

ASAN PLENUM 2018

PROCEEDINGS
APRIL 24 - 25, 2018

ASAN
PLENUM
2018

ILLIBERAL
INTERNATIONAL
ORDER

THE 10th ANNIVERSARY
THE ASAN

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THE ASAN INSTITUTE

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2018

ILLIBERAL INTERNATIONAL ORDER

THE 10th ANNIVERSARY
THE ASAN INSTITUTE

DATE | April 24-25, 2018
HOSTED BY | The Asan Institute for Policy Studies
www.asanplenum.org

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PROCEEDINGS

APRIL 24 - 25, 2018

GRAND HYATT SEOUL

THE ASAN INSTITUTE
for POLICY STUDIES

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GREETINGS FROM THE PRESIDENT

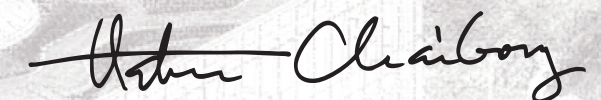
Welcome to the *Asan Plenum 2018*.

The theme of this year's *Asan Plenum* is "Illiberal International Order." Since the end of World War II, the rise of the "Liberal International Order," (LIO) or the "rules based international order," has brought the world remarkable peace and prosperity. Today, however, the LIO faces serious challenges. North Korea is on the verge of acquiring a fully operational nuclear weapons capability. China, perhaps the country that has benefitted the most from the LIO, is now seeking its own "order" in East Asia and beyond. Russia is militarily challenging the expansion of the European Union, while the Middle East is experiencing persistent civil wars and military crashes. The proliferation of cyber-warfare and international terrorist organizations supported by "illiberal" regimes also threaten the LIO.

Just as serious are the challenges arising from within the LIO's "heartland." The spread of the LIO has had its own downside, including income disparity within and between nations and increased social and political polarization, even in countries like the U.S. and Great Britain. The election of U.S. President Donald Trump and "Brexit" have raised serious doubts about the sustainability of the liberal international trade order and the security architecture that has undergirded it.

As the liberal international order is being rapidly transformed into an increasingly "illiberal" international order by forces within and without, it is imperative that we face up to these challenges in order to preserve and upgrade it. The *Asan Plenum 2018* is designed to address these issues and more.

Thank you for joining us.



Hahm Chaibong, Ph.D.
President
The Asan Institute for Policy Studies

ABOUT THE ASAN PLENUM



The *Asan Plenum* is a yearly gathering of the world's leading experts and scholars. In addressing the most pressing problems facing the world with expertise from around the globe, the *Asan Plenum* aims to impact the policy making process and enable the global community to better deal with the challenges it faces. The *Asan Plenum* is a two-day, multi-session conference organized by the Asan Institute for Policy Studies.

Plenum Format

The conversational format of the Plenum is intended to maximize interaction among panelists and participants. Parallel break-out sessions will provide further opportunity for in-depth discussion and networking. The Plenum features 4 plenary sessions and 14 parallel break-out sessions. Each session is 1 hour and 30 minutes.



ABOUT THE ASAN INSTITUTE

The Asan Institute for Policy Studies is an independent, non-partisan think tank with the mandate to undertake policy-relevant research to foster domestic, regional, and international environments conducive to peace and stability on the Korean Peninsula, as well as Korean reunification.

The Institute aims to foster wide-ranging and in-depth public discussions, which are essential for a healthy society. By focusing on areas including foreign affairs, national security, global governance, energy, and the environment, it strives to address some of the major challenges that our society faces today.



In addition to policy analysis and research, the Institute undertakes the training of specialists in public diplomacy and related areas in an effort to contribute to Korea's ability to creatively shape its own future.

DAY 1

April 24, 2018

Opening Ceremony	Welcoming Remarks Keynote Address
Plenary Session I	The Rise and Fall of LIO
Session 1	ROK-U.S. Alliance Populism v. LIO: U.S. One Belt and One Road
Plenary Session II	The U.S.-China Strategic Competition
Session 2	China, Russia and LIO U.S.-Japan Alliance Cyber Security
Night Session	Sharp Power Values Diplomacy
10 th Anniversary Dinner	Dinner Speech

OPENING CEREMONY

Date | April 24, 2018
Time | 09:30-10:25
Place | Grand Ballroom II



Welcoming Remarks

Hahm Chaibong
President,
The Asan Institute
for Policy Studies



Good morning, welcome friends, colleagues. Welcome to the 2018 Asan Plenum. We had one year hiatus last year but we decided to hold it again this year. Well, of course, it's our tenth anniversary and I promised a lot of our friends we would do it this year. But at the same time, we saw what happened to the world, the year that we did not hold the Plenum, how it completely fallen apart in the meantime. So we thought we need to do something about it and so here we are. As I said, it is the tenth anniversary; it is hard to believe it has been that long. We had the incredible ride. Thanks to so many of your support, friendship and, of course, participation, most importantly. And of course I had an incredible sponsor and backer, friend, mentor, Dr. M.J. Chung who has been incredibly generous in terms of everything and made everything we see here today possible.

We chose the theme, "Illiberal International Order" with this year for a couple of reasons. One reason is that, given the timing of our conference, we thought it would just completely turn into a North Korea summit-related meetings for two whole days, and I wanted to prevent that from happening. Although, obviously that is the perhaps the foremost in the back of all of our minds and perhaps the most important issue at hand.

But the second reason why we chose this title is because in order for Korea and for the region for everybody to strategize, to have our own grand strategy, we really need to have a very clear sense of where the world order is and where it is going. That is where I hope to bring everybody's wisdom together to try to chart where we think the global order is going and where our respective countries and where our respective regions are within their particular context.

Speaking of context, talking about the liberal and the illiberal international order in Korea, I always like to say that South Korea is really the poster child of the liberal international order. I mean, Korea was a former colony, national division, and terrible war, one of the poorest countries in the world. No liberal tradition or no democratic tradition to speak of, but look where South Korea is today. And in terms of liberal democracy and free market economy, I would say if South Korea can do it, anybody ought to be able to do it. So in that sense I think we really are the poster child of the liberal international order.

Of course, as our title indicates we are living at that stage, period in history, where many of us think that some of the pillars, the fundamental assumptions of the liberal international order that has brought so much peace and prosperity to South Korea and to many other parts of world are being defaulter. As for Korea, we find ourselves in a very interesting historical juncture. I think there are two big movements, pincer movements that are pressing South Korea at this point as a poster child of liberal international order.

One is, of course, as I try to show in the video, one is on the side of the builders and sustainers of the liberal international order. There is a sense in which the pillars of the liberal international such as the United States, the Great Britain, and EU are going through their own moments of very deep doubt regarding the viability of the liberal international order. In a sense, I would like to describe as sort of a post liberal democratic, post-industrial even postmodern reaction to, I guess, what could only be described as a very successful liberal international order that these leading industrialized and democratic nations of the world have enjoyed. So there is deep anxiety and doubt coming from the heart, the core of the liberal international order.

At the same time, we find again as you have seen in the video, many countries such as China, Russia and other places that are undergoing what I think are actually very pre-liberal, pre-democratic, pre-industrial and very pre-modern reaction to the liberal international order. What I am saying is that I think they are the liberal international order is being squeezed from two different directions; one from the pre-liberal countries and one from the post-liberal countries. And these are very fundamental reactions we need to deal with.

East Asia, I think we came to this liberal international almost by accident. As I said, I do not think any of our East Asian countries had a liberal or democratic tradition to begin with, but things worked out in such a way that we are enjoying this incredible regional integration. And

look at the economic prosperity that we enjoyed amongst our East Asian nations. Now, I think, history is coming back, a lot of things are coming back which are actually beginning to undermine this liberal international order by accident that we have had in East Asia. North Korea and the development nuclear weapons and their provocations is part in one of the most important sort of spearhead of this reaction against the liberal international order in which, of course, North Korea is one of the clearest most obvious outliers.

So I think how we navigate these very turbulent times, what is that we can do to sustain this liberal international order, is there something that country like South Korea can do, is something others can do perhaps while liberal west is going through moments of deep self-doubt, is there something we can do to sustain it in the meantime.

So that is the theme for the next couple of days and as you have noticed we tried to organize many different panels covering all aspects of it. We are going to try to look at the economic trade aspect of the liberal international order that has brought so much prosperity. But at the same time, we are also going to look at the alliances system for instance what are the systems that have backed up, that have sustained the liberal international order. Last but not least, it is the domestic internal reactions to the liberal international order that so many of our countries are going through that we will be examining.

Thank you for joining us.



Keynote Address

Edwin Feulner

Chung Ju-yung
Fellow and Founder,
The Heritage Foundation

President Donald Trump and the New International Order

Our theme for this year's Asan Plenum is "The Illiberal International Order." I am honored by my long-time friends Chung Mong Joon, and Hahm Chaibong, at the Asan Institute to be given this opportunity to address our theme.

My perspective, perhaps unusual to many of you, will be in defense of Donald Trump. First, my operating assumption: In Donald Trump and in my opinion, America's foreign policy is based on protecting and advancing the interests of the American people. This is what I define as an "America first" foreign policy. And I remind you that, as President Trump has said on a number of occasions: "An 'America First' foreign policy does not mean an 'America Only' foreign policy."

We recognize that America has a geographic advantage not afforded to many of our Allies: South Korea, our host country here, confronts a hostile, alien regime on its immediate border; a competitive expansionist regime across the sea to the west; and a former occupying power to the east. Japan has unresolved rival territorial claims with Russia, a competitive relationship with China and North Korea lobbying missiles across its territory.

Taiwan, not always mentioned in this context, has a close bilateral relationship with the United States, punches above its weight in international economic matters, but still faces formidable challenges from the PRC. Our friends in Europe live in the shadow of resurgent Russia. And our allies in the Middle East--Muslim, Christian and Jew--confront a complex set of prospective and real adversaries all in close proximity to each other. America, the largest economy and the predominant military power in the world, has the advantage of a peaceful neighborhood, and the opportunity to “pick and choose” the places where it might forward deploy its military assets in the interest of its own people. Therefore, I believe that a President who proclaims “an America First policy,” fits our needs and our understanding of both who and where we are.

This is a definition of the Trump-revised liberal international order, circa 2018 or what I call the ‘New International Order.’ It is an “America First foreign policy” Trump style. Please accept that definition for at least the duration of my remarks.

My second definition is that the Trump administration seeks to work towards an open and free society because most Americans seek expanded individual freedom and opportunity under the rule of law. And we seek freedom because freedom enables each individual to make choices on her or his own. Trumpism is one of two polar opposite versions of today’s American populism. It is a populism of the right based on the Tea Party movement and now represented politically by Donald Trump. The alternative version of populism is the Occupy Movement (as in “Occupy Wall Street”) version of populism and represented politically by Bernie Sanders on the left.

How did we get here?

In 1987, more than 30 years ago, Donald Trump wrote his first book, “The Art of the Deal.” In August 2016 he invited me to serve in a senior slot on his Presidential Transition Team. This was several months before the Presidential election, and at a time when the overwhelming political consensus was that my former intern, Hilary Rodham Clinton, would be the next President of the United States. I accepted candidate Trump’s invitation and reread my copy of “The Art of the Deal” carefully. I found some relevant arguments to President Trump’s conduct.

Trump, the dealmaker, said “if you are going to think any way, you might as well think big.” Well, running for President of the United States is certainly a big thought. Another Trump dictum in the book was his view that when you think big, go into negotiations (or even discussions) and become a disrupter: come up with new ideas that are so far outside the conventional boundaries of what is considered possible that you are effectively changing not only the debate, but the whole framework--the whole range of options within the debate. What Donald Trump, the disrupter, does is expand that field of debate so that the margins moves very significantly beyond the way a question is conventionally considered either in Washington among the think tankers and the politicians, or around the world by both our friends and by our adversaries. Let me give you an

example of an international encounter where Donald Trump thinks outside the box.

I will leave it to others--including the left-wing Atlantic magazine, to give Donald Trump credit for getting Kim Jong-un to participate in the forthcoming summits as it recently did. Instead, let me give you an “out of area” example that is revealing: During the Presidential campaign on a number of occasions, candidate Donald Trump said, “NATO may be obsolete. Members are not meeting their spending commitments. They have to pay up.” Every time he said it the political establishment of both parties in the United States and all of Europe told us that it was an outrage that he would talk that way. At least most of the political establishment: at that time, several months before the election, former Defense Secretary Donald Rumsfeld, who also served as the American Ambassador to NATO, said to me, “Ed, I don’t understand it. When I was Ambassador to NATO and then when I was at DOD, I would go around giving dinner speeches saying that Europe had to spend more on NATO and all I did was put everyone to sleep. Trump says the exact same thing and everyone is outraged and dumps on him.” Now, 18 months later, a new report from NATO states that in 2017 (the first year of Trump’s administration) “NATO members increased their military spending by a net 5%.” The NATO report further noted that before Trump, there were only 3 countries plus the U.S. in NATO which were meeting the 2% of GDP goal. By the end of this year, there will be 8 countries plus the United States. I believe that that did not happen because of “business as usual” at NATO.

My point is: when you change the framework of the debate and talk about an American pullout from NATO if the burden isn’t shared more equitably, then instead of marginal requests to pay more, you can actually change the decisions of political leaders who have a significant stake in the outcome of the negotiations.

If I go back to the fundamental tenets of Trumpism, when he campaigned, he argued that the American political system is rigged. It’s rigged against average Americans. It’s rigged because, as Hillary Clinton said during the campaign, “You have to have both a private and a public position on issues, otherwise you can’t get things done or otherwise people will be able to see through you or whatever.” As candidate Trump said in response, this was not the example of transparency that most Americans, would like to see in our elected officials. It is also one of the reasons why Trump talked about “draining the swamp of the Washington establishment” because the whole Washington-based agenda was both non-transparent and out of touch with so many Americans.

OK. So far we have:

1. Think big;
2. Expand the debate;
3. Drain the swamp.

The fourth fundamental tenet of Trump populism has been that the economic order that resulted



Keynote Address
Edwin Feulner

from this rigged system was unjust to the interests of many Americans. From this perspective, look at the results of the 2016 presidential campaign. Trump carried Michigan, Ohio, Wisconsin and Pennsylvania—states that traditionally vote Democrat but where voters were disenchanted over what had happened during the prior 30 years to them under both political parties. They saw and lived with skilled assembly line workers losing jobs, factories shutting down, “heartland America” becoming ghost towns, and general economic dislocation. Trump argues that yes, free trade is good, as long as it is fair and reciprocal. He knows that the benefits of free trade are spread among the many and the negative impact of free trade is very concentrated in specific areas on specific people who are severely hurt.

The next (fifth) fundamental tenet that he defined, and that defined him, was that the nation was moving in a direction that many citizens neither desired nor endorsed. This includes some of the cultural issues that Washington is arguing over. And it includes a top-down interventionist ill-defined and ad hoc foreign policy which is a major component of the liberal international order.

So with these five principles as background, how did the 2016 election happen? It is clear that the cultural collapse and the unthinking globalism of the Obama administration was not acceptable to Trump or to his voters. The people demanded a reversal even though the mainstream media and the Establishment overwhelmingly rejected then (and still reject) Trump and his policies.

Where are we now?

The intensive leadership of President Trump and his Cabinet in deregulating at every department of the federal government level has made economic opportunity more available across the board

to every American. So far his most significant legislative achievement was the tax cut bill he signed into law last December. It positively affected every business--big, small and medium--and millions of ordinary citizens who received actual cash bonuses in their paychecks, and whose tax withholding is lower now than before. And those business tax cuts are starting to bring increased economic growth and record high employment including among women and minorities.

Regarding trade, let me be candid with you: Those of you, who have known me over the years, know that I was a sincere advocate for China's accession to the WTO almost twenty years ago. Yet, today, we see Chinese firms violating international sanctions, dumping subsidized products on world markets, stealing intellectual property, unilaterally changing long-standing joint venture contracts to give Communist Party apparatchiks enhanced roles in senior management where formerly there was none. And we see continuous closed markets to American firms.

And the US is not the only country that has expressed concern about the unfair trade practices that have been prevalent in many Chinese industries. Is this evidence sufficient for the President that he has to propose tariffs? Maybe or maybe not. Believe me, he has heard vigorous arguments about it.

Earlier this month Heritage hosted Commerce Secretary Wilbur Ross who articulately defended a tit-for-tat trade policy for the Trump Administration. Then, just a few evenings ago, I hosted a small dinner in honor of the new National Economic Council chairman Larry Kudlow, probably the most outspoken pro-trade advocate in all of Washington. Larry is the man the President turned to when he said let's take another look at possibly joining the TPP. Wow! Those are competing viewpoints and they are being heard in the White House.

And let me make another point about this President: He is a President who listens, thinks, and then makes up his own mind. He pays attention to opposing views and then he decides and he expects the whole team to get on board and to follow his decision. Which, to my way of thinking, is the way the Executive Branch is supposed to work. So, from my perspective, the Trump Administration is basically a positive story on the economic front.

Several of you have already told me that Donald Trump is "an unconventional President." Yes, I strongly agree with you! But we live in unconventional times. America and much of the free world has been involved in wars with an "unconventional" enemy, in the form of international terrorists, who claim no sovereign territory or capital city, but whose activities costs our taxpayers--and many of yours, as well--hundreds of billions of dollars, to deal with. And now, in Europe, we are facing another "unconventional" enemy in this realm of "unconventional warfare." This "hybrid war" has reached a new level. "Little green men", as they have been called, invaded, occupied and still control the Crimea, a sovereign territory of an independent nation (Ukraine). This army wears no uniform, is heavily armed and controlled--or at least directed--by a foreign government. In

Ukraine's case by Putin's Russia. These forces have since invaded more of Ukraine, and are actively participating with Russian troops in Syria, where the United States has killed several hundred of them. Yes, it's a new era, and a new era requires new thinking. And I believe that this involves rethinking the 'liberal international order.'

The liberal international order, in Donald Trump's view cannot mean a blind adherence to the old way of doing things including interference in all of the world's humanitarian crises and in international nation-building. He has said that a strong America understands that "caution and restraint are really true signs of strength." And again, this President has repeatedly promised that "America first is not America alone." And that America, our Allies and world peace are best served by a "disciplined, deliberate and consistent foreign policy."

I believe that Trumpism is wholly compatible with democracy in the American tradition. In fact, as an active participant in the Washington public policy process for more than fifty years, I believe that only someone from outside the political system could be making the necessary fundamental changes to update our way of doing business that this President is advocating. Donald Trump may be outrageously unconventional with the way in which he communicates different ideas and his current thinking (twitter), but that is the way this President operates as he gets beyond our mainstream media with its "fake news" by communicating directly with the American people. There is much of Trump's policy and beliefs that I simply cannot cover in my limited time this morning. Regarding populism: I'll have more to say about that later when I contrast the Tea Party populism of Trump with the Occupy Wall Street Populism of Bernie Sanders.

Donald Trump, the disrupter, the big thinker, the unconventional, the tweeting President, knows that he is in a tough fight with those who oppose and who are determined to undermine his agenda. He fights every day for his populist agenda, which is his version of the New International Order.

I hope these remarks will give you a different perspective of President Trump's way of operating and thinking. And I hope that I have sparked a debate at this Asan Plenum.

Thank you, my friends.

PLENARY SESSION I

Date | April 24, 2018
Time | 10:30-12:00

The Rise and Fall of Liberal International Order

Moderator

Hahm Chaibong
The Asan Institute
for Policy Studies

Speakers

Funabashi Yoichi
Asia Pacific Initiative

Karel De Gucht
Free University of Brussels

Charles A. Kupchan
Council on Foreign Relations;
Georgetown University

James B. Steinberg
Syracuse University

Rapporteur

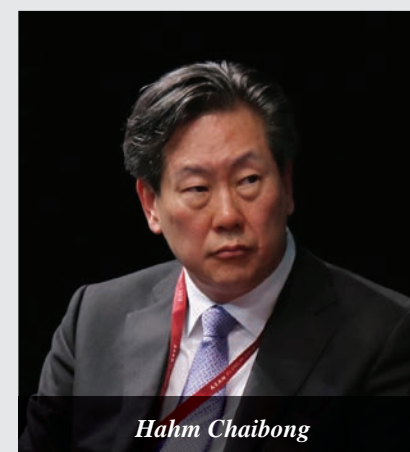
Karl Friedhoff
Chicago Council on Global
Affairs

Dr. Hahm Chaibong began the session “The Rise and Fall of Liberal International Order” by noting that the operative word for the title of the panel was “fall,” emphasizing the multiple stresses being placed on the liberal international order (LIO) today. It remains unclear whether the LIO will be able to overcome these challenges and what the long term effects will be.

As the first panelist to speak, Dr. Funabashi Yoichi said he felt the first tremors in the LIO in 2010 at the ASEAN Regional Forum. At the forum, then-Chinese Foreign Minister Yang Jiechi made the now-famous remark that, “China is a big country and other countries are small countries, and that’s just a fact.” Dr. Funabashi believed this was not a spontaneous remark on the part of the foreign minister. Even so, it shocked some in Japan and required many to fundamentally question the direction of China.

This new interpretation of China’s direction was seemingly affirmed some months later when a Chinese ship rammed a Japanese vessel and placed territorial issues between the two countries back on the table. Dr. Funabashi was not surprised when the United States listed China as a revisionist power in the 2018 National Security Strategy. Rather, this was a culmination of the events of the preceding years, and thus China now poses a significant challenge to the LIO.

Minister Karel de Gucht followed Dr. Funabashi by saying that it was important to differentiate between the LIO, liberalism, and democracy. Democracy cannot be limited to just voting rights. Instead, democracy is a complex idea that also includes the



Hahm Chaibong



Funabashi Yoichi



Karel De Gucht



Charles A. Kupchan



James B. Steinberg

fundamental rights and values that must be upheld as part of the system. If the focus is only to be on election results, this should be considered illiberal democracy—this is basically the Russian system.

But as we look at the challenges to the LIO, according to Minister de Gucht, it is important to recognize the differences on a regional or country basis. In Hungary and Italy, the challenge to the

LIO is emanating from voting results that saw the electorate vote against immigration. In the case of Poland, the issue was that of traditionalism versus modernism, and also of cities versus rural areas. There is no one core challenge to the LIO, and indeed the United States is also defying the LIO. For the first time, Minister De Gucht explained, a world power is trying to tear down the system it had built. This is primarily being done through new U.S. approaches to trade, specifically the WTO.

Dr. Charles A. Kupchan expanded on the U.S. challenge to the LIO, saying that the U.S. today is unrecognizable from itself five years ago. In Donald Trump, the U.S. has a president who is openly hostile and dismissive of the U.S.-led world order. But he also noted that all of this is taking place in the context of—and being driven by—a change in the underlying mode of production and a shift in global power. That shift is from the West to the East, with China as the leading beneficiary. This shift fundamentally

Plenary Session I
The Rise and Fall of Liberal
International Order





alters the nature of society, bringing about both societal change and political dislocation. We are only at the beginning of this era, and it remains unclear how long it will continue, but the effects are already visible. There is already political discontent that is proving to be toxic when mixed with immigration and social media. These effects are most keenly seen in countries with two party systems. As the politically disaffected have no third-party outlets, their vociferousness pushes the two main parties toward the fringes, thus eroding the political center.

Dr. Kupchan noted that it is currently impossible to say if this is a temporary detour for the U.S. into illiberalism or if this is a historical inflection point. Early data points suggest this will just be a detour for the United States, but there are scenarios under which Donald Trump is a two-term president and further entrenches the trend. If that is the case, the EU, Japan, and South

Korea are going to need to hold the line. They will need to step up to do more to defend the LIO in the absence of the U.S. But if the U.S. continues to try to pull down the international system, there will be little these countries can do to counteract those efforts.

Despite his disagreement with the policy proscriptions of President Trump, Dr. Kupchan noted that the president was asking serious questions that the American public wanted to hear debated. How will Americans make a living wage in the coming age of automation and artificial intelligence? Has American foreign policy bitten off more than it can chew and what is the future role of the United States in the world? And finally, how does the United States fix its broken immigration system?

The answers to addressing some of these questions, according to Dr. James Steinberg, were almost completely domestic. The current trend towards illiberalism, Dr. Steinberg noted, was likely to be a pendulum. The question was how the swing of that pendulum could be limited. His answer was a concentrated effort to rebuild confidence in international and domestic institutions in countries around the world. For too long, the governance of the world has been carried out in a non-transparent way. The people were simply told what would be good for them, and there was virtually no public debate about issues like trade agreements. These agreements affect peoples' lives, and the people were cut out of the process. Donald Trump has reminded everyone that the people are going to want a say in these arrangements moving forward. Public engagement in future issues of global importance will be key.

Dr. Steinberg concluded by saying that this will be a difficult process. It will require rebuilding the education system. It will require offering new opportunities to those displaced by an evolving global economic system. And more importantly, it will require more grassroots organizing. The story about the benefits of an open world is not wrong, but the argument needs to convince people to assure their engagement. Thus far, that is where policy has failed.

SESSION 1

Date | April 24, 2018
Time | 13:00-14:30

ROK-U.S. Alliance

Moderator

Choi Kang

The Asan Institute
for Policy Studies

Speakers

Bruce W. Bennett

RAND Corporation

Victor Cha

Center for Strategic and
International Studies

Kim Sung-han

Korea University

Daniel R. Russel

Asia Society Policy Institute

Soeya Yoshihide

Keio University

Rapporteur

Lisa Collins

Center for Strategic and
International Studies



This session, “ROK-U.S. Alliance,” discussed the meaning of the ROK-U.S. alliance in a changing global and regional environment. Panel moderator Dr. Choi Kang, Vice President for Research at the Asan Institute, began by introducing some of the challenges that would be faced by the ROK-U.S. alliance in the near-to-long-term future. On the economic side, major points of discussion centered around the uncertainty and unpredictability of the Trump administration’s “America First” trade policies and the use of trade tariffs and free trade negotiations to extract concessions from U.S. allies. On the security side, there was debate about how much cooperation and/or friction existed between the Moon Jae-in government and the Trump administration on key policy areas such as North Korea. Another significant theme was the extent to which the ROK-U.S. alliance would need to be re-conceptualized or changed if the Korean War armistice agreement was dissolved and a peace treaty was signed with North Korea.

The panelists generally agreed that the ROK-U.S. alliance was in better shape than might have been expected a year ago. There were a number of challenges, however, that could become more problematic in the future if not handled carefully. Dr. Bruce Bennett, a senior defense researcher at the RAND Corporation, argued that changes in the United Nations/Combined Forces Command structure and transfer of wartime operational control (OPCON) to the South Korea military had the potential to affect the alliance relationship in a negative way if not managed carefully. Dr. Bennett asserted that there needed to be more in-depth discussions about military requirements on both the U.S. and ROK side as well as more deliberation about the burden-sharing costs for stationing U.S. troops on the peninsula. Several of the other panelists agreed that negotiations over the Special Measures Agreement (SMA), which determines burden-sharing for defense costs, would be a key litmus test this year for managing challenges in the alliance. Dr. Kim Sung-han, a professor at Korea University, specifically argued that challenges could arise if President Trump decided to take a strictly transactional approach towards the ROK-U.S. alliance and the issue of burden sharing.

Among the other issues that could present problems going forward were potential divisions on North Korea policy and disagreements over how to deal with “peace breaking out on the Korean peninsula.” Panelists Dr. Victor Cha, a professor at Georgetown and Korea Chair at CSIS, and Mr. Daniel Russel, Vice President at the Asia Society Policy Institute, were particularly concerned that during upcoming negotiations North Korea might try to decouple the alliance by exploiting differences between American and South Korean policies on denuclearization and a peace treaty. Dr. Cha pointed out that tensions may arise because South Korea and China have been approaching the North Korean problem from a management perspective while the U.S. and Japan continued to primarily emphasize the end result – the complete, verifiable, irreversible dismantlement (CVID) of North Korea’s nuclear weapons program. Dr. Cha also pointed to the problem of heightened expectations for the April 27th inter-Korean summit and the forthcoming U.S.-DPRK summit.

Dr. Soeya Yoshihide, a professor at Keio University, argued that the Japanese were quite concerned about the U.S. forming a peace treaty with North Korea without any input from Tokyo. He explained that the Japanese would most certainly see this as a situation that would negatively impact their national interests. Given the importance of the ROK-U.S. alliance and the U.S.-Japan alliance to regional security and deterrence against the North Korean threat, he also asserted that it was necessary to improve relations between South Korea and Japan. The growing perception gap between South Korea and Japan on the rise of China in the region was also of some concern to the Japanese and needed much deeper discussion, according to Prof. Soeya. Greater ROK-Japan bilateral cooperation would benefit not only those two countries, he said, but would give further strength to trilateral initiatives that form the backbone of the U.S. alliance system in Northeast Asia.

Mr. Russel also agreed that greater trilateral cooperation was necessary between the U.S., Japan, and South Korea. He supported a suggestion by Professor Soeya that Japan and South Korea could take their relationship one step further by signing a broader defense cooperation agreement modeled on the one signed by the Japanese and Australian governments in early 2018. Mr. Russel also argued that the U.S.-ROK alliance would continue to strengthen if there was focus on global cooperation and not just on regional issues. Both the ROK and U.S. benefit from supporting the global international order and from continuing to abide by international norms and democratic-free market values. The challenge of a rising China and a nuclear North Korea would be met most effectively if the U.S. and South Korea continued to anchor their alliance in the tenets of the liberal international order.

In the question and answer session moderated by Dr. Choi, the panelists agreed that the upcoming summits with North Korea would provide an important measuring stick for future alliance coordination and management of the North Korean nuclear problem. More discussion will need to be had on what the U.S. and ROK are prepared to give North Korea for CVID and there will need to be more debate on the sequencing and timing for any steps taken towards denuclearization or a peace agreement. Whether the summits achieve a successful outcome or not, the panelists all agreed that the ROK-U.S. alliance would continue to be a key pillar for maintaining stability, peace, and prosperity in the region. They also agreed that while a peaceful outcome was desirable, there was some need to exercise caution to avoid creating overly inflated expectations for the resolution of the North Korean nuclear issue and/or the conclusion of a peace agreement with the DPRK. Both Seoul and Washington should be prepared for all contingencies, whether it is peace or potential military conflict. “Peace breaking out” on the Korean peninsula would theoretically would be a positive development but could also bring about additional challenges for the ROK-U.S. alliance. Among those issues that would need careful consideration would be any proposed changes to the U.S. military force structure in Northeast Asia and any proposed withdrawal of U.S. troops from the peninsula. If done hastily and without strategic thought, any plans for readjustment of military forces could ultimately benefit China and would be detrimental to the



U.S.-Japan alliance. Therefore, any actions leading towards this end would require extensive deliberation and necessitate careful management to avoid unpredictable outcomes for the U.S. alliance system and liberal international order in Asia.

SESSION 1

Date | April 24, 2018
Time | 13:00-14:30

Populism v. LIO: U.S.

Moderator

Elise Hu

National Public Radio

Speakers

Edwin J. Feulner

The Heritage Foundation

Kim Jiyoung

The Asan Institute
for Policy Studies

Christopher Nelson

The Nelson Report

Seo Jungkun

Kyung Hee University

Bruce Stokes

Pew Research Center

Rapporteur

Jeanne Choi

Paul H. Nitze School of
Advanced International Studies,
Johns Hopkins University

The session titled “Populism v. LIO: U.S.” explored the rise of populism in the United States and the potential for the future of the LIO in the aftermath of the election of President Trump. The session began with the moderator, Ms. Elise Hu, Seoul Bureau Chief of National Public Radio, noting that the panel discussion was one of two sessions at the Plenum dedicated to the rise of populism, and asked panelists for their thoughts on Trumpism and what it means for the traditionally U.S.-led liberal world order. Panelists deliberated on the domestic and geopolitical implications for the LIO of the recent political, economic, demographic, and cultural changes in the U.S.



Mr. Bruce Stokes, Director of Global Economic Attitudes at Pew Research Center, initiated the discussion by sharing results of polling conducted just prior to and after the 2016 presidential election. He highlighted the divisions in public opinion on a number of issues, including international trade and immigration, emphasizing the fundamentally partisan cleavages. Mr. Stokes argued that, to understand the U.S. and Americans' view of decisive issues such as international trade, it is important to recognize the enormous amount of social and demographic change that the American public has undergone in a relatively short period of time. Many of these changes are generally associated with modernity, including growing diversity and higher levels of education, but there are segments of the population that feel marginalized or disadvantaged. Mr. Stokes contended that the beneficiaries of free trade have disproportionately been women, minorities, young people, and others primarily in the services sector, and that polling results have revealed that there is a victimization narrative at work amongst those who feel left behind by these societal transformations.

Dr. Edwin Feulner, Founder and Chung Ju-yung Fellow of the Heritage Foundation, continued the discourse by noting that there are actually two forms of populism that have emerged: on the political right, as embodied by the Trumpism and the ideology of the Tea Party, and on the left, as manifested by Bernie Sanders and the Occupy Wall Street movement. Despite the increasing partisan polarization in the U.S., he remarked that this was not always the case, even as recently as the 1980s. Giving the example of Republican President Ronald Reagan regularly inviting Democrat and Speaker of the House Tappan O'Neill for cocktails to discuss potential areas for bipartisan compromise, Dr. Feulner regretfully remarked that, since that era of cooperation is likely over, it is even more important now for the institutions of the LIO to hold Americans together.

Dr. Kim Jiyoung, Senior Fellow in the Public Opinion Studies Program at the Asan Institute for Policy Studies, continued the discussion by positing that populism is not a new phenomenon in the U.S., but has had a long and vibrant history. She traced the history of populist movements from William Jennings Bryant in

the 19th century. The sentiments expressed by Bryant and his supporters, namely disenfranchised farmers attacking urbanization, modernization, and immigration, have been repeated throughout history. Connecting populism to the LIO, Dr. Kim laid out the divide between liberal scholars who blame Trump for expediting the collapse of the LIO and those on the realist side who view Trump as the product of already existing trends that have led to the decay of the LIO. Dr. Kim wrapped up her comments by stating that she does not believe that the LIO is in danger of collapse, but asserted that what is now at stake is whether the rest of the world that upholds the LIO will wait for the U.S. to return to its former leadership position.

Mr. Christopher Nelson, Editor of the Nelson Report, contended that the recent rise of populism was a result of global elites missing significant shifts that have occurred, leaving a portion of the population without jobs and insecure about their future. Speaking as a self-identified Washington insider, he warned that if the LIO is unable to provide meaningful employment for the bulk of the population, the entire American socioeconomic system would deservedly fail. Continuing this argument, he insisted that a tax policy that does not encourage reinvestment is not only suicidal but also unpatriotic. Offering his final thoughts as a professional journalist, Mr. Nelson argued that the current crisis of the LIO in the U.S. was being amplified by what he saw as the collapse of the mediators of fact and analysis, namely the free press. He cautioned that this was the first time in American history where the President is actively destroying faith in public institutions, like the media and the judicial system, and that this is making the task of forging national consensus even more difficult. He concluded with a call to arms for journalists to speak truth to power and work even more diligently to uphold the truth.

Dr. Seo Jungkun, Professor of Political Science at Kyung Hee University, brought the academic perspective to the discussion, addressed the specific characteristics of American populism. He noted that political science scholars have been slow to research and systematically analyze populism. Asserting that there are many facets to what is called populism in the U.S., he outlined four key distinctions between populism and (1) isolationism, (2) conservatism, (3) racism, and (4) Trumpism, stating that while there is some overlap, populism still remains much more complex and multilayered than these simple categories would suggest. Professor Seo agreed with Mr. Stoke's earlier assertion that many of the divisions are along political party lines, going further to argue that populism and its related ideas have become increasingly relevant in American electoral politics because it has gained momentum in key swing states.

Continuing on from Professor Seo's discussion of the changing dynamics of the American electorate, Ms. Hu asked panelists for their views on the 2018 midterm elections and what a possible Democrat win in Congress would mean for the LIO. Mr. Nelson predicted that a slight shift in power towards the Democrats was likely, but thought that such a shift would make it harder for trade deals to pass in Congress, adding that not all supporters of the LIO would be in favor of a Democratic majority. Panelists noted that recent elections have highlighted growing

political polarization, which can be attributed to increasing ideological self-segregation. Giving the example of conservatives only watching Fox News and liberals relying on CNN and MSNBC, Dr. Feulner argued that this would lead to increasing divisiveness and made an appeal for addition and multiplication to uplift all Americans, rather than further subtraction and division.



Answering a question about whether party leadership on both sides of the aisle truly understand and have caught up to the fact that the views of their party are changing on a grassroots level, panelists agreed that both Republican and Democratic leaders were out of touch with their own party bases and that this may have contributed to the rise of Trump, as he was effective in reaching out to unhappy voters.

SESSION 1

Date | April 24, 2018
Time | 13:00-14:30

One Belt One Road

Moderator

Anna Fifield

The Washington Post

Speakers

Kent Calder

School of Advanced
International Studies, Johns
Hopkins University

Alice Ekman

Institut Français des Relations
Internationales

Han Sukhee

Yonsei University

Scott Snyder

Council on Foreign Relations

Zhu Feng

Nanjing University

Rapporteur

Gong Keyu

Center for Asia-Pacific
Studies, Shanghai Institutes for
International Studies

This session, “One Belt One Road,” looked at the Chinese initiative to develop a wide range of continental and maritime projects across Eurasia.

Professor Kent Calder of the School of Advanced International Studies, Johns Hopkins University pointed out that the “centrality” of China on the map needs to be considered when thinking about the Belt and Road Initiative (BRI). He argued that the China’s centrality and the improved transportation infrastructure under the BRI are transforming the Eurasian continent. He stated that the construction of bridges and roads has a distributive orientation, with important political implications. Although accrued debt from these projects could result in a backlash, broadly speaking, given China’s location and the geography of the Eurasian continent, China’s power will increase. Admittedly, China is more vulnerable in the seas, but the BRI can help China make inroads in this regard against the U.S., Japan, and Australia. Moreover, with the development of the internet, telecom, and commerce, the digital element of the BRI will also enhance China’s capabilities. The BRI is also changing the traditional socialist Eastern European countries’ relations with China, such as Poland and Serbia. Overall, the BRI will be the biggest transformation on the Eurasian continent since the collapse of the Soviet Union.

Dr. Alice Ekman, Institut Français des relations internationales (IFRI), provided a European perspective on the BRI. She believed that the BRI has the potential to challenge the international liberal order for the following five reasons. First,

understanding how China views and designs the BRI is important. The number of countries participating in the BRI is increasing, and China seems to view BRI in line with President Xi’s concept of new types of international relations, as well as a new, alternative form of globalization. Second, it is a normative project. BRI is one of the tools China is currently using to promote a set of new international norms and standards. This reminds us that for Beijing, BRI is not just about infrastructure development, it has also a “soft dimension” promoting new norms, as well as new types of legal, academic, and cultural cooperation that should not be underestimated as potential challenges to the LIO. BRI is also a public diplomacy project, in line with Xi’s ambition to set new international concepts of reference, alternative to those set by the ‘West.’ Third, BRI is a global governance project. China created new institutions under the BRI label, for example the AIIB, which shows China’s intentions. At a time when China aims to play the leading role in global governance reform, BRI is a tool for China to promote a new form of multilateralism. It hopes that its BRI summits will become alternative multilateral cooperation mechanisms of reference, and a potential alternative to existing ones (such as the G20). Fourth, BRI is a national governance project. China’s diplomacy is increasingly marketing its development model abroad by building industrial parks and encouraging a growth model based on significant state investments in hard infrastructure (transport, energy, telecommunications). They are also providing training programs for foreign officials and engineers and providing a diversity of scholarship that will help them to “learn from China.” Fifth, China is not alone when promoting these alternative norms and standards. Its project benefits from the current rapprochement between China and Russia, and BRI has also gained the support of significant numbers of developing and emerging countries in Africa, Latin America, and parts of Southeast Asia.



Professor Han Sukhee of Yonsei University said that China has invested a lot in the BRI, but many problems remain. First, there is a problem of consensus. Usually it takes a long time for the Chinese government to make a decision. However, decisions related to the BRI seem to be made without a strong consensus. Second, the Chinese people have many questions about the BRI regarding its potential to succeed. People know that the BRI will endure in some form, but the content and implementation style have yet to be decided. Third, the government changed the official name of “BRI.” The government could not decide whether to call it an initiative or a



strategy until the Xinhua news agency called it an initiative to avoid domestic and international concerns. The BRI faces pushback from the international community, including neighboring countries, over issues such as the environment. Having invested so much, China wants to project leadership and use Chinese labor, which grants them significant benefits. Prof. Han related some Chinese scholars' complaints about the inefficient use of funds connected to the BRI. He argued that China needs to adjust itself to the new environment, and for the BRI to be successful, China must follow the rules of the liberal international order.

Mr. Scott Snyder, Council on Foreign Relations, argued that the BRI is a Sino-centric project. From

their rhetoric at the Boao Forum for Asia, China seems to be willing to integrate into the liberal international order through peaceful development, openness, mutual benefit, and inclusiveness. At the same time, there is a dark side of it, which is Chinese leverage. He highlighted China's attempts to subordinate other countries. He compared the characteristics of a Sino-centric order and a liberal international order. In the liberal order, the system provides opportunities for self-development, the promotion of good governance, emphasis on human freedom, and an element of American exceptionalism. The Sino-centric order under the BRI promotes prosperity, Sino-centric hierarchy, and Chinese exceptionalism. His evaluation of the five priorities of the BRI is as follows. First, the BRI prioritizes policy coordination. It feels very Sino-centric because it puts Beijing at the center of the decision-making process related to infrastructure projects. Second, the priority is the construction of facilities. The BRI looks like a state directed project that relies heavily on Chinese state-owned enterprises. Third, it prioritizes trade, but what is the trade benefit distribution of the BRI projects in terms of China vs. other countries? It emphasizes efficiency, but it seems to form a China-centric supply chain. The fourth is financial integration. The financial institutions that China promotes are AIIB, BRICS, SCO, etc. instead of existing financial institutions. The fifth is people-to-people exchange. One example of this is the Cambodian coal project, which damaged the local environment. Despite the good words on the surface, there is a dark side to the BRI.

Finally, Professor Zhu Feng, Nanjing University, pointed out that we should pay attention to how serious the Chinese government had been about the BRI. Countries seem to consider more security and political factors while receiving Chinese constructors into their countries. Prof. Zhu argued that China did not have a well-calculated design before the BRI came into shape. Regarding the misunderstandings of the BRI, he thinks there are three categories of barriers preventing people from understanding the BRI. First is the culture and social barrier. Americans are materialistic, while Chinese are hard-working and inclined to save for better future. Also, while the Americans suspect China's intention of letting other countries get rich by free riding, some Central Asian countries refuse to cooperate because they want to keep their old lifestyle. Second is the diplomatic and security barrier. For example, India fears that China wants to develop the BRI to secure oil and refuses to participate in it. Lastly is the financial and fiscal barrier. Due to its unbalanced regional development, China has many domestic problems. He considers the BRI a good reflection of Beijing's self-fulfilling assumption of how we can be nice to the world. However, China needs to learn how to be a “Smart Rising Power.”

PLENARY SESSION II

Date | April 24, 2018
Time | 14:45-16:15

The U.S.-China Strategic Competition

Moderator

Chung Jae-Ho
Seoul National University

Speakers

Dino Patti Djalal
Foreign Policy Community of
Indonesia

Aaron L. Friedberg
Princeton University

François Godement
European Council on Foreign
Relations

Hugh White
Australian National University

Paul Wolfowitz
American Enterprise Institute

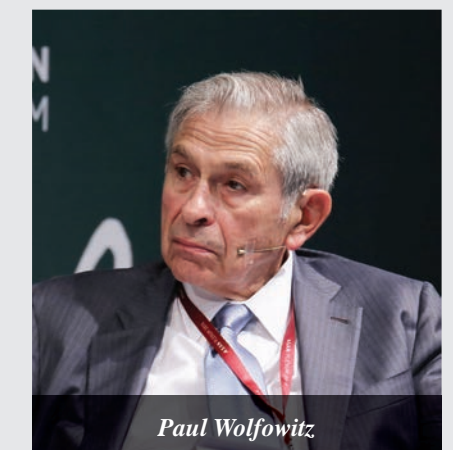
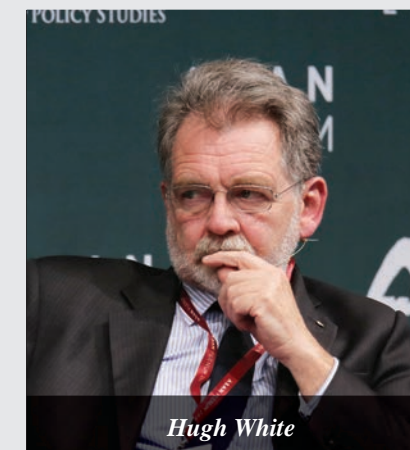
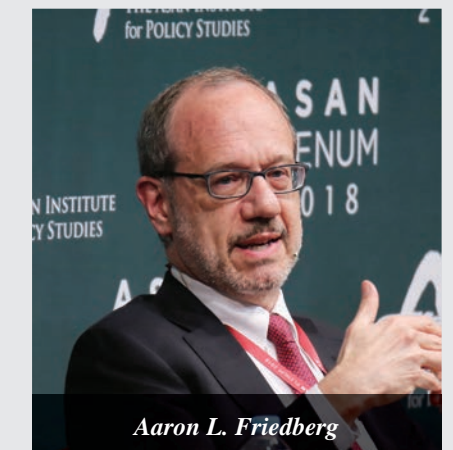
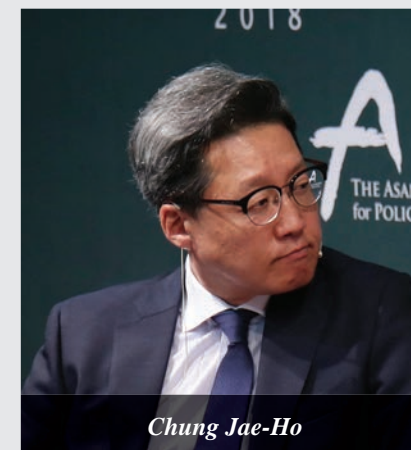
Rapporteur

Cho Eun A
The Asan Forum

Plenary Session II, “US-China Strategic Competition,” explored the consequences of China’s rise as the United States disengages from its defense of the liberal international order (LIO). Moderator Chung Jae-ho of Seoul National University began the discussion by contextualizing an “era of crisis,” marked by a rise of illiberal forces, a return to the nation-state system, trends toward closed regionalism, and growing securitization. Recalling the history of Chinese “empires,” Prof. Chung posed the question: Is China is on the verge of becoming an “empire” again, and at what cost to the United States?

Dr. Dino Patti Djalal of the Foreign Policy Community of Indonesia argued that U.S.-China competition is not about ideology—as U.S.-Soviet competition had been during the Cold War—but about influence and access in the Asia-Pacific. For countries in the region, including Indonesia, this competition is not necessarily problematic, unless it becomes a zero-sum strategic competition. While China’s current objectives are “regionalist,” Dr. Djalal acknowledges its ambition to become a great power, relying primarily on economic means to broaden its strategic influence. Given its rising political and economic capital, Southeast Asia likely favors China over the United States. Besides China’s focus on development and growth, its message of “common destiny” has gained more traction than the U.S. concept of “America first.” Yet, policies and attitudes toward China among Southeast Asian countries vary widely, and within each country further differences exist between the leadership, bureaucracy, military, and public.

Dr. Aaron Friedberg of Princeton University described U.S. policy toward China as a mixed strategy that combines both engagement and balancing. This strategy is aimed at incorporating China into the existing international system and molding it into a “responsible” state, which, in turn, rests on two assumptions: 1) China’s economic liberalization would be expedited as it became more economically engaged abroad; and 2) China’s political liberalization would similarly result from the process of integration. On the other hand, China’s U.S. policy reflects Deng Xiaoping’s



“hide and bide” strategy, which entails strengthening China’s comprehensive military and economic power to gradually weaken the foundations of American leadership and, more importantly, uphold the power of the Chinese Communist Party. According to Friedberg, the U.S. strategy has failed to compel China to liberalize either economically or politically, while China has begun to express its revisionist aims more openly. In rethinking U.S. policy toward China, Friedberg dismissed as unlikely the two extreme alternatives, namely a Cold War strategy of containment and a grand bargain with China. Instead, he proposed some continuation of a mixed strategy with significant adjustments that would ensure a more favorable balance of power, recalibrate current policies of engagement, and defend against Chinese exploitation of the international system.

Professor François Godement of the European Council on Foreign Relations outlined three theories on U.S.-China relations: 1) the cyclical notion, in which they fluctuate between conflict and cooperation; 2) the free-fall notion, in which they confront ever-deepening competition; and 3) the G2 notion, in which they form a duopoly. Godement posited that the Chinese system has become more personalized and opaque, making it difficult to assess its intentions. At the same time, China’s increasingly assertive behavior has triggered fears among U.S. allies about U.S. withdrawal from the region. Godement asserted that the United States has entered a “defensive” period in its relations with China: if observers once wondered whether China will become more like the West, they now question whether and to what degree the West will become like China. Godement concluded that for Europe, identifying a solution that preserves the multilateral order is crucial, as is finding a consensus on the rules—or the process of changing those rules.



Professor Hugh White of Australian National University asserted that U.S.-China competition is caused by a historic shift in the distribution of wealth and power from the West to the “rest.” White claimed that the United States has consistently underestimated the costs required to maintain or restore its preponderance in Asia. Unless it is fully committed to counteracting growing Chinese clout—possibly risking war—order in Asia will likely tip to favor China as power shifts. Whether the United States is sufficiently devoted to preserving its power is arguable, as no pertinent precedent in its history exists: it has never faced a power so great as China, and the reign of Trump has reshaped the underpinnings of U.S. foreign policy. Against this background, Prof. White determined that the debate should not be about how we can preserve the old liberal international order, but how we can help shape the new order that China will seek to introduce.

Ambassador Paul Wolfowitz of American Enterprise Institute compared the rise of China to that of Russia and Iran in their own regional spheres of influence. These rising regional hegemonies have two things in common: 1) the leaders define the nations’ strategic goals in terms of their imperial past, and the principal obstacle to their realization is the United States; and 2) their internal domestic structures are already imperial, and their quest abroad is a means to acquire popular legitimacy at home. Though China appears less threatening than Russia or Iran, China also strives to achieve regional hegemony at the expense of the alliance of democracies and their independence in Asia. And while none of them poses a global ideological challenge, their common interests could bring them closer to confront the United States. Wolfowitz therefore cautioned against a US pivot to East Asia in which its connections to the Middle East (and beyond) is overlooked: China—and the world economy—depends heavily on the Persian Gulf, and Beijing’s OBOR looks to the west, not east. In this respect, he found relevant the Trump administration’s Indo-Pacific strategy and resistance against Iranian expansion. Wolfowitz concluded that China presents a global challenge even if it is not a global power yet.

Following their remarks, the panelists discussed, among other

Plenary Session II
The U.S.-China Strategic
Competition



topics, the implication of values for U.S.-China relations and the trajectory of their competition. On the topic of values, Dr. Friedberg posited that the United States would have been less concerned about China's rise if it were democratic. This point was reiterated by Prof. White, who argued that the current fear about China's leadership is partly based on its dissimilarities from the United States. On the trajectory of U.S.-China competition, Prof. White asserted that China's growing strength, ambition, and confidence would likely lead to a U.S. withdrawal from the region. While acknowledging China's resolve to strengthen its capabilities—particularly in cyber and artificial intelligence—

Amb. Wolfowitz maintained that the course of U.S.-China competition still depends on how the rest of the world, alongside the United States, see the consequences of failing to confront China. In this regard, Dr. Friedberg cited “the Quad” as a multilateral response to China's rise in the region, highlighting that opportunities for cooperation exist between the United States and its allies.

SESSION 2

Date | April 24, 2018
Time | 16:30-18:00

China, Russia and LIO

Moderator

Bonnie S. Glaser

Center for Strategic and
International Studies

Speakers

Kim Taehwan

Korea National Diplomatic
Academy

Alexander Lukin

MGIMO University

William Overholt

Harvard University

Vasil Sikharulidze

Atlantic Council of Georgia

Zhu Feng

Nanjing University

Rapporteur

Lisa Collins

Center for Strategic and
International Studies

This panel discussed the role of China and Russia in the liberal international order (LIO). During the course of the session, the panelists agreed that Russia and China were seeking to change the current world order. However, there was some debate as to how and through what framework China and Russia were pushing for change.

Ms. Bonnie Glaser, Director of the China Power Project at the Center for Strategic and International Studies and moderator of the session, began by asking the participants two questions: Are China and Russia presenting a new model of leadership and development for the international order? Do Beijing and Moscow agree on what the model should be?

Dr. Kim Taehwan, Associate Professor of Public Diplomacy at the Korea National Diplomatic Academy, began with the concept of “sharp power.” He argued that the concept was useful in analyzing how China and Russia were using their influence to challenge parts of the existing LIO. Sharp power, as Dr. Kim explained, is the “ability to affect others to obtain the outcome you want” through the use of distraction, disinformation, and manipulation, rather than through soft power attraction. He further asserted that the goal of sharp power is to not to win the hearts and minds of people in foreign countries but rather to distract the public through coercive and illicit methods, including social media manipulation and fake news. China and Russia exercised sharp power, he argued, through the following means: 1) using strategic narratives to communicate an alternative world order; 2) continuously attacking or discrediting existing global

institutions and values; and 3) amplifying local divisions through media and/or cultural assets. Prof. Kim contended that China and Russia use these tactics to obtain material gains in the current liberal order. They do not maintain, however, a unified vision of what the alternative world order should be – China’s vision is based on a Sino-centric order and Russia’s vision is based on the concept of “Eurasianism.”

Dr. Alexander Lukin, Director of the Center for East Asian and Shanghai Cooperation Organization Studies at MGIMO,



argued that the LIO was in fact an illusion (“utopian ideal”) and therefore it could not be undermined by Russia. Instead of being dominated by Western “colonial powers,” Dr. Lukin contended that the world order was being transformed into a multipolar world. Western influence around the world was weakening, he argued, because traditional power based on advanced weapons and technology was now available to developing countries. He also suggested that cooperation between Russia and China was quite natural because the two countries see the world similarly and their approaches to regional conflicts also coincide. Moreover, he claimed, while Russia and China have been trying to maintain the post-WWII order, the U.S. and its allies have continued to use force and unilateral actions to undermine the international



system. Lastly, he maintained that there might be a bifurcation between economic and political issues in this respect – Russia was willing to play by the economic rules of the current order but not necessarily to abide by the values or norms of the liberal *political* order. He ended with a warning that now is a very dangerous time of transition because the “West” is forcing change and the risk of war is increasing.

Dr. William Overholt, Senior Fellow in the Asia Center at Harvard University, remarked that Russia and China have not embraced liberal values and democracy because of institutional barriers and the rise of systems that are dependent on “strong men” (i.e. autocratic leaders). In China, he argued, under President Jiang Zemin there were limited reforms and the potential for positive change. There was domestic resistance, however, and the 2008 global financial crisis later discredited the Western model in the eyes of the Chinese and Russians. To deal with the economic crisis, the Chinese enacted more reforms, but the politics of the regime have gotten in the way over the last several years. Moreover, Dr. Overholt asserted, reforms to deal with embedded corruption have only been implemented slowly and the need for political control has conflicted with idea of market allocation for resources. In short, the difficulty in resolving the tensions between China’s domestic system and global norms have kept Beijing from fully embracing the LIO. In Russia, the system is also overly dependent on the power and control of Vladimir Putin, and he is proceeding to make the same mistakes as his Soviet predecessors.

Ambassador Vasil Sikharulidze, Chairman of the Atlantic Council of Georgia, asserted during his remarks that the LIO was materially real but that Russia and China were operating largely outside of it with virtual impunity for their actions. Under Trump, the U.S. is now more focused on domestic issues rather than foreign policy, and Russia under the leadership of Putin is trying

to push forward with a revisionist agenda in Europe. Amb. Sikharulidze continued to argue that Russia is using all the components of state power to challenge the international order and that corrupt practices are widely used to maintain power and to expand influence outside of the country. He further contended that the withdrawal of U.S. leadership has allowed Russia to more openly challenge the liberal international order. Emphasizing that a return to global leadership was necessary, Amb. Sikharulidze argued that U.S. is the only nation that is willing or able to lead the free world. It is the only country that defines its national interests, far beyond its political imperatives or domestic needs. It is still a big question, he asked, whether the United States is willing to lead the international order, but he expressed hope that the free world would prevail and that the U.S. would return to lead the global community.

Professor Zhu Feng, Executive Director of the China Center for Collaborative Studies of the South China Sea at Nanjing University, began by stating that from the Chinese perspective it is necessary to cooperate with the LIO. China’s rise and increasing Chinese prosperity are being facilitated by globalization and the growth and stability of the international system. Prof. Zhu said the real question to be asked is “How can the LIO be accommodating to rising powers?” The Trump administration’s recent actions to attack China on trade, he argued, are putting the country into a difficult position and are causing more instability around the world. The LIO, he contended, is a consequence of a well-balanced power structure, and global stability is supported by the regional distribution of power. If the U.S. is not balanced, then the world will witness greater disorder. In sum, he emphasized that the stability and continuity of the LIO would depend on how much countries around the world aspired to respect and cooperate with each other on the redistribution of power. He also argued that China is a beneficiary of the international order and would continue to maintain it, but it would be unwise for the U.S. and its allies to turn China and Russia into adversaries of the international system.

In the Q&A session, Ms. Glaser suggested through a moderated discussion with the audience that there might be a continuing contradiction or conflict between China and Russia’s illiberal domestic structures and norms and those of the LIO. There was also moderate discussion about whether China and Russia were working together to undermine the LIO and benefit their national interests. The panelists expressed mixed views on the extent of cooperation between China and Russia.

SESSION 2

Date | April 24, 2018
Time | 16:30-18:00

U.S.- Japan Alliance

Moderator

Martin Fackler
The New York Times

Speakers

Michael J. Green
Center for Strategic and
International Studies

Nishino Junya
Keio University

Park Cheol Hee
Seoul National University

T.J. Pempel
University of California,
Berkeley

Yamaguchi Noboru
International University of Japan

Rapporteur

Harry Dempsey
Asia Pacific Initiative

Session 2, “U.S.-Japan Alliance,” explored the challenges facing the U.S.-Japan alliance under the Trump administration and in relation to the recent developments on the Korean Peninsula.

The moderator, Mr. Martin Fackler, Assistant Asia Editor at the New York Times, split the session into two sections. The first section focused on whether Prime Minister Shinzo Abe’s pursuit of a close personal relationship with President Donald Trump has paid off, the effect of President Trump’s unpredictability on Tokyo’s strategic thinking, potential for trilateral cooperation between U.S., Japan and South Korea, and whether Japan can take on a bigger role in the LIO. The second section probed into potential outcomes of the Trump-Kim summit planned for June 2018 and their impact on the U.S.-Japan alliance.

In light of dangers to the alliance felt by Tokyo during President Trump’s election campaign, Dr. Michael J. Green, Senior Vice President for Asia and Japan Chair at the Centre for Strategic and International Studies, affirmed the strong trajectory of U.S.-Japan relations, but suggested that the next leader of Japan may not have such a close personal relationship with President Trump. He evaluated the “Trump shock” as less severe than the “Nixon or Carter shocks” because of the convergence between the U.S. and Japanese security establishments. The Japanese government has doubled down on the alliance and agreed to joint planning, something inconceivable 20 years ago. However, the deterioration of the East Asian security environment means that smaller shifts in U.S. commitment can have a greater effect. He emphasized the distance between the Trump administration



and the Japanese government when it comes to trade policy.

Dr. Green identified the Trump-Kim summit as an event which could cause greater alarm than the “Nixon shock,” although this is not inevitable. He viewed the summit as a trap. If President Trump offers a peace treaty, China and Russia could receive further concessions from the U.S. on issues such as THAAD deployment or the stationing of troops in Okinawa. Dr. Green spoke positively of existing Japanese contributions to the institutions constituting the LIO.

Dr. Nishino Junya, Professor at the Department of Political Science in Keio University, highlighted the political capital held by Prime Minister Abe by virtue of his personal relationship with President Trump. However, the dual factors of the Trump-



Kim summit and President Trump's harsh view of the trade deficit with Japan are negatively impacting bilateral relations. He outlined three risks posed by the summit: first, Japanese interests like the abductee issue may be left aside; second, President Trump could accept North Korea as a nuclear weapon state while striking a deal to end long-range ICBM development and; third, it may weaken the security commitment of the U.S. to Japan.

Lt. Gen. Noboru Yamaguchi, Professor at the Graduate School of International Relations in the International University of Japan, was skeptical that Japan has or will be shocked by President Trump but agreed with Dr. Nishino on the severity of the risks. He believed that the U.S. political system has demonstrated resilience to keep U.S.-Japan relations smooth, and Japan and South Korea are willing to wait for the U.S. The convergence in threat perceptions of North Korea held by the U.S., ROK, Japan, and China was said to be much closer than it used to be, which has helped align their policies. He made the suggestion that the U.S., China, Russia and Japan need to invest in North Korea if and when reunification becomes possible. In response to a question from the audience, he contended that the acquisition of nuclear weapons by Japan would be a mistake from a military point of view because Japan is too vulnerable.

Dr. Park Cheol Hee, Dean and Professor at the Graduate School of International Studies in Seoul National University, questioned the strength of the Abe-Trump relationship by pointing out the mismatch between U.S. and Japan on many key bilateral issues, such as the TPP and the Trump-Kim summit. In contrast to President Barack Obama, President Trump has shown little interest in historical issues and brokering a deal between Japan and South Korea in order to realize trilateral

cooperation. He faulted the U.S., Japan, and ROK for the weakness of its ability to transform illiberal powers to liberal powers.

Dr. Park also cautioned against excessive pessimism regarding the summit meeting. One reason for this is because North Korea will have to offer more than its previous promises to suspend nuclear testing. He praised President Trump for changing the metrics in dealing with North Korea. Dr. Park saw Chinese participation in sanctions on North Korea as vital to realizing the Trump-Kim summit. However, he was critical of Japanese fixation upon the abductee issue, to which Dr. Green countered that the media and the Diet cannot deal with such a matter dispassionately.

Dr. T.J. Pempel, Jack M. Forcey Professor of Political Science at University of California, Berkeley, argued that fears of abandonment and entrapment have been a feature of Japanese engagement within the alliance for over 50 years. A significant difference in this case is that President Trump does not have an abiding commitment to the LIO, which the Japanese government does. Taking the lead on the TPP-11 represented a serious commitment to the LIO from Japan. Nevertheless, he questioned Japan's ability to support the LIO if, on top of the failure to exempt Japan from the steel and aluminum tariffs, the U.S. continues pressure for a bilateral free trade agreement. He denounced the narrowing of U.S. engagement with Asia to just security interests, and he urged the U.S. to bring economic and soft power dimensions to its engagement. Further criticisms were made of the Trump administration's tendency to view issues and meetings in isolation without seeing the links between them.

Dr. Pempel did not expect a positive outcome from the summit meeting and envisaged a win for China, as those countries that want to pressure North Korea will face a crisis of cooperation. This is due to the prematurity of the summit and President Trump's lack of a clear definition of what denuclearization means.

SESSION 2

Date | April 24, 2018
Time | 16:30-18:00

Cyber Security

Moderator

David Sanger

The New York Times

Speakers

Kate Brannen

Just Security

Neal Pollard

PricewaterhouseCoopers LLP

Michael Sulmeyer

Harvard Kennedy School
Belfer Center

Richard Weitz

Hudson Institute

Rapporteur

Troy Stangarone

Korean Economic Institute of
America

Session 4, “Cyber Security,” discussed the state use of cyber tools. While this is still a relatively new field, it has the potential to disrupt the liberal international order (LIO), and norms of behavior have not been established in all areas of cyber. The discussion focused on why it is likely too late to establish effective rules for the use of cyber tools, and the panelists looked at North Korea’s role in undermining the establishment of broader norms related to cyber.

Dr. Michael Sulmeyer of the Harvard Kennedy School Belfer Center said that while there had been progress on extending the LIO to issues of internet freedom, elements of cyber hold the potential to disrupt the LIO as well. However, in many areas, it is perhaps 15 years too late to bring countries together to establish new norms of behavior. For example, norms of self-restraint have not been established when it comes to the peacetime usage of offensive cyber tools and are unlikely to be established. This is because cyber tools have a low barrier to entry, offer significant gains for states, and there is a low risk of being punished for their usage. Ms. Kate Brannen of *Just Security* also pointed out that U.S. President Donald Trump’s lack of response to Russia’s cyber operations during the 2016 U.S. elections stymies broader U.S. cyber strategy.

Mr. Neal Pollard of PricewaterhouseCoopers and Dr. Sulmeyer argued that North Korea has played a significant role in the inability to establish peacetime norms for cyber. North Korea has exploited offensive cyber operations for their low cost and effectiveness. It has clear and specific goals, and in contrast to most

states, it is unconcerned with being identified as an attacker. Pollard suggested that the Dark Seoul and Sony attacks changed the way states viewed cyber. These attacks demonstrated that cyber can be used for political reasons with low cost, demonstrating to other states not only the attractiveness of cyber but the low risk of retaliation. With the lack of retaliation to attacks, little incentive has developed for states to give up offensive cyber capabilities. Ms. Brannen also argued that it was easier to cooperate in the past, especially among Western countries, on issues such as nuclear and chemical weapons because there was little desire on the part of other states to use them. This is not the case with cyber, as many states have an incentive to use these capabilities.

Cyber-attacks have also developed differently than most experts expected, according to Mr. Pollard. Early in the cyber age, the concern was that there would be a “cyber Pearl Harbor” that would consist of a large scale attack on infrastructure, such as power grids or dams. Instead, they have mostly been focused on stealing data or undermining the integrity of systems. However, Mr. Pollard noted that these efforts could escalate to real world conflicts.



When it comes to offensive cyber attacks, the general perception, according to Dr. Sulmeyer, is that the United States took action first and other states followed. However, that narrative is flawed, as other states had strong incentives to develop their own cyber tools. He also argued that the Trump administration's suggestion that it might respond with nuclear weapons to crippling non-nuclear strikes isn't really as significant as it sounds, as prior U.S. administrations had not ruled out the use of nuclear weapons in the event of a cyber attack.



Deterrence against cyber-attacks is also difficult. There is a wide range of vulnerabilities, due to cyber's connection to the private sector, in addition to government and military operations. In more conventional conflicts, cyber tools can serve as both a deterrent

and a means for escalation. According to Dr. Richard Weitz of the Hudson Institute, the United States and Russia have thought carefully about how conflicts might arise and how nuclear weapons would or would not be used. Cyber tools, on the other hand, come with more uncertainty in terms of capabilities and vulnerabilities. They can deter conflicts because states are unsure of a potential opponent's capabilities, but using cyber tools during a conventional conflict could lead to escalation, as countries seek to use weapons before command and control functions are interrupted. Targeting command and control functions to limit an enemy's response options may also be seen by an opponent as an attack itself. He also warned that norms for the use of conventional weapons, including chemical weapons, are breaking down as cyber tools become embedded in countries' arsenals.

Offensive cyber tools are also hard to deter because there is a low barrier to entry by the private sector. As Mr. Pollard points out, it would be difficult to defend every device, and there are weak social norms for reducing vulnerabilities due to the economic benefits of an open system. Ms. Brannen noted that another cyber challenge is that digital risks are increasingly becoming physical risks as more devices are connected and the costs to individuals becomes clearer. As societies develop the "internet of things," systems will become more vulnerable and insufficient security will bring greater dangers.

However, unlike with nuclear weapons, disclosure of capabilities by states won't serve as a form of deterrence. Instead, being transparent about cyber capabilities would allow other states to close off vulnerabilities. Because of the challenges for cyber deterrence, Dr. Sulmeyer argues that deterrence does not work and is unnecessary. Instead, he advocated for an effort to degrade the cyber capabilities of an opponent without resorting to conventional war. Dr. Weitz, though, suggested that the United States has an incentive to convince states to follow cyber norms as a result of its significant conventional advantage over other potential competitors. Ms. Brannen, in contrast, argued that to make devices safer a good place to start for cyber protection would be the regulatory sphere.

NIGHT SESSION

Date | April 24, 2018
Time | 21:00-22:30

Sharp Power

Moderator

Gilbert Rozman
The Asan Forum

Speakers

Choi Kang
The Asan Institute
for Policy Studies

Hosoya Yuichi
Keio University

John Park
Harvard Kennedy School Belfer
Center

Jane Perlez
The New York Times

Christopher Walker
National Endowment for
Democracy

Rapporteur

Karl Friedhoff
Chicago Council on Global
Affairs

Dr. Gilbert Rozman opened the panel “Sharp Power” by noting that sharp power was a relatively new term, but one that has caught on quickly. The working definition he provided positioned sharp power as a means to disrupt—often in secretive ways—the soft power of other countries. A secondary function of sharp power, and this is perhaps the underlying motivation, was to undermine the sense of identity in the targeted nation. Ultimately, he said, the conversation about sharp power was one that was about national identity. Because of this, sharp power was proving to be a remarkably disruptive force to the liberal international order.

Dr. Choi Kang presented the case study of China’s use of sharp power against South Korea in retaliation for South Korea’s installation of a THAAD missile defense battery. Dr. Choi stated that South Korea remained under informal sanctions. However, throughout the process, China had used its power too bluntly. The result was that South Korean public opinion towards China had taken a negative turn. But China’s blunt use of sharp power would not last forever. In the future, Dr. Choi predicted, it would begin to use its power in more disruptive ways.

While a significant part of China’s retaliation against South Korea was economic—thereby linking trade and security issues—this was not the only instance of China’s use of sharp power against South Korea. Many of their actions were informational, and China has especially attempted to build networks with political parties. Dr. Choi stated that members of the current ruling party feel closer to China than they do to the United States. But even

as China has undertaken these efforts against South Korea, they have largely failed. This is because in the face of China’s sharp power, South Korea stood firm. The public did not waiver, and China eventually backed off.

Ms. Jane Perlez discussed the case of China’s use of sharp power against Australia, noting that Australia is an important prize for China. It is one of the 5 Eyes countries; it is resource laden; and it is an important source of China’s fresh foods and pharmaceuticals. Moreover, Australia has large number of Chinese-national students in the country. But as in South Korea, China has exercised its sharp power crudely, leading to a backlash. In Australia, the primary example has revolved



around political campaign donations. Ms. Perlez noted that Australia had tracked \$6 million in campaign contributions to just two Chinese businessmen. Australian media reported that at least ten candidates had close ties to Chinese intelligence, and one politician resigned after it was found that he had used Chinese money to pay off personal debts. In response, Australia is preparing new legislation that would restrict foreign campaign financing and also refused to sign onto China’s One Belt One Road initiative.

In comparison to the previously mentioned cases, Dr. Hosoya Yuichi started by noting that Chinese sharp power is penetrating Japan but is extremely unsuccessful. For more than 1,000 years, China has influenced Japan, but Japan has long resisted, and a significant part of Japanese

identity is in resisting Chinese advances. He also noted the stark reversal in Chinese views from the 1970s to the present. After Japan received a panda from China in the 1970s, public opinion of China was more than 70 percent positive. Now, more than 80 percent of the Japanese public holds unfavorable views towards China.

A running thread through all three cases was the presence of Confucius Institutes, an issue addressed directly by Mr. Christopher Walker. In the United States, attitudes about the Confucius Institutes are reaching an inflection point. While American academia does not want to block or deny learning, there is a realization that transparency and accountability must be maintained. This is problematic when it comes to these institutes. First, these are state run enterprises, and are ultimately pieces of China's propaganda apparatus. The Chinese staff that are assigned to manage these institutes are vetted by the propaganda arm of the government. Moreover, Mr. Walker stated, there is little transparency when it comes to the Confucius Institutes. The contracts they sign with their host institutions in the United States are confidential, and that is by request of the Chinese. If these institutional relationships are to be continued, then transparency needs to be increased.

Dr. John Park put these cases studies into a broader context, noting that bedrock democracies make the softest targets for sharp power efforts. Their openness makes them especially vulnerable and even more so today. In many of these democracies, there are pre-existing marginalized voters, and these cohorts prove to be fertile ground for sharp power campaigns. Moreover, the current

turmoil in these democracies makes it very difficult for them to coordinate with one another to act against sharp power deployments.

Liberal democracies face key challenges when countering sharp power, according to Dr. Park. First, these countries must continue to conduct elections in a fair way. This creates openings that may be vulnerable to sharp power deployments, especially those focused on existing political divisions. The deeper those divisions are, they easier they will be to exploit. The second challenge is that, once elected, the winners must govern. Once again, a deeply divided society that is the target of sharp power will likely create more problems for governance, further undermining the efficacy of the elected government.

Dr. Park then highlighted three components by which liberal democracies could counter sharp power. First, these countries need to identify cyber vulnerabilities in their democratic processes. This is more than just looking at ballot boxes. How information is disseminated is also important. Second, there needs to be better safeguards of databases and online storage. These are too easily exploitable by countries looking to deploy sharp power campaigns against domestic elections. Finally, there should be a significant education campaign aimed at state and local officials. These officials are most closely linked to conducting elections, and if they are unaware of sharp power tactics, then vulnerabilities will be exacerbated.

In closing, Dr. Park ended with a quote from Antoine de Saint-Exupéry that summed up the most important aspect of protecting liberal democracies from incursions of sharp power. "If you want to build a ship, don't drum up the men to gather wood, divide the work, and give orders. Instead, teach them to yearn for the vast and endless sea." That is, for democracies to be protected, successful, and enduring, citizens of liberal democracies must understand and cherish democratic values. If we are unable to instill these basic values in the citizens of democracies, then those democracies will ultimately be doomed.



NIGHT SESSION

Date | April 24, 2018
Time | 21:00-22:30

Values Diplomacy

Moderator

J. James Kim

The Asan Institute
for Policy Studies

Speakers

Patrick Cronin

Center for a New American
Security

Michael J. Green

Center for Strategic and
International Studies

Hikotani Takako

Columbia University

James B. Steinberg

Syracuse University

Rapporteur

Jeanne Choi

Paul H. Nitze School of
Advanced International Studies,
Johns Hopkins University

The topic of the Night Session “Values Diplomacy” was the role, if any, that values play in foreign policy and diplomacy. Panelists discussed the interplay and possible competition between values and national interests, while also commenting on the future of “liberal” values in the context of the election of President Donald Trump and the perceived decline of democracy in some parts of the world. While there was general agreement that no foreign policy is unconnected to the values of its home country, panelists had differing views on what the rise of China and its alternative values system means for the Liberal International Order (LIO).

Commencing the discussion, the session moderator, Dr. J. James Kim, Director of the Washington, D.C. Office and Research Fellow in the American Politics and Policy Program at the Asan Institute for Policy Studies, asked for examples of what values have shaped foreign policy among western powers. Dr. Michael Green, Senior Vice President for Asia and Japan Chair at the Center for Strategic and International Studies (CSIS), and Director of Asian Studies at Georgetown University, traced the history of these key values in American history. He provided examples of the values and norms that are most important to Asian policymakers, including good governance, human rights, free elections, the rule of law, and women’s empowerment. Dr. Green argued that the continued championing of such norms would be the best defense against the threat of illiberalism. In addressing the question of whether certain “universal” values exist, he clarified that how values are defined are often a function of power and threat perception. He also reminded the panel and audience that the concept of non-interference was extremely

important to China, India, and other post-colonial states in the region.

Dr. Patrick Cronin, Senior Director of the Asia-Pacific Security Program at the Center for a New American Security (CNAS), followed up by responding to a question about the connection between values and national interests. Dr. Cronin remarked that, while values and interests often go together, policy is often executed by non-independent agents that are less motivated to have an academic debate on values. He also noted that government is neither the only nor the most important actor in many areas of foreign policy, asserting that civil society and the free press are critical institutions that often do more than governments to promote human rights. Continuing Dr. Green’s earlier argument, he stated that it is important for the U.S. and other democracies to stand up for liberal values while being cautious in how it intervenes in the affairs of other countries.

Discussion turned then to the question of whether there are “universal” values, such as democracy, that countries of the liberal order and the U.S. in particular have a tendency to promote.



Panelists agreed that the context of each country’s foreign policy mattered a great deal. Dr. Green further explained that a society’s values, whether universal or not, is grounded in the domestic and regional power struggles of the time. Giving the example of Japanese and Korean policymakers making a distinction between Asian values as separate from universal values, Dr.

Green contended that this conception of distinct value systems was based on struggles in East Asia against Anglo-American paternalism.

The moderator then asked panelists whether the promotion of universal values by the U.S. put American foreign policy at a disadvantage. Dr. James Steinberg, Professor of Social Science, International Affairs and Law at Syracuse University, posited that it was actually an advantage in that other countries expected that the U.S. would use its power for good since its foreign policy was underpinned by certain values. Dr. Steinberg further argued that universal values included not only political and civil rights, but also economic and social rights. Reaffirming developing countries' priority on economic development values, Dr. Steinberg stated that, while universality is important, countries cannot pick and choose amongst universal principles.

Turning next to the Japanese perspective, Dr. Hikotani Takako, Gerald L. Curtis Associate Professor of Modern Japanese Politics and Foreign Policy at Columbia University, explained that, while Japanese foreign policy was often viewed as value neutral, there has been a shift and Japan is expected to maintain the LIO in the region in the absence of continued U.S. leadership. Japanese foreign policy under Prime Minister Abe has become a values-based diplomacy that seeks to uphold freedom and prosperity. She laid out the three new aspects of Japan's values-driven foreign policy: first, the importance of the rule of law; second, the emphasis on economic interconnections; and third, the need to maintain the freedom of navigation, explicitly linking democracy to defense capacity in the Asia-Pacific region.

Discussion followed on other examples in Asia of values-driven foreign policy, including most notably China and the alternative values model it has promoted. Dr. Cronin outlined the foreign policy values of the Republic of Korea, Taiwan, Japan, Singapore, and Australia. Panelists did not agree that there was an emerging Cold War-style competition between U.S. and Chinese value systems. Dr. Green argued that China was a part of the international system as a major trading partner of the U.S. and its Asian neighbors. He did raise some concern that there is a



growing sense among the democracies of the region that their values are in jeopardy. Dr. Cronin agreed with this view, stating that democracy is on the run in Southeast Asia and that this “democratic recession,” combined with China’s creeping influence in the region, was a concern. Dr. Steinberg presented another perspective, arguing that China was not trying to export its model to other countries, but was simply presenting an alternative. Competition in the region was therefore less about two universalist value systems at odds with each other, and more about feelings that China has been attempting to enhance its own security at the expense of others.

Finally, panelists addressed questions regarding the role of values in the upcoming negotiations with the DPRK and offered their recommendations to regional leaders in the face of Trump’s America First foreign policy. Panelists agreed with Dr. Takako’s advice that it was in the interest of Asian countries to keep key institutions alive and strong. Other panelists recommended focusing on areas of future cooperation with the U.S., such as the maritime commons. The discussion ended on an optimistic note with Dr. Green remarking that when allies that share values coordinate, they have the potential to have a great impact.

10TH ANNIVERSARY DINNER

Date | April 24, 2018
Time | 18:30-21:00

Dinner Speech

Distinguished guests, ladies and gentlemen, Good evening.

As we celebrate the 10th anniversary of the Asan Institute for Policy Studies, I would like to thank all those who have helped us along the way.

Asan is the pen-name of my father, the late Chung Ju-Yung. It is also the name of his home village, Asan-ri, on the foothills of Mount Geumgang, now in North Korea. My father grew up in a poor farming family. He received three years of Classical Confucian training at a traditional Confucian primary school, Seodang. His teacher was his grandfather. Then he attended local elementary school run by the Japanese colonial government for three years. That was all the formal education that he received.

As he toiled on the farm, his dream was to move to the city. His dream was fanned by what he read in *Dong-A Ilbo*, the only newspaper available to him. The paper was delivered every day to the village elder. He was able to read the paper only after all the village elders had gone through it. He poured over each and every word because it was the only source of information about the outside world. He said that he was naïve enough to think that the stories in the serialized novels in the paper were true.

At the age of 16, he made his way to Seoul on foot. Before starting an auto-repair shop he worked as a stevedore in the docks of Incheon, as a construction worker, and as a rice delivery boy. The rest, as they say, is history.



Chung Mong Joon
Founder and Honorary
Chairman,
The Asan Institute
for Policy Studies

My father yearned for home. His favorite place in South Korea was Gangneung, the venue for the 2018 Winter Olympics. This was the closest he could get to his home village he could no longer return to because of national division. That is why he wanted to help the people of North Korea. When the opportunity came for him to do so, he did. He started the Mount Geumgang tourist project as well as the Gaesung Industrial Complex. He took 1,001 heads of cow loaded on 100 Hyundai trucks across the DMZ which dramatized the beginning of inter-Korean exchanges. It has been said that the North Koreans far more appreciated the trucks than the cows.

However, he had no illusions about the reality of the division. When he visited his relatives in North Korea, he was able to stay the night. In the middle of the night, his aunt pulled him under the cover of a thick blanket and whispered, “Please go back as soon as you can.” He understood what she meant.

Today, we stand at another critical juncture for the Korean peninsula. I am happy that the Asan Institute has become a gathering place for important ideas and leading experts on Korea and the region. I would like to thank the Asan Institute’s board members and President Hahm Chaibong for their work in building the Institute and for organizing this conference.

Both Chaibong and I are Johns Hopkins alumni. Chaibong was born in Boston when his father was attending Harvard Law School. His family moved back to Korea when he was one-year old, taking a train from Boston to San Francisco and then by a U.S. military cargo ship across the Pacific. That was the most



economic way to get home at that time.

The world has changed much since then. Korea has also gone through a great transformation. However, one thing never seems to change: Korea is a small player in a tough neighborhood. Our security environment is undergoing rapid change, once again. South Korea is like a small boat tossed by the sea.

If we look at the sheer magnitude of the geopolitics of the vast Eurasian continent, the fact that a small country like South Korea, located at the eastern tip of the continent, survives as a free democracy is a miracle, a miracle in progress. In order to sustain this miracle, I ask for your wisdom in these turbulent times.

Thank you very much.

DAY 2

April 25, 2018

Plenary Session III	Geoeconomics
Session 3	Indo-Pacific and LIO Populism v. LIO: EU NATO
Session 4	Northeast Asia and LIO Middle East and LIO Southeast Asia and LIO
Plenary Session IV	The Outlier: North Korea

PLENARY SESSION III

Date | April 25, 2018
Time | 09:00-10:30

Geoeconomics

Moderator

Choi Byung-il
Ewha Womans University

Speakers

Fukagawa Yukiko
Waseda University

Peter Harrell
Center for a New American
Security

Yukon Huang
Carnegie Endowment for
International Peace

Walter Russel Mead
Hudson Institute; Bard College

Benn Steil
Council on Foreign Relations

Rapporteur

Troy Stangarone
Korean Economic Institute of
America

The third Plenary Session, “Geoeconomics,” explored the role of economic statecraft in achieving diplomatic and security objectives. In beginning the discussion, the moderator, Choi Byung-il, suggested that we are seeing a shift in the use of geoeconomic tools as the United States begins to shift from rules based free trade to power based managed trade.

Professor Walter R. Mead of Bard College and the Hudson Institute noted that geoeconomics has always existed and that the current liberal international order is an example of the successful use of geoeconomics. In the aftermath of the Second World War, the United States and Western nations used the Marshall Plan and the establishment of the European Coal and Steel Community as parts of a broader containment strategy developed to deal with the Soviet Union after the war. If the system were to falter or be challenged, Mead argued that it would be geoeconomic tools that a challenger would use to change the system and the same geoeconomic tools that states invested in the system would use to defend it.

Mr. Peter Harrell of the Center for a New American Security concurred with Mead’s assessment of geoeconomics as a tool for advancing international strategic goals. He noted that the United States’ first FTA with Israel was for strategic reasons, as later Middle Eastern FTAs were designed to address the threat from terrorism. He noted that the rise of the discussion of geoeconomics is really about the rise of states that were traditionally outside the liberal international order.



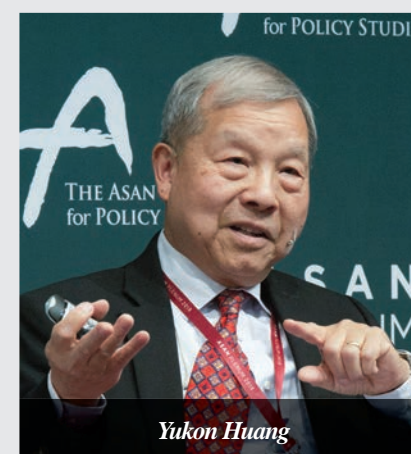
Choi Byung-il



Fukagawa Yukiko



Peter Harrell



Yukon Huang



Walter Russel Mead



Benn Steil

Prof. Mead explained that the U.S. strategy for using geoeconomics was influenced by the United Kingdom’s use of geoeconomics. The UK, in response to the contained systems of Spain and Portugal, sought to develop a global system that other states could join. They hoped that by creating a system that benefited all states rather than keeping wealth locked within a closed system there would be incentives for other states to remain in the system. However, despite benefiting from the system, Germany sought to overturn it in order to become the world’s dominant power, but

found that the tools of global markets that had made Germany prosperous could also be used to defeat it.

Dr. Benn Steil of the Council on Foreign Relations built on Mead's discussion of the historical use of geoeconomics and noted that both Presidents Franklin Roosevelt and Harry Truman sought to use geoeconomics to shape events after the war. The initial institutions of the liberal international order, such as the World Bank and the IMF, were part of Roosevelt's "one world"

vision. However, when it became clear to Truman that Russia would not take part in the new order, he shifted to a "two world" vision and developed institutions for a bipolar system, such as NATO and the Marshall Plan, which evolved out of the U.S. military's desire to project power without using military force. The usage of geoeconomic tools by the United States survived the Cold War and into the post-Cold War period as the United States sought to use the North American Free Trade Agreement to shape its relations with Mexico and the Trans-

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Pacific Partnership to establish norms that would prevent China from dominating East Asia. However, with the inauguration of the Trump administration, the United States has shifted from a geostrategic vision to a bilateral one, giving up the usage of elements of geostrategic thinking in the current international environment.

While China, Russia, and Iran are all revisionist powers, China is the state with the greatest economic ability to change the system. Dr. Yukon Huang from the Carnegie Endowment for International Peace argued that China wants to be a global leader, but states are apprehensive about its rise. Because it lacks the soft power of the United States and other international actors, it uses geoeconomic tools to achieve its international objectives. One of the tools that China is using is the Belt and Road Initiative. This is designed to reshape the global trading system and allow China to rebalance its international investment to give it a global presence. According to Mead, it is also an effort to shift power back to the historic land routes and away from the sea. Lastly, Dr. Huang noted that economic tensions in the world tend to correlate with China's trade surpluses and deficits.

Regarding the use of coercive geoeconomic tools, Mr. Harrell noted that we began to see more usage as states traditionally seen as outside of the liberal international order such as China, Russia, and Saudi Arabia rise. Previously, coercive actions by these states would not be seen as a threat, but as they have grown in economic size and interconnectivity, they have developed a greater capacity to use geoeconomic tools. This has led to a shift where geoeconomic coercion is now used against democracies, as well as authoritarian regimes. Other shifts have taken place as well. While the United States was transparent with the geoeconomic tools and means it used, China has not been transparent. Dr. Huang explained that this is partially due to China's lack of laws and regulatory framework necessary to be transparent. According to Mr. Harrell, another way rising powers and the United States tend to differ in their use of geoeconomics is that the United States used these tools to reinforce the liberal international order, whereas rising states use them to subvert it.

Despite concerns about the waning liberal international order, Dr. Fukagawa Yukiko of Waseda University argued that the order will survive because it is needed. She noted that even China still values trade for economic growth. She also argued that much of the reaction to the liberal international order among G-7 countries, with the exception of commodity exporters in Australia and Canada, is part of a process that Japan went through with the economic bubble of the 1980s. Each country has its own version of Make America Great Again, and they tend to revolve around improving competitiveness, reexamining trade deals, and decreasing the value of a country's currency. In the end, Japan has learned that the keys to success are innovation and the labor market reforms that make innovation possible. Dr. Fukagawa also noted that she expected Trump's bilateral vision of trade to win out in the end.

SESSION 3

Date | April 25, 2018
Time | 10:45-12:15

Indo-Pacific and LIO

Moderator

Simon Long
The Economist

Speakers

James Choi
Embassy of Australia, Seoul

Vikram Doraiswami
Embassy of India, Seoul

Joseph Chin Yong Liow
RSIS, Nanyang Technological University

Mark Lippert
Boeing International

You Ji
University of Macau

Rapporteur

Harry Dempsey
Asia Pacific Initiative

Session 3, “Indo-Pacific and LIO,” examined the Indo-Pacific strategic concept from the perspectives of Australia, India, ASEAN, U.S., and China. The moderator, Mr. Simon Long, International Editor at *The Economist*, began by emphasizing the important role Australia played in promoting the concept.



In affirmation, Australian Ambassador to the ROK James Choi confirmed the long-standing role of the Indo-Pacific in Australian foreign policy, although nations beyond the region, including the South Korea, struggle to understand its meaning. Amb. Choi outlined the two trends of the Indo-Pacific: economic growth shifting westward and India turning eastward. He clarified that the Indo-Pacific strategy is not aiming to contain China and that

Australia believes that is impossible. The quadrilateral dialogue is not equivalent to the Indo-Pacific strategy but merely one mechanism of it. Amb. Choi admitted that there is no shared Indo-Pacific strategy among quad members. Rather, it is a loose grouping of like-minded countries held together by their vision for an open, inclusive, and secure region free of coercion. He made a further clarification that Australia prefers to define the goal in terms of a rules-based order, rather than the LIO. These rules include open markets, the right of small states to be treated equally, and preventing unilateral actions from defining competition.

Amb. Choi denied that U.S.-China strategic competition would overrule the Indo-Pacific strategy. Using the Sydney Declaration as evidence, he confirmed a greater role for ASEAN in the strategy. Australia's ultimate objective for trade is a region-wide trade agreement with CPTPP as the initial stepping stone.

Indian Ambassador to the ROK Vikram Doraiswami explained that India's strategic focus is the maritime sphere, given that India is a peninsula. He tracked how Indian strategic thinking has expanded from the traditional focus on the area between the Gulf of Aden and Straits of Malacca to a wider area, spanning from East Africa to the Pacific coast of the U.S. The Indian government has also combined artificially separate strands of thinking on the Indian Ocean and Asia-Pacific. For India, the strategy covers geographical, economic, energy, and strategic interests. Furthermore, he sees the strategy as critical for dealing with global challenges, such as global warming and food security. Amb. Doraiswami spelt out his conception of a vision for the Indo-Pacific as shared, inclusive global commons. He linked the strategy to Indian Prime Minister Narendra Modi's SAGAR concept, Security and Growth for All in the Region, by working on bilateral and multilateral tracks to create a consensual rules-based order.

In terms of challenges, Amb. Doraiswami saw the tripartite rise of China, India, and ASEAN as critical factors. This is at the same time as the U.S. tries to maintain a foothold in the region and outliers like North Korea require management. He warned

that states will hedge against what they perceive to be worst case scenarios, implying that poor communication of the quad's intention to China could result in escalation. He underlined the need for security structures in the region to address this issue. Politics in Asia have not kept up with the developments in economics, illustrated by 40 countries having China as their top trading partner, with political relations with China lagging behind. In response to a question about Indian qualms over RCEP, Amb. Doraiswami denied that India fears a surge of Chinese imports, and claimed that no counterparts are willing to open up their services market in return for India opening up its goods market.

Dr. Joseph Chin Yong Liow, Dean at the S. Rajaratnam School of International Studies in Nanyang Technological University, conveyed Southeast Asian curiosity in the Indo-Pacific idea but also its nebulous nature at present. He gave three reasons for and against Southeast Asian receptivity towards the Indo-Pacific strategy. Reasons for included: 1) it displays the Trump administration's commitment to the region 2) there are preliminary signs that regional powers will become more involved, and 3) ASEAN members are willing to endorse the principles of freedom and openness. Reasons against were: 1) Southeast Asia's strategic position remains unaddressed, 2) how Southeast Asian interests and ASEAN-led institutions will be integrated into the Indo-Pacific strategy's mechanisms is unclear, and 3) China may not be persuaded that the Indo-Pacific strategy's purpose and agenda is not containment. If China remains unconvinced, it will put Southeast Asian nations in a difficult position.

Speaking from the perspective of continuities and divergences from the Obama administration's pivot to Asia, Mark Lippert, former U.S. Ambassador to the ROK and current Vice-President of Boeing International, stressed that the Indo-Pacific is a continuation of a bipartisan legacy of foreign policy toward Asia. Rule of law and freedom from coercion can be seen as continuing elements from the Obama administration. Nevertheless, trade policy is an area of abrupt divergence. The Trump administration has taken more of a "point-to-point" approach, rather than first working through allies, as was done under the Obama

administration. Amb. Lippert praised the economic integration of South Asia and the establishment of an alternative development financing mechanism. He expressed doubts over the ability to implement the strategy because of competing foreign policy priorities, vacancies in key positions in Washington, cuts to resources, and the difficulty of coordination between government agencies, as well as between allies and partners.



Dr. You Ji, Professor of International Relations at the University of Macau, gave two reasons for U.S. support of the concept: 1) President Trump needed a concept to replace the pivot to Asia and 2) the clash between visible naval and economic expansion by China and India's move eastwards. He identified the Indo-Pacific as a possible future naval battlefield, in which India and Australia would have the responsibility to cut off trade routes to China, effectively characterizing the strategy as an act of sharp power. He postulated that a kind of Asian NATO may emerge and that the strategy would expand to include other regional influencers. Chinese attempts to create alternative institutions of support were evaluated as insufficient. He advised the Chinese government to balance protecting its national interests with being sensitive to the concerns of other countries. Dr. You argued that the Indo-Pacific strategy will encourage China to further militarize and engage in geoeconomic coercion of regional neighbors. He countered the claim that the U.S. is retreating from the region, as it is increasing its military presence. Ultimately, he sees the Indo-Pacific strategy as shrinking strategic room for middle powers.

SESSION 3

Date | April 25, 2018
Time | 10:45-12:15

Populism v. LIO: EU

Moderator

Ali Aslan

TV Presenter & Journalist

Speakers

Karel De Gucht

Free University of Brussels

Kim Joon Suk

Catholic University of Korea

Michael Reiterer

EU Delegation to the Republic
of Korea

Philip Stephens

Financial Times

Rapporteur

Karl Friedhoff

Chicago Council on Global
Affairs



Minister Karel De Gucht opened the panel “Populism v. LIO: EU” by illustrating the link between the rise of illiberalism in Europe and the increase in migration. According to Minister De Gucht, this issue has created immense challenges for the European Union, but pointed out that this is not the first crisis the EU has faced. The Compromise of Luxembourg was another such challenge but was eventually overcome. In fact, Minister De Gucht argued, it is only when the EU faces difficult situations that it is able to find solutions. But he also pointed out increasing transparency is an additional challenge for the EU. The EU was established by diplomats and politicians behind closed doors, and its decision-making progress remains opaque. But its broader transition to democracy means that decisions must be made in the open. Without this, the EU will face continued difficulties.

Dr. Kim Joon Suk further highlighted the challenges facing the EU by noting the three recent crises. The first was the Eurozone crisis, which plagued the EU since the end of 2009. The crisis was serious enough that it led some to speculate about the break-up of the Eurozone. The second was the refugee crisis, which saw the EU struggle with how to accept a flood of immigrants from conflicts in nearby regions. And finally, populism in Europe was turning into a third and potentially devastating crisis. At the root of these issues, Dr. Kim stated, was the decision taken in 1989 to create a tighter and more coherent EU. The decision, he said, was pure realpolitik, as it ensured Germany could never again dominate Europe. It was this decision that led to the crises of today, as it created huge gaps between creditors and debtors. In this case, the creditors were the policy makers and the debtors were the populace, creating a fundamental inequality within the EU. One way to alleviate these challenges is for Germany to play a more prominent leadership role, but Germany interprets calls for leadership as other countries asking for money.

Despite these multiple challenges, Ambassador Michael Reiterer said he did not feel that he represented a bloc of countries in crisis. In fact, he represented the largest trading bloc in the world, and the euro remained the second largest currency, after the dollar. Moreover, the EU was growing faster than both the United States and Japan. It was also the largest investor in the

world. In short, the EU continued to thrive economically despite the challenges it faces.

Mr. Philip Stephens disagreed, saying that of the three crises already mentioned, the upsurge in populism and the concomitant rise of nationalism represented an existential threat to the EU. The rise of these features was driven by increasing globalization, which is a form of constant revolution, as it perpetually changes established norms. The populists of the world have risen to address these issues, and in many cases they are addressing real grievances of the public. These grievances include the fact that incomes have been driven down by immigration and cultural dislocation. On top of this, outside of the top five percent of earners, wages have either stagnated or decreased in real terms. But while the solutions offered by populists may sound good in the short-term, they do not actually address the underlying causes. Mr. Stephens suggested that there need to be significant changes in the tax system, as well as improvements in education and training policies. Moreover, if the liberal international order is to survive, it will require the consent of the governed. For too long, that consent has not been truly sought.

Minister De Gucht agreed that nationalism was a serious problem, but that the creation of the EU fundamentally altered the potential impact of that nationalism. Brexit is showing other countries just how costly a potential exit of the EU will be, and



thus many other nations do not want to go down that path. For that reason, the EU should continue to expand to ensure that more nations are effectively tied into the system.

Dr. Kim disagreed with this assessment. In his view, it was ongoing integration that was driving the backlash in countries already in the EU. These countries no longer had sovereign control of many aspects of their domestic policy. Thus, the EU should give up on its project of an ever-closer union in order to save the EU as a whole. This did not mean downsizing the EU, but instead loosening the rules.

Mr. Stephens said that the longer-term expansion of the EU was a good thing, and that it should eventually proceed all the way to the Balkans. For him, it was not a question of loosening or tightening the rules of the EU. Instead, it was a collective challenge to address the very real problems facing Europe. Addressing these problems should not just be a matter of changing the language. Instead, the EU needed to change the facts on the ground. Issues of stagnant or declining wages and the feeling of cultural dislocation needs to be addressed.

To address these ongoing issues, Dr. Kim suggested a renewed commitment to democratic responsibility. The difficulty will be in building institutional arrangements to give the people a sense of control. But even if such arrangements can be put in place, it may not work effectively. This is due to the fundamental tension between what the people may want, and what the politicians running the EU may envision. This will then provide space for populists to grow and thrive. Therefore, Dr. Kim argued, the EU should be happy with what it has achieved thus far and forego further expansion, as that expansion will only invite further backlash.

The other panelists largely disagreed with this assessment, saying that there was much more value for the EU countries in sticking together and that there were significant advantages to expanding. However, Mr. Stephens noted that 20 years ago it was easy to assume that the EU would be around forever. That assumption is no longer easy to make.

SESSION 3

Date | April 25, 2018
Time | 10:45-12:15

NATO

Moderator

Lena Schipper
The Economist

Speakers

Daniel Fried
Atlantic Council

James M. Lindsay
Council on Foreign Relations

Vasil Sikharulidze
Atlantic Council of Georgia

Alexander Vershbow
Atlantic Council

Rapporteur

Cho Eun A
The Asan Forum

Session 3, “NATO,” moderated by Lena Schipper of *The Economist*, examined the role of NATO in protecting the liberal international order (LIO) and its relevance in Asia today. Ambassador Daniel Fried of Atlantic Council began the conversation by laying out the historical context of NATO, highlighting its three objectives: keeping Russia out, the United States in, and Germany down. Reflecting these original purposes, NATO expanded eastward in the 1980s as countries reemerged from communist rule. Amb. Fried contended that NATO, as a regional security mechanism, has been largely successful: its effect on Eastern Europe was positive and its enlargement made possible the expansion of the EU. Amb. Fried also argued that, contrary to Russian claims, neither NATO nor a “democratic, united West” threatens Russia. In discussing NATO’s relevance in Asia, Amb. Fried recalled the efforts of the Eisenhower administration to extend the NATO model to the Middle East and Asia, which failed spectacularly due to a lack of strategic rationale and limited support from the U.S. partners in the region. While expressing skepticism about the prospects of a similar regional security architecture in Asia, Amb. Fried concluded that the NATO model should be closely studied in any such initiative.

Dr. James M. Lindsay of the Council on Foreign Relations described NATO as the most well-developed expression of the liberal international order, and asserted that without NATO, the sustainability of this order would be inconceivable. According to Dr. Lindsay, however, NATO today faces three challenges: 1) Russian pressure on Europe as Putin seeks to divide the West broadly and NATO specifically; 2) the rise of illiberalism among

NATO member states—for instance, Turkey, Hungary, and Poland; and 3) Donald Trump, whose skepticism of military alliances and transactional approach to burden-sharing may be incompatible with the principles of NATO. In light of these challenges, Dr. Lindsay stressed the need to recalibrate NATO by: 1) urging its member states to increase military spending to 2% of GDP by 2024; 2) addressing issues of its readiness and sustainability during wartime; and 3) establishing a process by which to confront its illiberal members. In spite of these shortcomings, however, Dr. Lindsay found reasons to be optimistic about the future of NATO, as public support is strong and growing, and European leaders recognize more acutely the significance of the problems they face.

Ambassador Vasil Sikharulidze of the Atlantic Council of Georgia outlined the three pillars of the free world post-WWII: security, economic development, and democracy. According to Amb. Sikharulidze, NATO is a “guarantor of security” in Europe, and its principle of collective defense lies at the heart of European democracy. While created to counter Russia, NATO has also significantly contributed to neutralizing the communist threat at the end of the Cold War. Despite its success, however, Amb. Sikharulidze noted that the momentum for peace in Europe has stalled due to the euro-crisis, the rise of nationalism, and confusion and polarization within societies. In particular, with respect to Russian aggression, he argued that NATO is ill-prepared to counter the political



dimension of Russia's hybrid warfare against Europe, aimed at spreading propaganda and corruption.

Ambassador Alexander Vershbow of the Atlantic Council saw the political role of NATO as more important than its military one. As the security pillar of the liberal international order, NATO helped denationalize defense among its member states, laying a stable framework of European integration through U.S. leadership and enabling a peaceful détente with Russia. But challenges have resurfaced: Russia has attacked Ukraine and annexed Crimea in an attempt to restore its hegemony and “spheres of influence.” Moreover, the emergence of ISIS has created an arc of instability in the Middle East and triggered a refugee crisis, threatening European unity and bolstering those who reject the LIO. To counter these challenges, NATO has adapted more militarily than politically: it revised its action plans for new deployment and capabilities development to support victims of Russian aggression and weak states in the Middle East. Yet, such efforts have so far failed to dissuade Russia or create the desired strategic effects. Amb. Vershbow noted the immaturity of NATO's political program, adding that a key obstacle to its revision has been a lack of political will. With regard to NATO's role in Asia, he admitted that it has not reciprocated the level of contribution its Asian partners—including South Korea and Japan—have provided. Nevertheless, Amb. Vershbow asserted that without their demands, NATO will not voluntarily initiate a deeper engagement in the region, given its more pressing commitments in Europe.

Following individual remarks, the panelists examined more closely the rise of illiberalism and hybrid warfare. On the rise of illiberalism, Amb. Fried pointed out that it is not a problem unique to Central and Eastern Europe—that, in fact, what is happening in Poland and Hungary is merely their version of what is happening in the West in general. He then argued that while illiberalism is ultimately wrong, it poses a legitimate question of national identity—NATO must therefore pursue its democratic aims while allowing room for patriotism. Amb. Vershbow posited that the ability of NATO to make decisions may erode over time if it fails to obstruct the upsurge of illiberalism among its



member states. Currently, NATO has no mechanism to eject or suspend member states on the basis of their actions or values—it may consider adopting the EU's “consensus-minus-one” process. On hybrid warfare, Amb. Sikharulidze underscored Russian efforts to influence the domestic politics of target countries by exporting propaganda and spreading corruption, which NATO is ill-equipped to counter. Echoing his concerns, Amb. Vershbow asserted that NATO needs more effective tools to signal that it can retaliate against Russian cyberattacks and programs of influence. For instance, NATO could improve its intelligence and early warning systems, streamline its decision-making processes, and develop a comprehensive strategy to counter disinformation campaigns to ensure public trust and confidence in systems. Finally, Dr. Lindsay affirmed that Russian information campaigns are designed to raise doubt about the worthiness of the trust on which democracies operate.

SESSION 4

Date | April 25, 2018
Time | 13:30-15:00

Northeast Asia and LIO

Moderator

Evans J.R. Revere
Albright Stonebridge Group

Speakers

Lee Yong Wook
Korea University

Douglas H. Paal
Carnegie Endowment for
International Peace

Daniel R. Russel
Asia Society Policy Institute

Soeya Yoshihide
Keio University

Wang Dong
Peking University

Rapporteur

Troy Stangarone
Korean Economic Institute of
America



Session 4, “Northeast Asia and the Liberal International Order,” explored the divide between the liberal and the illiberal orders in Northeast Asia. However, the panelists generally agreed that the region’s differences constitute less of a divide as a lack of sufficient rules to constitute an order.

Dr. Lee Yong Wook of Korea University began the session by arguing that there is not a divide between the liberal and illiberal orders in Northeast Asia, but rather that there is no functioning order. Despite high levels of economic integration in the region, he noted that there is no economic framework for Northeast Asia. In a similar vein, Dr. Douglas Paal of the Carnegie Endowment for International Peace suggested that the region faces a contrast between being an economic giant and a security midget as a result of close economic interaction but low levels of security

cooperation. One of the reasons that the region has had difficulty establishing an order is because China rejects U.S. proposals and the rest of the region is weary of Chinese alternatives.

Mr. Danny Russel of the Asia Society Policy Institute also reinforced this theme by noting that it is difficult for the states of the region to find common security resolutions in light of the region’s diversity. However, he also noted that the real contest is not between China and the United States, but rather between universality and regional influence. Some of the variables in this contest are whether the U.S. can maintain its faith in and support of its allies and whether China will be able to exempt itself from rules that it does not like. Similarly, if China is to lead in East Asia, the question remains whether it will be through coercion or whether it can build on common interests and values that other countries will rally behind.

According to Dr. Lee, the real question is not one of liberal versus illiberal, but rather whether the states of the region will work together to develop a regional order. He suggested that this would require the development of an associative balance of power to help encourage security cooperation and address inequality in the region. An associative balance of power would help to spur security cooperation by stopping short of formal security cooperation, while still encouraging the joint sharing of defense white papers, military exchanges, the right to observe military exercises, and the conduct of joint military exercises. He also argued that for any order to succeed it needs public support and that this can only be achieved by addressing income inequality.

Dr. Soeya Yoshihide remarked that what is missing from the discussion of the future of the LIO in Northeast Asia is what type of regional order the nations would like to develop. He recommended that states in the region consider two potential futures – one with China and one without either China or the United States. The type of discussion he envisions is similar to the decision of Asian states to move forward with the Trans-Pacific Partnership (TPP) after the U.S. withdrawal, in which the other states in East Asia shape the rules and norms and then ask China to participate. Whether Japan is a middle power or not, it should use its influence to help foster these types of discussions. In this process, Japan should work with Korea as the two countries can play an important leadership role. He suggested that Korea should join the TPP, now renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

If Drs. Soeya and Lee had broader visions for developing a regional order, Dr. Paal had more specific suggestions. He argued that like minded states need to engage with new institutions in the region such as the Asia Infrastructure Investment Bank (AIIB) and the Shanghai Cooperation Organization (SCO) to shape their values and norms and to preclude those institutions from working against the common interests. If the regional powers are unsuccessful in doing so, it may have to fall back on balance of power politics.

In contrast to the other speakers, Dr. Wang Dong of Peking University challenged the idea of a

liberal international order. He said that the concept is not accurate or sufficient for understanding state behavior. There has never been a sweeping liberal international order. While some of the early institutions such as the IMF and the World Bank were liberal, the UN is not a liberal organization. Instead, the UN Security Council is based on the idea of a concert of power. China was not part of the order and because a state must be a democracy to be part of the order it has created a paradox in which the world's second largest economy can be both part of the order and excluded from it. In East Asia, he suggested that there are many building blocks for a regional order, such as ASEAN, the SCO, and the U.S. hub-and-spokes system, but that the hub and spokes system is not compatible with China's participation. For Dr. Wang, any order needs to be inclusive rather than exclusive, and multilateral rather than bilateral.

One of the great successes of the U.S. in building the current system has been its ability to bind states to institutions. For China to be successful, Dr. Wang argued that it will need to bind itself to the international community. If it does so, he believes that international perceptions of China will change. However, Dr. Soeya argued that the system is not sustainable without the commitment of the United States. China is challenging the international system from within, but in East Asia, it may seek a different outcome.



SESSION 4

Date | April 25, 2018
Time | 13:30-15:00

Middle East and LIO

Moderator

Diederik Vandewalle
Dartmouth College

Speakers

Jang Ji-Hyang
The Asan Institute
for Policy Studies

Joseph A. Kéchichian
King Faisal Center for Research
and Islamic Studies

Mesut Özcan
Ministry of Foreign Affairs,
Turkey

Siavash Saffari
Seoul National University

Rapporteur

Harry Dempsey
Asia Pacific Initiative

Session 4, “Middle East and LIO,” examined the past, present, and future of the relationship between the Middle East and the liberal international order (LIO). The moderator, Dr. Diederik Vandewalle, Professor of Government at Dartmouth College, began by stressing the long history of the illiberalism in the Middle East, which was fortified during the Cold War. He stated that many believe that natural resource-based economies did not create demand for reliance upon the LIO. The Arab Spring in 2011 gave hope for a shift to liberalism. However, pessimism prevails under the persistence of authoritarianism.

Dr. Joseph A. Kéchichian, Senior Fellow at the King Faisal Center for Research and Islamic Studies, opened by contrasting how far the Middle East has come 30 years on from Francis Fukuyama's vision of the “end of history” with the spread of democracy and liberalism. The future seems to promise social and political confrontation that could be even bloodier. The question was posed by Dr. Kéchichian whether the region will remain in perpetual chaos or whether it will be able to bandwagon on the LIO.

His view was that the war in Syria is just beginning, due to demographic shifts that will divide the country. He claimed that Bashar al-Assad has been overlooked and ignored by the international community due to their over-emphasis on Daesh (IS). He labelled Iran as the single most critical country in the conflict. The need for liberty in the region has never been higher, according to Dr. Kéchichian. There are some signs of progress as the more stable Arab Gulf States have begun preparing their economies to reduce dependence on oil.

Dr. Kéchichian pointed out that liberalism was not invented in the West. The Middle East has experienced a liberal empire in its history. When empires collapsed before the Cold War, what emerged were monarchies and authoritarian regimes. But he insisted that real changes are occurring at the popular level, and the people of the Middle East want a liberalism that allows them to keep their traditions.

Dr. Mesut Özcan, Director of the Diplomacy Academy at Turkey's Ministry of Foreign Affairs, reinforced Dr. Vandewalle's point that the Middle East has not experienced the U.S.-led LIO and the region is in disorder. He claimed that expectations for economic growth, clamping down on corruption, political participation and reform were high, especially as populations are largely composed of young people with access to social media. But he noted that "greater expectations may result in great disappointments" and reform will take time.

The disintegrating states and societies in the Middle East have led to people being more closely attached to sub-state identities than national identities, which does not create the conditions for the LIO to develop. But people have become tired of ethnic classification after years of bloodshed and insecurity and hope that their nation states can stabilize. In order to meet expectations, national political parties must address the demands of the people and represent different ethnic groups. In Eastern Europe, this required Western financial and political support for the creation of institutions and political parties. Dr. Özcan claimed this is equally necessary in the Middle East, but the help was not forthcoming after the 2008 financial crisis.

A different perspective was taken by Dr. Siavash Saffari, Assistant Professor at Seoul National University, who contended that the Middle East should not be understood as an exception prone to illiberalism, but rather as a showcase of the changing global power structure from a U.S.-led unilateral order to an openly contested, multi-stakeholder order. He listed cases of the West propping up illiberal regimes in the Middle East during and after the Cold War. He claimed that Assad and Russia have emerged as the winners for the time being in Syria. He challenged the notion that the U.S. wishes to disengage from the Middle East but clarified that it was careful under the Obama administration to avoid direct confrontation with Russia. Furthermore, he praised the strength of civil society in the Middle East as demonstrated by the peaceful movement in Palestine, as well as warning of the internal and external forces trying to suppress civil societies' calls for liberalization.

With regard to Iran, Dr. Saffari argued that different cases of Iranian regional influence need to be distinguished: in Syria, it is a major actor; in Iraq, it is a major actor because of the U.S. invasion; and in Lebanon, its influence is exaggerated. But Iranian domestic turmoil could jeopardize its regional position. If the Green Movement of the urban middle class fails to link the concerns and demands of the rising lower class, then the future uncertain, with a militaristic state emerging in the worst case scenario.



Dr. Jang Ji-Hyang, Senior Fellow at the Asan Institute for Policy Studies, surveyed the role of illiberal states, liberal states, and swing states in the Middle East. In regard to illiberal states, she denied that Assad accepts any of the values of the LIO. She argued that the rise of Iran is critical to Assad, pinpointing the significance of the Iranian presence in Damascus and Baghdad, among other cities. She claimed that the Islamic Revolutionary Guard Corps, a branch of Iran's Armed Forces, is dominating the Middle East at present. Dr. Jang dismissed the idea that the U.S. is interested in intervening, supporting, or rearranging the Middle East, and Europe is too busy with domestic issues. As for swing states, she sympathized with the plight of the Kurds and indicated that Turkey and Qatar are interested in the new order led by Iran, Russia, and Syria.

She connected the situation in the Middle East to Northeast Asian politics by suggesting that the situation in Syria is not beneficial to resolving the North Korea problem due to the strong friendship between Assad and Kim Jong Un. An illiberal order in the Middle East could empower Kim Jong Un, she speculated. She predicted that the Iranian government, whose hardliners have changed their thinking on the economy and nuclear deal, is likely to accept a revised nuclear deal, which would put pressure on Kim Jong Un for the summit meeting with President Donald Trump. The U.S., British, and French airstrike on Syria was judged to be in accordance with the LIO since it is better than doing nothing.

SESSION 4

Date | April 25, 2018
Time | 13:30-15:00

Southeast Asia and LIO

Moderator

Lee Jaehyon

The Asan Institute
for Policy Studies

Speakers

Ernest Z. Bower

BowerGroupAsia

Adriana Elisabeth

Indonesian Institute of Sciences
(LIPI)

Mohamed Jawhar

Institute of Strategic and
International Studies, Malaysia

Ravi Velloor

The Straits Times

Rapporteur

Jeanne Choi

Paul H. Nitze School of
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Session 4, titled “Southeast Asia and LIO,” examined ASEAN’s role in maintaining the LIO in Southeast Asia despite domestic challenges and growing great power rivalry in the region. Panelists discussed their views on what the LIO means to the countries of Southeast Asia and what future challenges ASEAN and its member countries would have to address.

The moderator of the session, Dr. Lee Jaehyon, Senior Fellow in the ASEAN and Oceania Studies Program at the Asan Institute for Policy Studies, commenced the session by highlighting three keywords for the panel: ASEAN centrality, unity, and domestic challenges. He remarked that big power initiatives in the region, including China’s Belt and Road Initiative and the U.S.-led Indo Pacific Initiative, were pulling Southeast Asian countries in different directions and asked what the implications were for ASEAN centrality and unity going forward.

Mr. Ernest Bower, President and CEO of BowerGroupAsia, opened the discussion by asserting the important role Southeast Asia would increasingly play, as the center of geopolitical and economic gravity is shifting towards the Indian and Pacific Oceans. He argued that, while ASEAN is sometimes criticized as lacking legally binding mechanisms of enforcement, it is that flexibility that is the institution’s strength. Given the importance of trade and economic ties in reinforcing a peaceful and prosperous Southeast Asia, Mr. Bower reaffirmed the importance of ASEAN centrality in these goals. He argued that the Trump administration understands that Southeast Asia will play a key role in balancing China’s growing power in the region. He warned

that, despite ASEAN’s growing importance, member countries have failed to invest in ASEAN as an institution while China has also purposely undercut ASEAN due to their interests in the South China Sea.

Dr. Adriana Elisabeth, Senior Political Analyst at the Center for Political Studies of the Indonesian Institute of Sciences (LIPI), continued the discussion on ASEAN centrality and unity by describing the diversity of ASEAN member countries with



regards to democracy. Categorizing countries into three groups (democratic, semi-democratic, and authoritarian), Dr. Elisabeth contended that it was perhaps not accurate to say that ASEAN was a part of the illiberal world order just because some members had not implemented all the universal principles of the LIO.

Dr. Mohamed Jawhar, Former Chairman of the Institute of Strategic and International Studies Malaysia, pointed out that the core of the LIO is a rule based order and argued that ASEAN has been one of the best adherents to a rule based order, as codified in its foundational Declaration and Charter, as well in its actions. Dr. Jawhar suggested that the new emerging world order would not only be more inclusive and continue to champion an open trading system and multilateralism, but it would also more greatly reflect Chinese values, including nonintervention and the importance of sovereignty. He emphasized that, because ASEAN as an institution was not as integrated as the European Union, individual members are the drivers of ASEAN. In order

to move Southeast Asia forward, individual members have to improve on a state-by-state basis. Dr. Jawhar then outlined the challenges that ASEAN member countries face, including good governance, equitable and sustainable growth, security, corruption, and major power rivalries.

Mr. Ravi Velloor, Associate Editor of *The Straits Times*, contended that Southeast Asia was one of the biggest beneficiaries of the LIO. Benefiting from outside investment and the security umbrella of the United States, Southeast Asia was able to economically develop and lift living standards for its inhabitants. Cautioning countries in the region to remember the lessons of history, he recalled that whenever Southeast Asia ignored the rules of the LIO in favor of expediency, it had suffered. Mr. Velloor also described some of the new challenges emerging for Southeast Asia, arguing that the countries of the region would have to address endogenous problems, such as human rights violations in Myanmar, as well as exogenous ones, including Brexit and a changing American foreign policy. Mr. Velloor stated that the biggest potential threat the region faces is the rise of China and the opposition it may have to the current rule based world order.

After the initial round of comments, panelists answered questions from the moderator and audience. Responding to a question about ASEAN's role in the wider security community, Mr. Bower recommended that the organization take a more strategic and active role in maintaining regional security. He argued that the core of the ASEAN community was political security, and that the foundation for security was economic integration. Thus ASEAN countries should economically cooperate, and the leading economies should commit to help neighboring countries. A common goal should be for all ASEAN countries to join the Trans Pacific Partnership (TPP). Dr. Elisabeth agreed with Mr. Bower on ASEAN's key role in maintaining security and unity in the region, but also raised the question of leadership, pointing out that while Indonesia had provided strong guidance in the beginning, there was now no true leader.

On the issue of ASEAN leadership, there was some disagreement

amongst the panelists regarding Singapore's role in ASEAN. Mr. Bower argued that historically Singapore had kept ASEAN weak on purpose, and he challenged Singapore to take on a more active leadership role as the ASEAN Chair this year. Mr. Velloor disagreed with this view, contending that ASEAN has been a key pillar in the country's foreign policy and that Singapore was highly committed to bringing ASEAN back to a centrist path under its leadership.

Panelists wrapped up the discussion by responding to additional questions on what ASEAN can do to strengthen and maintain the LIO. Dr. Jawhar reminded the panel that the existing regional order and the LIO was crafted by the U.S. and western powers at the height of their political and financial strength. As other powers like China emerged, it was rational to expect that these countries would try to transform the existing world order if they believed it was not serving their interests. Mr. Bower noted that many countries in Southeast Asia were interested in balancing the growing power of China, and thus ASEAN as an institution had a key role to play in this dynamic. Mr. Velloor also reaffirmed the importance of the rules-based order in handling great power relations, citing the example of Singapore's commitment to following its principles, despite pressure from other countries in the region or the U.S.



PLENARY SESSION IV

Date | April 25, 2018
Time | 15:15-16:45

The Outlier: North Korea

Moderator

David Sanger

The New York Times

Speakers

Kim Joon-hyung

Handong Global University

Andrei Lankov

Kookmin University

Gary Samore

Harvard Kennedy School Belfer Center

Tanaka Hitoshi

Japan Research Institute, Ltd.

Zhao Quansheng

American University

Rapporteur

Lisa Collins

Center for Strategic and International Studies

This panel, “The Outlier: North Korea,” discussed the challenges posed by a nuclear North Korea. Opening this final plenary session, Mr. David Sanger, national security correspondent for *The New York Times* and session moderator, asked “What has changed with Kim Jong-un and what does he really want?” and “What does Trump want?”

Dr. Gary Samore, Executive Director for research at the Belfer Center at Harvard University, argued that it was unlikely that Kim Jong-un would completely give up his nuclear weapons because they guarantee the long-term survival of his regime. However, Dr. Samore did believe that it was possible to get the North Koreans, through negotiations, to commit to some limits on their program such as a freeze on nuclear weapons testing and development. He asserted that Kim Jong-un likely had two motivations for returning to negotiations at this time: 1) North Korea needed some relief from sanctions pressure that was affecting the country’s economic growth; and 2) Kim was confident that the completion of his nuclear weapons program would give him significant leverage in bargaining with the United States.

Dr. Andrei Lankov, a professor at Kookmin University, largely agreed with this basic premise and further argued that it was a combination of sanctions pressure and President Trump’s unpredictable leadership style and the threat of U.S. military action that influenced the calculus of Kim Jong-un. Other panelists also asserted later in the session that North Koreans’ fear of the United States using military force against the regime



David Sanger



Kim Joon-hyung



Andrei Lankov



Gary Samore



Tanaka Hitoshi



Zhao Quansheng

was also a probable factor in Kim’s decision to embark on a diplomatic charm offensive.

There was extensive debate among the panelists about what conditions and events were most influential in bringing North Korea back to the negotiating table. Dr. Kim Joon-hyung, a professor from Handong Global University, argued that leadership by South Korean president Moon Jae-in and ROK diplomatic initiatives drove North Korea to engage in dialogue. Other panelists asserted



Plenary Session IV
The Outlier: North Korea

that China may have had a large role to play through enforcement of economic sanctions and encouragement of diplomacy. Dr. Zhao Quansheng, a professor at American University, asserted that Chinese concerns about a bilateral summit between Trump and Kim and the possibility of being left out of any deal between the U.S. and North Korea motivated Xi Jinping to meet in March with Kim Jong-un. According to Prof. Zhao, Trump's acceptance of Kim Jong-un's summit offer pushed the Chinese to a decision point with regard to North Korea policy.

Mr. Tanaka Hitoshi, Chairman of the Institute for International Strategy at the Japan Research Institute, argued that, while recent Chinese economic pressure on North Korea appeared to be largely effective in changing the North Korean calculus on

denuclearization talks, the Trump administration seemed to be undermining its own "maximum pressure campaign" by attacking China on the trade front and bringing up the sensitive issue of Taiwan. Now China was more likely to see continuing cooperation with the U.S. on North Korean sanctions as not effectively supporting Chinese national interests. Dr. Samore agreed with this and stated that it was a terrible time to be fighting with China over trade and Taiwan issues because that could cause some slippage in North Korean sanctions pressure.

Mr. Tanaka went on to argue that, from the Japanese perspective, a more effective North Korea policy would be comprised of effective pressure and the following "Three C's": 1) coordination, 2) contingency planning, and 3) continuing communication

channels. He asserted that the U.S., Japan, and other allies should not be deceived by North Korea's diplomatic charm offensive and summitry and should instead focus on a long-term process of denuclearization that includes both pressure and the "Three C" elements. He also stated that the Chinese should be prepared to declare they will abandon North Korea if a successful process of denuclearization is not implemented.

Prof. Kim asserted that the problem may lie in part with officials (or former officials) in the Trump administration who opposed negotiations with North Korea and saw isolated North Korea as a tool or a pawn to help contain China's rise in the region. Prof. Kim stated that in this respect, former U.S. National Security Advisor H.R. McMaster and other officials likely wanted to keep North Korea as leverage to balance against China.

Prof. Kim Joon-hyung argued that with continued South Korean leadership, and with President Moon Jae-in's determination to achieve peace on the Korean peninsula, the chances of North Korea making a fundamental change in the future were higher

than in the past. Dr. Samore again asserted that the chances for achieving the complete, verifiable, irreversible dismantlement (CVID) of North Korea's nuclear weapons program at this point remained low, but the possibility of agreeing to a testing freeze that could lead to future progress in a series of negotiations remained a plausible and more realistic option. Any serious negotiations process would need to start with a complete North Korean declaration of all their existing nuclear weapons, fissile materials, facilities and trained scientists/experts.

Prof. Zhao Quansheng asserted that U.S. and Chinese leadership and coordination on sanctions pressure and dialogue would be the key to inducing North Korean change. Dr. Lankov argued that the example of Libya, Iraq, and Syria made it highly unlikely that North Korea would give up its nuclear weapons but that the unpredictable "Trump factor" could cause the North Koreans to offer serious concessions in a negotiation process that could lead to some limited disarmament. This would, as Dr. Lankov argued, still stop the slow movement towards disaster. Achieving a partial dismantlement and freeze of the North Korean weapons program would still be a major success that could be claimed by both sides. Finally, Mr. Tanaka Hitoshi and Dr. Samore emphasized that there should be continuing caution in negotiations, and the real importance would lie in verification in any CVID process. Mr. Tanaka further relayed Japanese concerns about any peace deal that could potentially harm U.S. alliance relationships in Asia.

In a final question and answer session with the audience, the panelists debated the significance of U.S. security guarantees that could be given to North Korea in the event of a deal on denuclearization and perhaps a peace treaty. Several members of the audience questioned whether North Korea could really be trusted to uphold any agreement and whether the U.S. could even realistically guarantee the security of a country such as North Korea. It was suggested that only the North Korean leadership and people could guarantee the country's security through significant change and reform. The session wrapped up with this issue and the possibility of the U.S. accepting North Korea as a nuclear weapons state as open questions.



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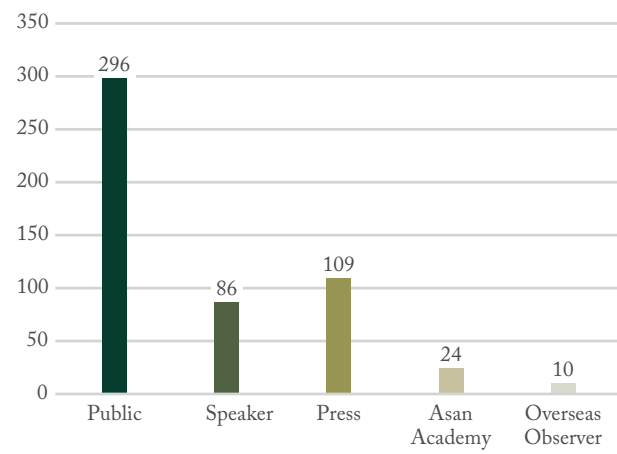
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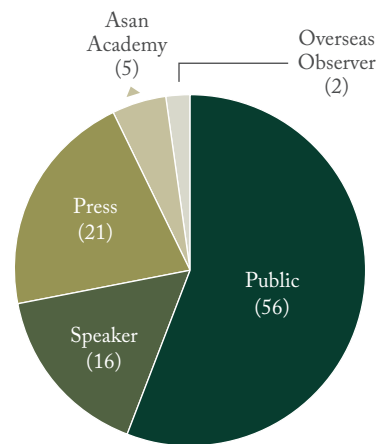
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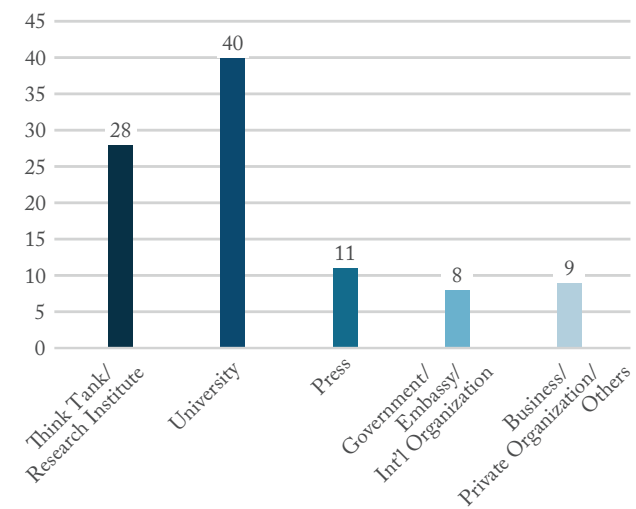
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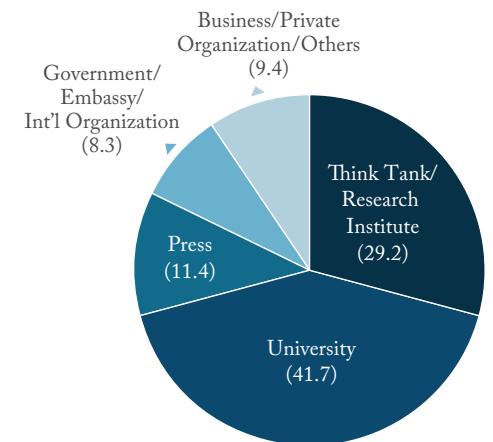
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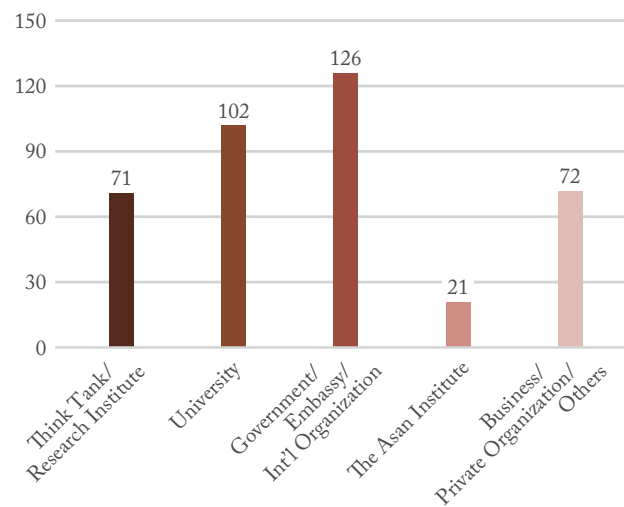
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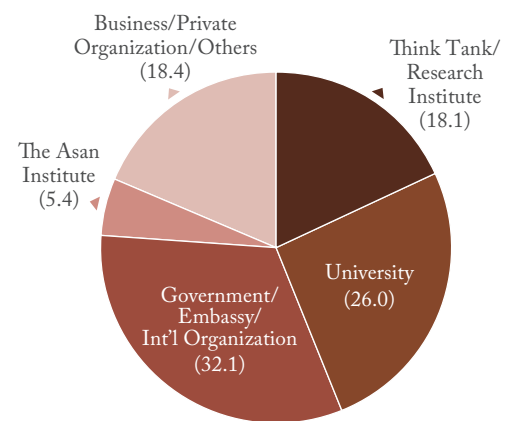
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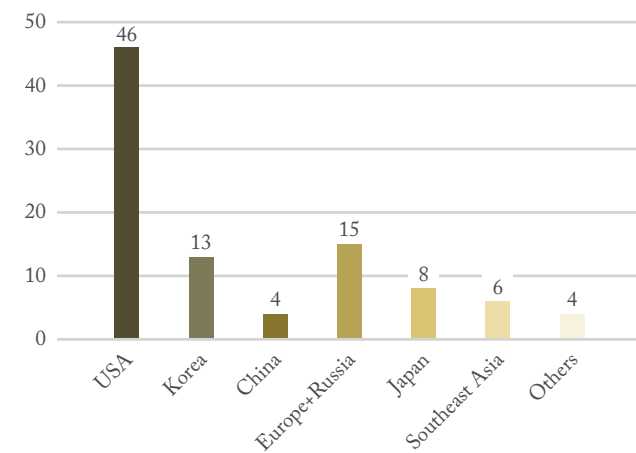
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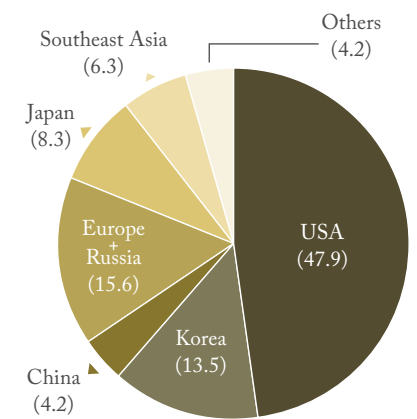
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Speakers by Country in 2018 (%)





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