in the American sort of academic literature there is a sort of indistinguishable slip from one to the other. So, I think we need to be careful about that because it's okay to talk of East Asian security and then look at the impact on the other regions or it's also okay to look at Asian security as a whole because there are issues which impact all of Asia which perhaps emanate from other regions of Asia. Things like, you know if you are talking of nontraditional things like energy, you can't visualize anything without looking at other parts of Asia, the Gulf, the Middle East, which in our lexicon at least is part of Asia – I don't know how the Americans look at it. In terms of human security concerns, domestic security concerns, where there are, as both speakers have pointed out, security problems are not so much in terms of conventional threats but in terms of things like terrorism, cross border security issues, which are not necessarily conventional se-

curity issues interstate. So, I think we need to be analytically clear, that's all I wanted to say, at this stage. Thank you.

**Moderator: Mely Caballero-Anthony**

Could I get two more comments, please? I have General Banerjee and Professor Guo after that.

**Dipankar Banerjee**

Essentially a comment. Mely I take your point, I think we need to be more discussive rather than you know just a question and answer session. More of an interactive process I think will be more profitable. It was a fascinating presentation both of them, very relevant, very interesting. Particularly intrigued with the statement that it will be Pax and less Americana. Perhaps the latter will be true, but I'm not entirely sure will the former be necessarily equally relevant in the future. I think here, once again, if one looks at Ambassador Kumar's assessment of how you define it, if Asia's defined in its geographic definition then the two significant conflicts of our time at present is also in Asia and in a sense impacts on the Asian geopolitics in a more significant manner with implications for all of us. And, in our largely globalizing world, these impacts cannot any longer be restricted to one particular part of Asia.

Now, the second aspect I think is in today's world, the concept of traditional and nontraditional securities, the difference between them, the distinction between them, is disappearing. Now, what is traditional and what is nontraditional? What really threatens a person's security and what doesn't? I think these are questions which are being revisited. The whole issue of human security becomes much more relevant. Would water be a nontraditional security if it is perhaps in the future the most likely source of actual conflict? And all other such aspects so easily compartmentalized and kept in the back of our minds separated under the term of nontraditional security and could be perhaps addressed by pure academics in a sort of none serious manner I think is long gone. I think that is making an impact both in our thinking and should in a sense also impact our responses.

And then we perhaps come back to the whole question of security architecture or order or the organizational structure in which we look at these questions. And here I think the fundamental weakness in Asia is the absence of a serious thinking on such an architecture or a consensus on the architecture, because architectures become relevant because they provide the framework in which issues such as these are addressed and therefore to addressing perhaps resolved in the future. So these are I think some very fascinating questions that will be confronted with in the very near term in this region.

**Xuetang Guo**

Thank you, chair. I have actually two questions for Professor T.J. Pempel. Actually, I share many of the views in your presentations. We exchanged our views in the morning break. I remember we share many points. Just two questions. In your talk you said actually in East Asia many countries already know we should focus more about who will be the driving forces for the regionalism and now actually talking of who leads the regionalism. From your point of view, who will be the driving force: China, Japan, South Korea, ASEAN or ASEAN itself, or China, Japan, South Korea, or the already ASEAN plus 3 or East Asia Summit? So who will be the driving force from your point of view? Certain questions about the U.S. role in the U.S. position in this regional process, regionalization process, from your point of view how the United States view its position, its role in East Asia regionalization process? And also from your point of view how the Asian, East Asian countries view the U.S., the American role in this process? Thank you.

**Moderator: Mely Caballero-Anthony**

By the way you don't have to, I know that some of the questions are directed at the speakers, but you can comment on the comments that have been raised. So, I think one more before we return? Shin-wha?

**Shin-wha Lee**

Following your instructions, I will give a brief comment on

Kumar. Clarification, I'm always hassling with it. Although those regional identity issues are being discussed in the next room, I think when we talk about those regional order we have to think about identity issue as well. For instance, when I went to Mely in Singapore 2004, that was kind of the first encounter of Southeast Asian working on East Asia. So, I attended several conferences there and they kept talking about the term "East Asia" in East Asia and I don't see much of Northeast Asia there. So, I was the only person who constantly raised the issue of Northeast Asia, right? But because, having grown up in the Northeast Asian part, whenever we say East Asia we call in Korean "동아시아", we usually mention Northeast Asia and Southeast Asia as a remote country except the institution named ASEAN, because we are involved in the ASEAN plus 3. So, both of us are talking about East Asia, but usually Southeast Asian talking about Southeast Asia and Northeast Asian is talking about Northeast Asia. So, we have a communication problem, right? So I think ASEAN plus 3 was the kind of big beginning, good beginning to bridging those gaps. And now we're talking about ASEAN plus 6 and ASEAN plus 8 as well and the Obama administration is now very actively involved with a think-tank group to making good strategies and good roadmap for how to build up ASEAN plus 8 where U.S. and Russia can be official members. Then, South Asia, right? We're having a big problem enough with East Asia right? There are two divisions. And then what are we going to do with South Asia? So, in the morning I tried to bring up the Indian issue as a Northeast Asian, right? And then how we can make South Asia, Northeast Asia, Southeast Asia, East Asia and are we also talking about Central Asia? So, those Asia's, when we say Asian Security Initiatives I think those clarifications or at least some kind of detailed explanation is required.

And T.J. one of your remarks, you said you are talking about like regional mechanisms or cooperation on traditional security first and moving on to nontraditional security issue as well but probably nontraditional security cooperation on a multilateral basis was the first before at least in Northeast Asian case, before we're talking about traditional security issue. Although obviously China, Japan,

Korea are big enough not to become a plus 3, although ASEAN is always worried about ASEAN plus 3 turn out to be 3 plus ASEAN, I think those three Northeast countries are not happy with being plus 3, instead of main drivers. The reason is because those three has always hard time to get together. Why? Because of the traditional security issue. It's very hard to making any consensus over it. So nontraditional security issue was kind of the facilitator for those three countries start to get interested in regional issues or regional things. The reason I'm talking about this is let alone the South Asian debate to making a real East Asian community building particularly Southeast Asia plus Northeast Asia. I think our security priority is different. Northeast Asia still I think sees traditional security issues are very important and imminent concern. While Southeast Asia has well developed nontraditional security issue now. So, how we can make a security priority and security agenda in order to making a real East Asian community group is very important. But, having said that one last comment is, in terms of the Northeast Asian security although I say nontraditional security issue was the catalyst to build up three nations get together but still unless we have a political breakthrough on traditional security issues it is very hard to make a genuine in terms of the security community only with the advancement of the nontraditional security cooperation. So, how to balance between traditional and nontraditional security issues to build up regional security community is important but unfortunately at this present time, at least in the case of Northeast Asia unless we have a political break through or political reconciliation in the area of traditional security issue it is very hard to making some visible regional cooperative order.

**Moderator: Mely Caballero-Anthony**

Thank you. Can I come back to the panel to respond to the comment as well and question? Maybe reverse the order? T.J., a lot of points raised for you.

**T.J. Pempel**

A lot of good points. Very quickly on definitions. I fully agree on the importance of clarity in terms of the geo-

graphical inclusion. I tend to differentiate Northeast Asia, Southeast Asia, and South Asia. And when I speak of East Asia, I'm including Northeast and Southeast Asia together. And I also talk about the Asia-Pacific, by which I mean the U.S., Canada, and anybody else on that side of the pond who wants to be considered. But, the U.S. is clearly the big player. And Australia and New Zealand are increasingly part of what I consider to be East Asia. And when it comes to thinking about peace, and certainly all of my remarks were directed at what I'm calling East Asia or the Asia-Pacific, and when it comes to peace it seems to me East Asia has moved far further forward on this than South Asia. South Asia has had far more turmoil and border-to-border disputes over the recent years, and I think one of the fundamental reasons for that is that most of the political leadership in what I'm calling East Asia has essentially bought into an agenda of economic development first. And, on balance that means economics and economic growth, and economic development and internal economic benefits are seen as the best way to enhance a nation's power as opposed to territorial conquests and military prowess vis-a-vis one's neighbors. Obviously that's an over-simplified generalization, Myanmar and North Korea are clear exceptions to that, but I think on balance the commitment to economic development has been a very positive contributor to the overall peace climate.

In terms of the architecture and the fact that East Asians are not thinking seriously about it, I'm less convinced and I guess my comment on this would be to say I think there is a kind of deification of the European Union as the ideal way to do regional cooperation. And I think Asians suffer if they think that they should somehow replicate France, Germany and the Coal and Steel Community move onto the EU, etc., etc. I think what's interesting to me about East Asia, and I've used the term ecosystem before, is that there's a huge proliferation of institutions, many of them very functionally-orientated towards solving specific problems and East Asians combine and break-up into different groups depending on how these play out. We have the East Asia Summit, we have the ASEAN plus 3, we have whole bunch of nontraditional security functional

bodies that are three, five, seven countries. We have the Shanghai Cooperation Organization, in which Russia and China, which are part of East Asia, are cooperating in Central Asia, in a regional body that's important and it shapes much of their regional thinking. But my sense is that we now have an ecosystem, and I know John Ravenhill disagrees with this analysis because he doesn't believe institutions ever die and I suspect he's probably right, but I've suggested that what East Asia may be going through is the process of institutional Darwinism in which some institutions that prove to be effective will survive, and that may be the East Asia Summit, it may be ASEAN plus 3, I don't know, but others will prove to be irrelevant and if they don't disappear they will not be meetings that are attended by the presidents and prime ministers or the finance ministers but some poor second secretary forth removed whose seventy-two years of age and they can't get rid of him will be sent as a deputy to go to these meetings and there will be a meeting of irrelevant people. But, that's my sense of how this is evolving.

And I think that in part gets to Professor Guo's comment about who's the driver in this. You know, for a long part, ASEAN has seen itself as the driver and they have all these clichés about ASEAN in the driver seat and then the criticism that the ASEAN is in the driver seat, but its feet don't reach the accelerator. And so nothing happens. And you know Japan and China don't want to be in the backseat, you know as ASEAN's driving, etc., etc. So the car metaphor can be beaten to death on this. But, I think one of the most interesting developments is the trilateral meeting that's been going on in Northeast Asia. The third of these meetings has I think made substantial progress in terms of creating a secretariat, in terms putting the groundwork in place for free trade agreements that might be trilateral, and putting in place an investment treaty that might be trilateral. And if that goes forward, I think that's a rather substantial move and it represents something far more substantial than anything that ASEAN plus 3 has achieved, including even Chiang Mai Initiative which I'm relatively positive on. Where does the U.S. fit into this picture? I think the U.S., my view as an American is that the U.S. is very schizoph-

renic on this. There's a body of thought in the United States that's very committed to the notion of military power first and no peer competitor. That's heavily a Pentagon view but it's shared by many conservatives in the United States and the view is, as one admiral described it he said you know, "Right now the American military presence in Asia is this big, and China's is this big. China wants China's position to be this big. My job is to keep China this big." And I think that's the driving logic. Asia will be safe if and only if America dominates each and every aspect of military competition. But, there's a very different perspective that grows more out of the treasury, the trade, the business community that says "Asian growth, China's growth. Great. Sell a thousand toothpaste tubes to everybody in Shanghai and you know we're going to be very successful." And eventually as we all know, even though it's not true, countries that get rich don't go to war, at least not with each other. They usually exploit some poorer country nearby as the U.S. has demonstrated time and again. But, you know I think America is schizophrenic on this. There's a faction that very strongly believes that Asia's economic growth is good for the United States, closer interaction economically is good for the United States and eventually that will shape security. But, then there's a security perspective that starts from the opposite. And I think America is going through torment and torture about how best to balance these.

My sense of how Asia views the United States, is again rather mixed. I think there are some parts of Asia, I don't think there's an awful lot of East Asia as I understand it that are anxious to see the United States dramatically reduce its role particularly its military role. But I think that a lot of Asia would be very happy if the United States were a little less ham-handed and hyper-militarized in its interaction with the rest of Asia. If the United States could listen more than just talk, I think that China probably even shares this view. China would like to see American influence reduced, but I certainly don't think it wants to see it go away. Japan, Korea certainly don't want to see the Americans go away. They're not anxious to renegotiate their bilateral treaty arrangements. But, certainly Korea I think wants much closer interactions with China than would be

reflected in just its alliance with the United States. And I think much of Southeast Asia goes back and forth. Indonesia and Singapore more pro-American, the Philippines more pro-American, Malaysia, Laos, Cambodia probably much more inclined to tip towards China. But on balance, I think I don't get the sense that anybody wants the U.S. completely out of the region. They probably would want a more responsive and more listening America, or one whose influence is perhaps somewhat tempered.

### **Roy Kamphausen**

Just a comment in response to a point that Professor Lee made and General Banerjee made and that is related to how nations respond to nontraditional security challenges. And Professor Lee your last point is that it's hard to make a security community on the basis of nontraditional security challenges alone. At least I think that's your last point. And I think that point is well taken, but states and leaders must still respond to those nontraditional security challenges. So, whether they form a security community or not, they still respond in both bilateral and multilateral ways. And so, this gets to your point, General Banerjee, you suggested that there's a merging or a melding if you will of traditional and nontraditional challenges so much so that maybe it is hard to distinguish one from the other. I do think though that a distinction can be made on the basis of whether the challenge results in traditional conflict as we have traditionally understood it. And if we think about the water issue for instance, it's interesting to note a Woodrow Wilson Center report of 2006 that looked at water disputes over the last half of the twentieth-century and found that there were only five incidents of violence resulting from challenge or conflict over water issues juxtaposed against 157 bilateral, multilateral agreements related to resolving those water challenges suggesting that perhaps nontraditional challenges present themselves more for non-conflict resolutions than maybe the traditional challenges do. And, I'd love to hear your thoughts on why this might be. But, if in fact, I'm pulling pieces together here, but if in fact, these nontraditional challenges result in bilateral or multilateral agreements that avoid conflict strikes me that that is a non-

traditional form of a security community and perhaps the question is whether it can be replicated, that the circumstances in which we might be able to promote it, those are still outstanding questions but I think this is an issue that we do need to continue to focus on as well.

**Moderator: Mely Caballero-Anthony**

Can I have Matthew please?

**Matthew Ferchen**

Thanks. T.J.'s already addressed this a little bit, but I guess my question is about the issue, the challenges that are posed by the current issues facing the EU and if there are any lessons to be learned negatively or positively about the sort of crisis, if you want to call it that, that the region, as a region is undergoing.

**Moderator: Mely Caballero-Anthony**

Ilmas?

**Ilmas Futehally**

Well, so far we've been discussing the post-financial crisis global and regional order, but I was just wondering what the post-food security crisis global and regional order would look like because as Dr. Kamphausen said already there are talks of setting up things like rice banks, etc. but when we look twenty to thirty years ahead India and China, which are both self-sufficient in food right now would have their rice, wheat and mills production come down by something like 25-50 percent. So, from being self-sufficient in food they're going to become food-importing countries and that is going to have a major impact on global and regional order. Also you have countries which are buying up land in other countries to be able to look after their food security needs of the future and so that is also redefining the very concept of sovereignty. So, just wondering whether that's something that would be interesting to discuss.

**Moderator: Mely Caballero-Anthony**

Thank you. General Munir?

**ANM Muniruzzaman**

Thank you, Mely. And what I feel about after listening to the presentations is that the security balance in the Asia-Pacific will remain in flux for quite some time to come. There is constant positioning and repositioning that will take place, and is taking place right now, as China continues to grow in its capacity especially in terms of military. We've seen some of the efforts by China to strengthen its naval capacity over last few years and especially China grows in this naval projection capacity a lot of the equations will change in the Asia-Pacific region.

I'm also slightly intrigued by the sense that most of the discussions and presentations confined itself to East Asia and that is not my understanding of Asia. Because in terms of understanding Asia, particularly the potential for conflict and flashpoints, they certainly go beyond East Asia. And if we want to understand a general architecture of security for the Asia-Pacific region or the Asian region, then it has got to be more inclusive and not stop at East Asia, or not even stop at Southeast Asia. Because it is my understanding that a basic shift in the equation of the balance will take place if the United States is either pushed out from some the space it occupies militarily or strategically, or it voluntarily withdraws from those spaces. The nature of the withdrawal from the spaces will determine some of the basic shifts in the equation or the strategic and military balance in Asia. About two years back we heard Secretary Gates in Shangri-La Dialogue when he mentioned that United States is a resident Asian power. But, we don't see that kind of a tone anymore for the last two years. There is a significant difference between a resident Asian power and an outside power trying to create a sphere of influence in Asia, and that will determine some the basic roles that United States feels that it has for the region.

But, we also need to identify some of the potential strategic shocks or some of the future scenario plannings. If the shocks come in a manner that the United States' military presence in the Asia-Pacific region has to be squeezed out, out of pressure either militarily or economically, then there will be a much faster ascend of Chinese power militarily in Asian region and that is something that we cannot rule out. I'm also thinking about the possibility of the poss-

ible withdrawal of the U.S. forces from Afghanistan and the circumstances it withdraws will also determine some of the shape of the future involvement of U.S. power in Asian region because if it withdraws under a very, very negative set of conditions, which is quite likely, then the United States will probably suffer from some of the post-Vietnam syndrome of this involvement in Asian security order. The Asians themselves don't have a clearly defined charter or an architecture to manage their own security. We have seen some steps or efforts by ARF but they fall far short. We need a much more comprehensive order or an architecture to manage Asian security. But, of the efforts by Asian powers or external powers have also been short-sided in the sense that they have not been inclusive. It is critically important to manage Asian security on the basis of inclusiveness. The example of a major U.S.-led naval exercise in 2007 in the Indian Ocean called Malabar 07-02 is particularly a point in example where it involved the five democratic five countries the so-called democratic five, which brought together the United States, Japan, Australia, Singapore and India. So, that raised a lot of eyebrows in China. If that is the nature of the architecture that United States or some of the Western powers want to build in Asia in terms of security, then that will be contested and that is not the order that Asians are looking for in building a new security architecture for ourselves. And it is an architecture that must be Asian owned and Asians must participate actively in that order.

I will end by finishing by saying that some of the trends in transnational security also need to be identified very quickly because most countries in Asia are not only faced by a set of nontraditional security but they will increasingly be faced by some of the challenges of transnational security. And some of the trends are already, very identified now. The two particular ones that come to my mind we must be increasingly concerned about cyber security of the region and there are very disturbing trends that we see coming out of the region and we must address those. We also face with very severe challenges of climate security and the security dimensions of climate change as it impacts on the Asian region must be studied and ad-

dressed on an urgent basis. Thank you.

**Moderator: Mely Caballero-Anthony**

I think the two points raised earlier highlighted the impact of the nontraditional security issues and I think I would like to go back to the panel on that because there was a point raised by General Banerjee about the nature of security institutions whether are they in fact able to address these issues? Because what we do have are security institutions which I think were addressing different sets of challenges before than what we see now. So, maybe some points from the panel and I can go back again for more questions. Roy?

**Roy Kamphausen**

What do you mean exactly?

**Moderator: Mely Caballero-Anthony**

Like the point raised by Ilmas about the impact of water security and food security. Are existing institutions actually able to address that? You have global institutions like the FAO, but what about regional institutions? And are we thinking about regional institutions, whether it's Asian-wide or East Asian-wide? Are they in fact, do they think about these issues and do they have the mechanisms to deal with these issues? I think that's something that we have to discuss. I'm not sure if I understand you properly.

**Dipankar Banerjee**

Let me amplify what you're trying to say, I think the question. You know that, you're actually right for example water can be considered as a nontraditional issue but of course you know historically hard conflicts have resulted from contesting water. Addressing water issues for example between India and Pakistan, an agreement in this water agreement was facilitated through the World Bank and it required international financial support in order to bring a treaty about. Now just three days ago, we were at Singapore discussing at Lee Kuan Yew Institute of Public Policy India and China issues and there is a participant from Southeast Asia blurted out the question of the water issue in South-

east Asia as a potential source of conflict. Now the whole, in this whole treaty between India and Pakistan, as water is getting scarcer all the treaties are becoming less relevant and requires modification. And do we have an organization to address those questions now? So, today India Pakistan questions are being aggravated by once again the question of water. The perceptions are different. Shortages exist. And a similar question, similar argument can emit on the question of food. And perhaps the same arguments will be relevant to both China and India are likely to bear in the near future perhaps import large quantity of food, where would the additional quantity of food be produced? And so therefore, the arrangements that are required to put to these nontraditional security issues may perhaps not be dealt with within the framework of arrangements that we have had for the traditional security issues. And here I think the question comes back once again the need for a comprehensive architecture, security architecture, non-security architecture, whatever you call it, to discuss such issues and in order to find relevant answers to them. I think that is the challenge that is now being confronted with by nations which have such problems between each other. In Indochina, river waters again could well be an issue because we have large concerns regarding that. And similarly, all such developments could well be a potential source of conflict and at certain institutions we need to perhaps anticipate some of these issues.

#### **Roy Kamphausen**

Well it seems that there are both efforts to use existing structures to address some of these nontraditional issues and there are ad hoc structures that are emerging around the particular issues. So as I mentioned, the Shanghai Cooperation Organization, which started in the early 1990's as a border delimitation and confidence building arrangement between Russia, China, and several countries in Central Asia, has now broadened its mandate and it is in fact looking at, among other things, water security issues. That's an example of an existing structure that is adapting to deal with new challenges. And then new ad hoc arrangements have arisen. I mentioned the Mekong River

Commission, the East Asia Rice Reserve, the Coral Triangle Initiative, these are examples of ad hoc approaches. It strikes me that the absence of an existing structure or the inability of existing structure to address these challenges doesn't necessarily imply that they will not be addressed. I mean nations, leaders have to do what's in the interest of their countries and on behalf of their peoples, and so it strikes me that the absence of a structure doesn't necessarily mean that the challenge won't be addressed in some meaningful way. There are examples that in which these ad hoc approaches have emerged. So, I guess I'll leave it at that. But, I'm somewhat puzzled by the concern that an absence of an institution means that a problem might go unaddressed.

#### **Dipankar Banerjee**

One could also, the SCO for example was initiated in order first to stabilize the internal development within Central Asian Republics, that was the objective initially, well one can defer regarding this thing. But very soon, it got converted into a counter-terrorism mechanism and all these issues as well. Therefore, the major exercises that the SCO actually held large scale conventional cooperative exercises for dealing with all sorts of other things. And today, the SCO because its structure exists because also it was being utilized to counter the NATO's expansion in Asia, whatever you say or do not say, that was the idea behind that in the thinking of China and also Russia. And as a counter to the NATO's expansion into Asia, and so therefore the strengthening of the SCO, the argument that I make is that if you do develop structures, such as the SCO, then those structures can be utilized to the mechanisms of cooperation to deal with problems as they rise. Not necessarily the ideal organization or structure to deal with that particular problem, but it facilitates. And if it does do think of developing a structure then of course we can address the problems that we can anticipate.

#### **Moderator: Mely Caballero-Anthony**

Okay, T.J. you having something to say to that?

**T.J. Pempel**

Yes, on General Muniruzzaman's comment and I guess this is also Ambassador Kumar's point earlier on the question of, are we thinking of Asia or are we thinking about East Asia? I clearly think that right now the difficulties in South Asia are so vast and so much more deeply linked to traditional security and to problems of border disputes to the contested territories between Afghanistan and Pakistan, and you know problems of fundamentalist terrorism and the like the fact that the U.S. is involved in wars in both Afghanistan and Iraq. All of that makes me think of that area of the world as having very different kinds of problems and very different capacities for cooperation than the traditional East Asia, that is to say Northeast and Southeast Asia where I think there is the developing capability for something close to a security community evolving and a reduction in traditional security conflicts. But, in the long-run is there a possibility for a broader agenda that would bring about peace that would somehow weave South Asia, Southeast Asia, and Northeast Asia into a broader community? I'd be in all favor of it, but I think right now I'm much more pessimistic about the difficulties in its surrounding Pakistan that I am even about North Korea. So you know, and I think somehow East Asia will be able to deal with North Korea in ways that are far better than either the United States or India, let alone Nepal or Sri Lanka going to deal with Pakistan. So, that's you know one piece of it. I wasn't sure I fully understood Matthew's question about the EU and the crisis. Are you thinking about the Greek?

**Matthew Ferchen**

The first you said which was basically.... (*sound muted due to technical problems*). let alone regional integration, so I'm wondering (*sound muted due to technical problems*).

**T.J. Pempel**

Yeah, my point was not terribly complicated. It was simply to say that you know that I think East Asia, instead of trying to think about how it could become the EU, should look at what it has, what kinds of problems it has, and focus on developing structures and developing mechanisms

for coordination and cooperation problem solving that are Asia specific, and not feel that somehow there's one ideal way to do it and that we're falling short. I think on balance, Asia with the kind of series of ad hoc processes has moved forward. And probably the EU has now fallen a bit into disfavor because of the problems financially but, it also looks like the Euro is going to survive. So, you know that could change again in six months. But, I think Asia should focus on what it has been doing well. And I'm more optimistic about that process.

**Moderator: Mely Caballero-Anthony**

Okay. Can I turn to the people on my left starting with Will, John and then Paul? Please, Will.

**William Tow**

Thank you, Mely. I've got one quick question for each of the two panelists. Roy, I'd like you to perhaps expand just a bit if you would on the last point that you made in terms of transnational issues still having, or if you will, accumulating overtime national security and sovereignty issues core to the U.S. security interest I guess would be the case. Every year, the Defense Department and others go before Capitol Hill and they talk about securing the homeland and vital U.S. allied interests abroad, they talk about promoting U.S. markets, they talk about promoting U.S. values, and democratic values consistently year in and year out. Those have been pretty steady. When are we going to get the joint chiefs going up or if not the joint chiefs whoever defines core national security interests in terms of Posture Statement saying well no, actually now it's essentially preserving our energy supplies in a way that we're not going to bust our climate security, and etc., etc. You get the general idea. How do you operationalize that you know in an actual policy context to the point where Joe Q. Public in the United States is going to buy it as being a valid core security interest? That's my question to you.

T.J., I really endorse your point you made about schizophrenia in the American policy-making process. I'm just wondering, I remembered Dick Rosecrance writing a book several decades ago now, America as an Ordinary Power.

What if it's ready for him to actually come out with a sequel that America's a great power, but no longer a superpower? And if it's a great power rather than a superpower it's going to have to prioritize essentially its focus in terms of sustaining influence. And in that context is it really possible for the United States to control that process rather than being controlled by it? Which is to say that you've got Latin America becoming increasingly predominant in terms of U.S. domestic politics in all sorts of unexpected ways. If you were thinking five years ago, this is a transnational issue isn't it, in terms of the demographic and immigration problems that have become front and central in several state governments? You've got essentially still the Middle East, you've still got international terrorism, all of these competing by with the rise of China. And with the security dilemmas that have been protracted and not yet resolved within Asia or beyond them how do you sort this out in a way there's an orderly if you will policy formulation process? And of course if you could answer that I know you should actually pay Secretary of State or whatever. But hey, this is good practice for you. And finally, just to, I think you and John should co-author a chapter on order. I'm sorry, you're five or six points this morning I saw a real potential for integration with some of the points you were making in your presentation. So, I'll just stop there. Thanks.

#### **John Ravenhill**

Thanks Mely. I also wanted to take up what T.J. had to say about the European Union which he elaborated on in his response to Matthew a few moments ago. I certainly share T.J.'s view that the EU should not be a model for nor necessarily a standard by which Asian regionalism is judged. But, having said that, I think we need to acknowledge very firmly that institutional design matters. And so the key question is, what are the consequences of the various institutional designs that Asian states have used for attempting to resolve problems? A number of us around the table here, and actually others in other parts of this conference have been involved in a large-scale Asian development bank project on Asia's regional institutions. I think it is fair to say that the conclusion of the academic participants was that

Asian institutions have served Asia well in an era when the emphasis was on confidence building, on getting countries to talk with one another. But, the utility of existing institutional design is increasingly called into question. That is institutions that are based on soft law, on voluntary compliance, on nonbinding commitments. One can only go so far with these. And if one wants deeper integration, then one needs different frameworks, different institutional designs, which will be based more on hard law, on binding dispute settlement mechanisms, and inevitably involve a much greater intrusion on sovereignty than existing institutions.

One sees this is one area, where ASEAN plus 3 has moved forward: the multilateralization of the Chiang Mai Initiative. That is going to require surveillance mechanisms if it's going to work properly. Now, we're not sure exactly what will come of this. The Singapore government has been charged with the principle responsibility for developing these mechanisms. But, this is the sort of thing that governments in the region are going to have to be willing to subject themselves to if we're going to see Asian integration move to the next stage. So yes, we don't need 1,200 public servants in an EU-style commission but unless we move away from what I would see to be sort of typically ASEAN-style, ASEAN-led institutions, then there are going to be real limits to the depth of cooperation that the region is going to be able to enjoy. Whether you actually see this ever written on an ADB report is another matter. I think that the ADB doesn't necessarily share the views of many of the consultants that it employs.

#### **Paul B. Stares**

I feel I'm going to add to the burden on T.J. to respond because I wanted to pick up on something else he said, but I think Roy can also, I invite him to respond to my question too. And it has to do with this observation at the end of your remarks that Asia is living in a period of relative, even unprecedented peace. And we can I think debate the extent to which the pax is due to Americana or not and what the balance is and so on. But, as you know we've lived in periods of relative peace before. I'm taking the long view of

history here and doubtless people living in those periods of relative peace thought that the outlook was pretty promising and sustaining and so on. And I think if we were all sitting around this table a hundred years ago in 1910, instead of 2010, we probably would have a relatively optimistic view about the rest of the twentieth century when in fact things changed rather rapidly not so long after that. So, I would like you, if possible, for you to speculate on the events or sequence of events that may change the outlook radically for Asia. And I don't mean in the next few years, but I'm looking at again decades. What things would have to change in fundamental ways that would really alter the outlook? Is it really self-sustaining especially without the Americana and what would have to be put in place to really replace that to sustain it? Thanks.

**Moderator: Mely Caballero-Anthony**

Professor Jia?

**Qingguo Jia**

Thank you. Actually I just have a brief question. You know for the past four hours, including this session, nobody mentions the two concepts that have been produced in this region. One is the East Asian community. The other one is APC, Asia-Pacific Community. I guess the principle advocates of these two concepts are out of power. But the ideas appear to remain. So, I'm wondering what are the Australians thinking about APC and also maybe, oh Japanese participant is gone, Japanese they think about and also Americans may think about East Asian community, the concept. Because, I agree with John Ravenhill's point that institutional designs matter. And you know the reason that these two concepts were promoted or advocated was reflect a sense of frustration and dissatisfaction with existing mechanisms in the region. But then, these ways out of the frustration and dissatisfaction or they are just utopian hopes that will never be realized? Maybe also Roy and T.J. can also comment on these. Thank you.

**Moderator: Mely Caballero-Anthony**

Roy you want to start first?

**Roy Kamphausen**

Well, Will to your question, I'll tend to answer it but the context of my comment about sovereignty was related to how some of these nontraditional security issues in Asia are derived from or find their roots in economic interactions but still have these security and sovereignty aspects to them. Let me think particularly of issues related to the nine major rivers that find their origins in the Himalayan plateau. There are economic reasons by which China is pursuing hydroelectric capacity in damming some of the upper reaches of some of those rivers. But, that has as we well know, implications downstream. And so, the point is to not make a judgment about any of those issues, but to say we can't escape those security aspects, at least on some of these issues.

Then your question to me was at what point will we have a more realistic U.S. national security strategy such that defense foreign policy leaders can give testimony - the example that you selected - that is realistic and achievable in ways that makes sense to American citizens. It strikes me we are at the beginning of that era. And that was really the first point I was trying to make that the mismatch between, well not the mismatch, but the degree to which national objectives will be tied to resources available is more closely associated now and will become much more closely associated in the coming years. And we'll see less of the kind of abstract formulations as to what are U.S. core national interests. I don't think necessarily that this means any sort of significant retrenchment or withdrawal or change of focus in Asia. You think of President Obama's speech in Tokyo in November and he talked about how the United States is bound to Asia to the point that the General made earlier, we've not seen talk of the United States as a resident power. And that is a very powerful statement that the president said. We talked about the various ways in which the United States is bound to Asia, very powerful language. It suggests that the ways in which the commitment manifests itself might change, might be in transition, but that the fundamental impulse of the wide middle of the American foreign policy establishment, thought leadership

on this question, in a settled manner. There is as best I can tell no interest in the sort of retrenchment that would contribute to a reassessment in Asia. Now there are many other factors that play, I wouldn't suggest that the United States' role is the only or perhaps even the most significant factor, but as a contributor to change it strikes me that it is perhaps not as consequential as some of the changes that are happening within Asia itself.

To Paul's question, and actually gets to Ilmas' question earlier, it strikes me that while I think I'm of the view that these nontraditional challenges a single one of them is not sufficient to result in broader conflict we could imagine a circumstance, and in fact this was one of the conclusions of the project we did in Dhaka, Bangladesh last fall, we could see a circumstance in which there were a confluence of factors that were sufficient to push these nontraditional issues into a traditional conflict scenario. You think of water levels rising that would displace hundreds of thousands of people and there's no place for them to go within their own country, and so there is a cross-border migration. And that's combined with a food crisis that is looming and is well-anticipated but is not prepared for and then natural disaster which occurs regularly but sort of creates this perfect storm of effects. It strikes me that is one scenario that we have to be quite concerned about because the mechanisms are not there and in fact these confluence of nontraditional security challenges could well push states into traditional conflict.

### **T.J. Pempel**

I'm going to start with Qingguo's distinction between an East Asia community and an Asia-Pacific community and try and link it to something that Roy said earlier about Obama's speech. And it seems to me that East Asia has no future without the Asia-Pacific and that East Asia in economic terms, cultural terms, is really bound in many respects to the United States just as the U.S. is bound to Asia. But I think there is a more nuanced way to think about this and that is to say that I still think it's important for East Asian countries and for East Asians to look at what might bring them together without necessarily linking that to the United States. And there may be ways in which there can be

closer ties within Asia, within East Asia rather, that will strengthen East Asia, that will provide for greater commonality of interests on a variety of different issues that don't necessarily involve the U.S. but I think it would be a mistake to confine that identity to one that says "Ah ha, and this is now exclusive of the United States." So, I mean essentially I think East Asia makes a mistake if it thinks of itself in racist terms or if it thinks of itself in terms that close it off from the broader globe. And I think one of the successes of East Asia has been the fact that so far it's moved forward on regional cooperation while at the same time remaining closely integrated to the global economy and playing a larger role in broader global events. And I think, that's not unhealthy. I mean, you know as an American, I guess the metaphor that comes to my mind is the way in which an awful lot of the melting pot works in the U.S. for immigrants. You know, there's an awful lot of people who see themselves as hyphenated Americans. You know, they may be Hungarian, or Irish-Americans, or you know Mexican-Americans or whatever and for many of them there is a piece of them that's Mexican and there's a piece of them that's American, and they're not necessarily in conflict. And I think you know in many respects that's the future that I would like to see move forward.

In terms of America as an ordinary country and how they get their diplomacy right, I can tell you how to get it wrong. I think you know a good part of the last eight years was getting it wrong. Going into a war of choice to try and restructure the entire Middle East on the basis of faulty intelligence that was cherry-picked and it led you to a war in Iraq that makes bloody zero sense and it completely defies America's values, norms, soft power, economic power, and the like is not a very productive way to go forward with apologies to those in the room who may still be among the members of the Bush supporting team. And I think you know that the United States does have to think seriously about how to prioritize and I guess you know one of the current struggles that the U.S. is facing is how to deal with asymmetric warfare, how to deal with problems of fundamentalists who are potentially thinking of attacking the U.S. or attacking Western Europe. Is the response

proportional or not? Right now it's not clear to me that even Afghanistan is proportional. But, you know America may be very well be undercutting some of the great sources of its own strengths even as it goes around flexing its military muscle. But, I do think that the way East Asia factors into this is that somebody in the states has to step back and say, "wait a minute, let's look at how the world is arrayed and where American interests are strongest?" and certainly economically they're exceptionally strong in terms of both Western Europe and East Asia. Where are the problems? They may be in lots of other places, but you know and I think the U.S. does have to pick and choose its responses but I think the U.S. is becoming more of an ordinary country. But that's partly because of America in decline but also partly the rise of the rest in I guess Fareed Zakaria's comments.

And then, you know John's comments about institutional design, I fully agree that design matters. I guess the only caveat I would raise that might be a partial challenge to what he was saying was that it's not clear to me that East Asia is fully prepared and collectively prepared to move forward to the next stage. I agree that if those steps are to be taken, countries have to be prepared to surrender certain of their sovereignty rights or be willing to compromise and coordinate policies in ways that they might not be automatically comfortable with. But, I think that's going to be a much slower process than we might have liked to see. And I guess the only thing I would say is that, having said that I didn't think the EU should be the model, it took fifty years for the EU to get where it is now, and it may take East Asia a significant period of time to move forward to greater cooperation. But, on the upside I do think that the trilateral meetings – China, Korea and Japan – show you know a certain sensitivity on the part of three very important powers in Northeast Asia to say, "we've got to move forward to do things in a way that gives us greater control of the agenda but that recognizes some of the common interests we have" and the fact that they are putting in place a secretariat and the fact that they are putting in place a possible investment treaty, etc. is all to me moves in the direction that you're suggesting or perhaps necessary in the

long-term.

And then Paul's devastating and frustrating question about you know how do we manage to replicate the First and Second World Wars in the twenty-first century, I mean I can think of probably think of fifty ways in which you know those kinds of things could evolve and the probability is that they would not evolve in any way that's congruent with what I would be inclined to think of. I mean, you know I'm just struck by the fact that in 2000 the United States military was fully prepared to fight one and a half conventional wars anywhere in the world, etc., etc. and what happens? 9/11. And suddenly you're faced with a need to think through a whole new kind of crisis that certainly not too many folks in the U.S. had been anticipating. You know, what could go wrong in East Asia? Let's you know, think outside the box a little bit. Roy offered a variety of options with regard to food security and natural disasters and rising water levels. You know, the whole question of the rising China has always been predicated on domestic peace. What happens if China suddenly finds that it doesn't have the capacity to provide jobs for an awful lot of its internal migrants, what happens if the West does not develop the same level as the East, what happens if you know there are serious challenges that lead to a replication of Tiananmen, or an outbreak of domestic violence? What happens if the North Korean regime collapses in a way that doesn't necessarily mean that they start pushing the button on the nuclear weapons? But an easy scenario that could put the United States and China in very deep animosity would be if North Korea suddenly begins to collapse and China and the U.S. have two different views on how to secure the nuclear weapons. Both want them secured, but China does not want the U.S. to go in and secure them, and the U.S. doesn't want China to go in and secure them. And somehow the U.S. and China come to blows over how to deal with the collapsing North Korea. And we can play this out ad nauseam. So, I guess my only optimistic hope would be to say that I think right now we are in some sort of an equivalent of your 1910. My hope will be that the countries of East Asia and the Asia-Pacific have learned enough from World War I, World War II and

subsequent events so that they won't repeat the same mistakes. But the trouble is the capacity for new mistakes is still there.

**Moderator: Mely Caballero-Anthony**

Yes John.

**John Ravenhill**

Thanks Mely. I wanted to come back on the very interesting question that Professor Jia raised about you know what happened to these initiatives. The Hatayoma Initiative, the Rudd Initiative, in many ways I think they both suffered from the same thing. They were both top-down initiatives. They both almost immediately therefore became bogged down on questions of membership. Well, also I think the interesting thing was that they began with a reasonably specific idea of membership and then the issue became more and more fudged over time. So, Hatoyama began with an initiative which was clearly designed to exclude the United States and that immediately prompted howls of protest not least from Singapore whose leader rushed off to Tokyo to try and tell Prime Minister Hatoyama why he was getting it wrong. And, Hatoyama then began to make noises, "Well, maybe yes we should have the United States in this." In the speech that he gave at Mely's institution, RSIS the time of the APEC conference he was very amenable to U.S. membership and then listed a number of things that this new community might do. But, you know most of these seemed to be covered already by existing institutions. It really wasn't at all clear what value this new regional institution might add. Rudd's initiative similarly ran into problems with questions of membership. It's quite clear that originally he saw this as a sort of regional G-20. It was going to be a grouping of regionally significant powers. And in many ways, similar to those sort of proposals that we've seen coming out from CSIS in Indonesia in recent years, we have a grouping that doesn't include these nuisance countries like Laos and Myanmar but we'll have important countries including the United States. And, that then immediately ran into problems because especially when the G-20 was formed you had Indonesia there as the

significant Southeast Asian country and Singapore got worried about its possible exclusion.

So, what does this say about regional initiatives that if you start off with this idea of well let's have a new regional institution, then immediately you get these questions, "Well, who's going to be in, who's out?" And perhaps this is really the wrong way to go about it. And it comes back to what Ambassador Kumar was saying this morning about the need for variable geometry. That really the only way to avoid this issue of membership questions becoming dominant is to start with a much more of a bottom-up approach. You start with a problem and say, "Okay, who wants to get together and solve this problem?" Like-minded countries. And, you know then perhaps there is a possibility that you're going to avoid this controversy that immediately encountered by somebody saying, "Let's have a new community on this."

**Moderator: Mely Caballero-Anthony**

Yeah, I was just going to add onto that. But it also raises again this issue about the least explicit goal of, at least East Asia in building a community, because once you have, and true enough I think there are many countries including I think Indonesia if I could you know say something on this, that think that variable geometry is the way to go particularly in response to specific problems. You're saying that institutional design is problematic because you know most of its institutions don't really work effectively and this frustration by big countries in the case of Indonesia for countries not moving forward when it comes to building, in the ASEAN context an ASEAN political and security community they're not on the same page. So, it would rather build a community with other countries that share the same values. But you know, it's the tension between that the building of an East Asian community with the need to be more efficient in addressing issues, hence the preference for variable geometry. I just thought I'd raise that. Will.

**William Tow**

Just to supplement both of those very good sets of comments, the problem with APC, I can't address Japan as con-

fidently, but the problem with APC was as much one of style as substance. The diplomatic style in which this initiative was originally introduced was essentially at an Asia society speech in Sydney which is designed as much to command sound bites for the media as it was to actually think through the longer term ramifications of architecture building per say. Frankly, Australia's regional neighbors picked that up quite quickly. So, the final death nail occurred in Sydney in December of last year, our Lowy friends in I don't think they are, at the Lowy Institute the Department of Foreign Affairs and Trade actually convened an epistemic community I suppose, for the lack of a better term, handpicked by Dick Walcott and others which ended up being a community in revolt particularly on the part of Singapore but also others. And frankly Australia deserved it because there was no real savvy. This is a textbook case of how not to conduct a diplomatic initiative in the way that finesse and the way that sensitivity towards regional concerns could have been played out. This is certainly a case that I will teach in future years in my class, whether it's diplomatic case investigations or you know however else it's written up as having several classical flaws in terms of actual implementation of the campaign and again, I can't really address Japan although I've heard there may have been similar problems you know on that front as well.

**Moderator: Mely Caballero-Anthony**

Professor Kumar you have something on this community thing which obviously doesn't somehow the South Asian voice is not heard?

**Santosh Kumar**

No, no. I'm a bit amused by the discussion in terms of regions and communities but I'm responsible because I raised this question. I was reminded of something which is outside of what we are discussing but you know at one stage I was working in the Ministry of Finance and we got a note from the Commerce Secretary to propose something. And I wrote from a financial point of view, "You know, this is all nonsense. Well, this is illogical, and you

know it's not in our interest" and so on and so forth. And I was not obviously the secretary, I was down below, so I had to send the note up to my boss who was the secretary to you know to pass it onto Commerce Secretary. Low and behold the next day, there was in the newspaper that said that the Commerce Secretary has become the Finance Secretary. So, he came and he saw this note which originated from him where I had written and I was trembling with trepidation because he saw this note by himself and I would say it's nonsense. And he said, "You're quite right" and he signed on it. So I said, "But you know you originated this note." So he says, "What you think about a thing perhaps depends on where you are sitting."

So, I think the terms of regions also really depends on where you are looking at it from but in the real world there are issues which cannot be confined to a defined region as such the cross-regions as they cross borders and therefore I think what John said about an approach that is issue-based at least as an alternative to defined community or region-wide approach would be helpful in building up a better global and regional order. Thank you.

**Moderator: Mely Caballero-Anthony**

Professor Guo, China's I remember and Professor Jia if I could just add into the story of John about this APC project on institutions for regionalism there was a sense and, correct me if I'm wrong John, when there was a dissemination held in Shanghai that this whole notion of Asia-Pacific Community was something that the Chinese were not very happy about because it sort of goes against, it sort of diminishes rather the role that China is taking in the region and I'm not sure whether that is fair for me to ask you this question, but since we're in this anyway why don't I just ask the two of you if you'd like to comment on this. Thanks.

**Qingguo Jia**

Actually, I was in Sydney. I witnessed the process. At that time you know, we were asked whether China would be in favor of APC or EAC. I said, "It doesn't matter" because China is in it anyway. But, then from the Chinese perspective personally we still cannot figure out how APC would

solve the problems that Kevin Rudd listed with existing institutions. And EAC has similar problem of convincing people that it's going to be a more effective vehicle for addressing regional issues. So, I think a lot of people in the conference in Sydney had a similar feeling but of course the Singaporean delegates took a much more stronger view on this. This of course has a lot to do with Singaporean membership or identity. Singapore is a small country but it has a lot of intellectuals and also coordinating power, or soft power. But then if you adopt the APC idea then this would minimize Singapore's power, undercut Singapore's influence and power. So it appears to many people in the conference that Singaporean response was predictable. But then, what's unpredictable, less-predictable is Australian politics. Kevin Rudd was there at the conference. Actually he was talking about pushing it during his administration but then before he did manage to do much, he's out of power. I suspect that his successor would carry on the banner, very unlikely. But then the idea of East Asian community or Asia-Pacific community probably will continue because people look at Europe - EU.

EU has a lot of institutions to address specific issues, but then they have EU anyway. It's not a replicate. It gives you a sense of some kind of regional identity and also regional organization like that may be more effective in terms of coordinating activities across issues and trying to weigh the priorities rather than focusing, if you are dealing with specific issues or specific aspects of the issues then you may bog down there. Everybody is thinking that this is the priority. But then if you have a regional institution either EAC or APC, then the regional institution can help prioritize your interests and efforts. So, maybe personally I think such ideas have their own legitimate considerations. I think they are likely to come up again in the future. But then of course, the problem is how to persuade and convince the region that it can play the role it is supposed to play rather than just an idea for publicity and less adequately promoted. Okay, I'll stop here.

**Xuetang Guo**

Professor Jia is from Beijing. I'm from Shanghai. Maybe

you would like to hear maybe we have these views. I agree with him. At the very beginning of the first time the EAS, East Asia Summit meeting held is proposed by Asian countries. At the very beginning people talk about China's view of Australia, New Zealand, India, and literally every year talk about the U.S., Russia membership inside. And actually in China, yes we have talked about that, but we don't think from my point of view personally you'll hear is kind of a really great power game in this process. If we exaggerate the differences among the East Asian countries, for example ASEAN, this view that different ideas with China and Japan and others in terms of U.S. and Russia membership, it's just kind of academic exaggeration sometimes from my point of view. From my point of view here, I always focus on as member I agree with Professor T.J. Pempel that we look at from my point of view I look at more of the driving forces here. Who could put regionalism in East Asia forward? No matter is Asian countries, or China, Japan anyway it's kind of a choice for any country because regionalism is benefit to all countries in this region. So, Professor Jia's mention that EU can't be a model for East Asia community in the future that's one key phenomenon is geographically no outsiders inside actually. We don't see the United States as member of EU, even EU and U.S. have very close economic and military and political relationship. But here in East Asia, so look at that's built inside. So, from my point of view I focus on what kind of way's best for regionalism. So I think Professor Jia also shares the same points as no matter what kind of way the best way is to be helpful for regional identity building process and regionalism process here. Thank you.

**Qingguo Jia**

Just one word, can't end the conference without mentioning the fact that the conference in Sydney was held near the zoo. And that may have contributed to the fate of the conference.

**Moderator: Mely Caballero-Anthony**

Thank you. We have reached the time. Can I turn to the panelists if they have last words to say? T.J.? Not you. Roy? Alright. I think we had a lot of things to chew on. I mean

we've covered obviously a range of issues. But I thought I just want to end with, again just a point that was raised earlier by General Banerjee and link it to what John had said about institutional designs. There are many others out there that think that in view of the emerging security issues, water, food and all that, existing institutions are obviously not equipped to handle these issues. And when you have institutions that are already problematic because of the institutional design and lack of obligations and whatever it is, I'm really wondering whether we are heading towards, we don't want to be apocalyptic about it, but when you talk about a confluence of very bad events that could then lead to not necessarily war but real instability. I really hope that's not going to happen in our part of the world just because of inertia perhaps, or the inability to think as you said really think carefully about institutions or is Asia or is the global community really prepared to address these issues? Sure, you can have ad hoc institutional arrangements but are they really enough? And I think I want to end on that note. And can I ask you to join me in thanking our two excellent panelists?■