



FUTURE OF HISTORY

Proceedings
April 22 - 23, 2014

THE ASAN INSTITUTE
for POLICY STUDIES

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PLENUM
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GREETINGS FROM THE PRESIDENT

Welcome to the *Asan Plenum 2014*.

With the fall of the Berlin Wall and the end of the Cold War, some proclaimed the “End of History” and democracy swept to Eastern Europe, Asia, and South America. Free market economy and IT revolution transformed the world. Europe created a common market, a common currency, and began dreaming of a political union that would transcend national boundaries.

However, in 2008 a massive financial bubble burst, leaving the global economy teetering on the brink of disaster. In 2009, the economic crisis struck Europe. The hope of European integration began to falter.

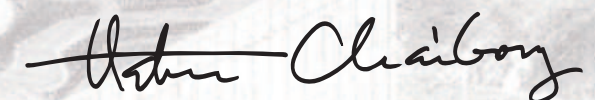
In the Middle East and North Africa, the Arab Spring turned into winter. Many regions of the world witnessed xenophobia, historical revisionism, military buildup, territorial disputes, ethnic cleansing, racism, and crimes against humanity. International order based on universal norms and values began to falter.

On the Korean Peninsula, North Korea continues to carry out military provocations, committing political genocide against its own people, all the while developing weapons of mass destruction.

We ask ourselves, will history repeat itself? What is our responsibility to history? What is the future of history?

Thank you for joining us.

Sincerely,



Hahm Chaibong
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 to discuss the pressing challenges facing the world. The plenum is a multi-day, multi-session conference organized by the Asan Institute for Policy Studies. In addressing the most pressing challenges facing the world with expertise from around the globe, the *Asan Plenum* aims to impact the policy making process enabling the global community to better deal with the challenges it faces.

Asan Plenum 2014: "Future of History"

The theme of this year's Plenum is the "Future of History." With the end of the Cold War, some proclaimed the "End of History." Twenty years after the collapse of the Berlin Wall, however, we live in a much more uncertain world. Great power rivalries have intensified, free market economies are floundering, and liberal democracies are increasingly dysfunctional. Xenophobia and racism are spreading. Territorial disputes have been exacerbated while hopes for regional integration are fading. What is the future of great power relations and the international order? Can regionalism contain nationalism? Is the ideal of an international community based on universal norms and principles still sustainable?

This year's Plenum will bring together distinguished experts, policymakers, scholars, and members of the media in Seoul for two days to provide insights and seek answers to these questions.

Plenum Format

The conversational format of the Plenum is intended to maximize interaction among panelists and participants. Parallel break-out sessions and intimate lunch sessions in small groups will provide further opportunity for in-depth discussion and networking. The Plenum features five plenary sessions and 15 panels. Each session is 1 hour and 15 minutes.



ABOUT THE ASAN INSTITUTE

The Asan Institute for Policy Studies was founded with a mission to become an independent think tank that provides effective policy solutions to issues which are critical to Korea, East Asia, and the rest of the world.

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, public governance, energy, and the environment, it strives to address some of the major challenges that our society faces today.



The Institute addresses these challenges not only by supplying in-depth policy analysis but also by endeavoring to promote a global and regional environment favorable to peace, stability, and prosperity on the Korean Peninsula.

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 22, 2014

Plenary Session I

Back to History?



Hahm Chaibong



James Steinberg



Yan Xuetong

Session 1

Back to History in East Asia?



Gilbert Rozman



Chen Zhimin



Ralph Cossa



Kim Jiyeon



Togo Kazuhiko

Back to Modernity in the EU?



Patrick Messerlin



Kim Nam-Kook



Kai-Olaf Lang



Stefan Niederhahner

Back to Winter in the Middle East?



Jang Ji-Hyang



Salah Eddin Elzein



Michael Hudson



Ellen Laipson



Diederik Vandewalle

Session 2

Second Nuclear Age?



Paul-Anton Krueger



Cheng Xiaohu



Chun Yungwoo



Robert Einhorn



William Tobey

(Post)-Modern Japan?



Martin Fackler



Brad Glosserman



Miyake Kuni



Park Cheol-Hee



Yamaguchi Noboru

R2P and North Korean Human Rights



Chris Nelson



Lee Jung-Hoon



Barbara Demick



Greg Scarlatou



Frank Jannuzzi

Session 3

New Asian Economic Order



Choi Byung Il



J. James Kim



Lee Chang Jae



Shen Minghui



Terada Takashi

WTO vs. Mega FTAs



Hur Kyung-wook



Cheong Inkyo



Hosuk Lee



Troy Stangorone



Yoshino Naoyuki

Broken BRICS?



Simon Long



Kwak Jae Sung



Liu Qin



Geethanjali Nataraj



Victoria Panova

Plenary Session II

Global Financial Order After 2008



Philip Stephens



Kwon Gookhoon



Patrick Messerlin



Benn Steil



Zhang Jun

OPENING CEREMONY

Date | April 22, 2014
Time | 09:30-10:10
Place | Regency Room



Opening Remarks

Hahm Chaibong

President of the Asan
Institute for Policy Studies



Welcome to the *Asan Plenum 2014*. It's great to have so many friends and colleagues all here in Seoul. We gather at a very special moment in world history, the region's history, and, I think very poignantly, in our nation's history.

There is a lot of soul searching going on currently within my country regarding the tragedy that is unfolding even at this moment. It only adds to the urgency for us to look back and to see what exactly it is that we have achieved, what our goals are, whether they should be changed, and whether they should be altered.

That is why this year we took the theme of "What is the Future of History," and as we tried to show in the video that you just saw, there are many layers to this in a sense, whether they are geopolitical issues or economic issues. There's a sense in which the theme of history is making a major comeback and it is time for us to seriously grapple with this issue—all of us.

As we look forward to two days of intense discussions, debates, and conversation, as all of you know, the format we try to maintain is one that would allow maximum interaction and maximum dialogue. So I urge all of you, not just the panelists but all of you in the audience, to fully participate in the dialogue of each and every panel.

Now I have the special privilege and honor of introducing to you our keynote speaker. As you may well imagine, he's one of the busiest people in Korea. I could not be more honored nor could I thank him enough for taking time out of his incredibly busy schedule to address this session.

Please join me in welcoming the Foreign Minister of the Republic of Korea, the Honorable Yun Byung-se.



Keynote Speech

H.E. Yun Byung-se

Minister of Foreign Affairs,
Republic of Korea

As you all know, the people of Korea are in a state of profound grief and mourning following the tragic ferry incident. My thoughts and prayers are with the departed, and my condolences are with the bereaved.

As always, I am confident that the Korean people will overcome this ordeal through their strength and resilience, aided by the overflowing sympathy from the international community.

Tragedy and calamity can strike anyone. The important thing is that we come away with the right lessons from them, so that we do not repeat the same mistakes ever again. Through it all, we must open a better future and write a new history.

The British historian Arnold J. Toynbee argued in his magnum opus, *A*

Study of History that history is a continuous process of challenges and responses. Indeed, in the course of overcoming countless challenges, humanity has acquired lessons and developed civilizations—big or small.

In contrast, states and civilizations which failed to learn the right lessons from history or respond appropriately tended to decline.

This is in line with the argument made by E. H. Carr, in his study on the origins of World War II, *The Twenty Years’ Crisis*. He warns that if leaders fall into the trap of misguided judgment, it may lead to a war and such misjudgment could result in immeasurable suffering of the people and derail the progress of humanity.

When E. H. Carr said that history is “an unending dialogue between the present and the past” and “a continuous process of interaction,” he meant that history is not merely a record of the past, but a living guide for the present and the future.

This year marks the centennial of the outbreak of the World War I and the 25th anniversary of the fall of the Berlin Wall. Next year will mark the 70th anniversary of the end of the World War II and the division of the Korean Peninsula, as well as the 50th anniversary of the normalization of diplomatic relations between Korea and Japan. Some countries may have learned the right lessons from their historical mistakes, while others may not.

Against such a historical backdrop, this conference on the theme of “The Future of History” is indeed very timely both intellectually and in terms of foreign policy.

So it is with great pleasure that I take part in this forum, where the world’s foremost thinkers in foreign and security policy have gathered to discuss a wide array of regional and global issues through the prism of history.

I would like to take this opportunity to thank President Hahm Chaibong and the Asan Institute for organizing this meaningful event. I would also like to welcome Dean Steinberg of the Maxwell School and all other guests who are present with us today.

Ladies and Gentlemen,

It was only two decades ago that Professor Francis Fukuyama declared the “End of History” asserting the triumph of liberal democracy and market economy over communism in the wake of the fall of the Soviet Union in 1991. And many at the time anticipated a new Era of Hope as the Cold War came to an end.

However, twenty years since then, people are starting to talk about the “Return of History” in the face of historical regressions and anachronisms especially in Europe and in Northeast Asia.

Whether this is the “End of History” or the “Return of History,” one cannot deny the fact that the international community is now undergoing a period of historical transition full of uncertainty. I would characterize the present era of uncertainty in the following terms.

First is the challenge of geopolitics. The recent series of events following Russia’s annexation of the Crimean Peninsula have far-reaching implications that go beyond Europe. The evolution of events there will intensify the already controversial debate on the dawning of a new cold war or the return of history.

The worsening historical and territorial conflicts in Northeast Asia, coupled with the rise of China, and Japan’s drive to break with the postwar order point to the ongoing tectonic shifts in the region.

Northeast Asia is a region of dynamic economic growth, where Korea, China, and Japan make up 21 percent of the global GDP. But Northeast Asia is now suffering from the “Asia Paradox,” where deepening economic interdependency is overshadowed by heightening political and security discord.

Faced with a rising China, a resurgent Japan, an assertive Russia, and North Korea with its reveries of a “Strong and Prosperous Nation,” the United States is pivoting and rebalancing to Asia, while Korea is striving to change the abnormal state of division into a state of integration and unification.

Will Northeast Asia revert to old historical rivalries, or proceed to a future of greater prosperity? The answer to this multi-factor equation will depend on whether we can figure out the solution to the Asia Paradox without the clash of forces.

Second is the challenge of geoeconomics. The tremors of the global economic crisis that began with the 2008 financial crisis in the US seem to be subsiding. But the IMF’s recent concerns about the uncertainties of the world economy are reminders that the fundamentals of the global economy still remain weak.

Furthermore, despite some recent progress, still the dormant DDA multilateral free trade negotiations have led to the proliferation of bilateral free trade agreements and the push for regional economic integration as new mechanisms for cooperation.

As large pan-regional trade talks, such as the Trans-Pacific Partnership (TTP) and the Trans-Atlantic Trade and Investment Partnership (TTIP) make strides, countries that have relied on bilateral and smaller regional FTAs will face wide-ranging economic challenges.

Third is the challenge of global governance. The proliferation of WMD; terrorism and radicalism; climate change, the environment, and energy problems; poverty reduction and sustainable development; these are transnational, global challenges that require global cooperation without which they will become great threats

to the future of humanity.

Fourth is the epochal challenge on human security. The events of the Arab Spring and conflicts in Africa show us that misgovernment, the oppression of human rights, sectarian conflicts and hunger are no longer domestic problems but matters of concern to neighboring countries and the international community as a whole, and can turn into international conflicts.

As we mark the 20th year of the Rwandan genocide this year, we need to remind ourselves of the admissions of the former UN Secretary General Kofi Anan that not being able to prevent the genocide in Rwanda—an emblematic case of the crime against humanity—was his greatest regret.

Ladies and Gentlemen,

To many Koreans, this year is of historical significance. It marks the 120th anniversary of Korea's first experiment at Western-style reform, which took place during the height of imperialism of the late-19th century.

Sadly, Korea at the time did not possess the knowledge about the outside world nor the strength to protect itself. As a result, reform failed and led to the loss of its sovereignty. Furthermore, the loss of statehood led to the division of the peninsula and the tragic civil war that created the world's most heavily fortified region today.

Today, even as Korea has become one of the world's leading nations, the legacy of history is far from disappearing. North Korea's nuclear ambition continues to threaten the peace and stability of Northeast Asia and our relationship with Japan remains contentious over historical issues, including the issue of "comfort women."



As far as the Korean Peninsula is concerned, neither the Cold War nor the history has come to an end.

What does this all mean?

More than anything, it reminds us of the importance of learning the right lessons from history. One of the most important lessons is that, if you are unprepared for historical tides that come to your shore, it is not just you, but future generations who will bear the cost of your wrong choice.

Another lesson is the importance of diplomacy—making friends and neutralizing enemies. Throughout history, Korea was invaded by outside powers so many times. Throughout the 19th and 20th centuries, Korea learned the hard truth about the nature of power politics.

At almost every turn of our history, such as the end of the Joseon Dynasty and the subsequent loss of sovereignty, the division, the war, and the postwar reconstruction; our fate was very much affected by the choices of major stakeholders in Korea at the time. In retrospect, we know many historical mistakes made or wrongdoings done by these stakeholders whose consequences still linger.

In this regard, we are reminded of the insightful warnings of a Canadian journalist named McKenzie who in 1920 wrote about the horrible way in which the Japanese responded to the independence movement that took place in Korea. He wrote, "when you ask me if I would risk a war over Korea, I answer this: Firm action today might provoke conflict, but the risk is very small. Act weakly now, however, and you make a great war in the Far East almost certain within a generation." We know that McKenzie's prognosis proved correct because one generation later, the Pacific War erupted.

Throughout its modern history, Korea has been the ground zero for some of the fiercest conflicts between various powers and interests in the form of both hot and cold war. But, as the saying goes, every cloud has a silver lining.

Some hopeful opportunities were also seen with the detente of the East and West in the 1970s, and the end of the Cold War in the early 1990s, though these turned out to be brief. And two decades later, we are once again witnessing a new historical challenge in this part of the world.

Now, Korea and Northeast Asia are faced with its greatest transformative moment since the end of the Cold War. History seems to be returning and its effects are most palpable in Korea and Northeast Asia. For the first time since the end of the Cold War, Korea's diplomacy is facing its greatest challenges, which will impact the future of Korea's history.

The biggest challenge is of course North Korea and its seemingly unyielding nuclear ambitions. The uncer-

tainties in inter-Korean relations have also risen considerably in recent times.

However, the dangers that we face today are far more complex than in the early 1990s following the death of Kim Il Sung and the start of the Kim Jong-il period. As we saw last year when Kim Jong-un executed Jang Sung-thaek, the volatility of the regime has sharply increased.

What is worse is that North Korea is now blatantly making known its unwavering commitments to developing nuclear weapons. North Korea even stipulated this in their constitution and says so publically. If North Korea goes ahead with another nuclear test as it has publically warned, it will be a game changer.

The second biggest challenge is the ever-growing tension in Northeast Asia, perhaps at its highest level since the end of the Cold War. Historical and territorial conflicts, and an arms race tend to overshadow other positive interdependence.

Misguided nationalism is rearing its ugly head in some instances. The political dynamics of the region are shaking the geopolitical plate from under the surface. Dr. Kissinger once said, “history knows no resting places and plateaus.” To me, history knows no end, here in Northeast Asia, it is returning with a vengeance.

Ladies and Gentlemen,

As I have mentioned, history may be returning. But Korea is not shying away from its challenges because Korea today is no longer Korea of the past. Koreans have learned enough lessons from their own history of the past century.

In a similar vein, I believe that we learned a lot from world history as well. Seen from the global perspective, history offers us at least the following three important lessons in responding to challenges.

First, history rewards those who are well prepared to seize the opportunity. The first and foremost example is of course the way Korea has achieved the Miracle on the Han River and is now preparing for the second miracle.

In the wake of the US-China detente, China also opted for reform and opening, and seized the opportunity for economic modernization. Known as “the sick man of Asia” in the 19th century, China is standing tall today as one of the G2. Today, it is dreaming of the “Chinese Dream.”

Not much later, Vietnam joined the race and now even Myanmar is moving toward more opening. In sharp contrast, North Korea remains on its path of regression, fighting desperately for its own survival, making a series of wrong choices.

Second, history is on the side of those who progress toward freedom and justice, despite the ups and downs. Oppression and injustice will ultimately fail. We have seen this time and again in the former Soviet bloc, Eastern Europe, the Middle East, and in Southeast Asia. The northern half of the Korean Peninsula will be no exception to this trend. The most recent report by COI and the response shown by the international community is yet another indication of what is to come.

Third, history will betray and punish ultra-nationalism and chauvinism. Past history showed us that when things were tough, ultra-nationalism was on the rise. It was almost always the surest invitation to self-defeat or common destruction, including war. As Professor Fukuyama warned us, “idle complacency and unchanging self-identity” will not lead to progress.

In its contemporary manifestation of ultra-nationalism, the denial of history and attempts to revise history are steps that could lead to self-isolation and repetition of historical wrong-doings.

And when coupled with blind power, we know too well that it becomes a threat not just to your neighbors, but also to humanity itself. This is why the words of former Chancellor Brandt, that “those who forget the past cannot see the future,” reverberate throughout history as the sound of humanity’s conscience.

Ladies and Gentlemen,

It is with these lessons in mind that the Park Geun-hye Government has set out an audacious step to respond to the challenges of history. Korea succeeded in achieving both full-fledged democracy and advanced market economy, through the Miracle on the Han River. Now, the Park Geun-hye Government’s key goal would be to create a “New Kind of Korea” and bring about the end of history on the Korean Peninsula.

Like the Germans who brought down the Berlin Wall, we will gradually bring down many walls that exist between the two Koreas—the wall of military confrontation; the wall of mistrust; the wall of socio-cultural disparity; and the wall of self-imposed isolation.

The priority value in a “New Kind of Korea” is putting the people of South and North at the center. It is to realize a reunification where all people on the Korean Peninsula are happy.

Of course, it takes two to tango. North Korea should turn back from the path of wrong decisions before it is too late. The first step should be to abandon its decades-old nuclear ambition. The international community will not tolerate a nuclear North Korea, and Pyongyang is playing an unwinnable game against the entire international community. Should North Korea insist on the current path, history will show what the end will bring.

Ladies and Gentlemen,

As German reunification came within the larger context of European integration and peace, so will the Korean reunification come in the context of Northeast Asian peace and cooperation. This is why President Park in her Dresden speech stressed the key principles of reunification—unification that promotes harmony with Korea’s neighbors, that wins blessings from the community of nations, and that serves the cause of humanity.

As such, the “End of History” on the Korean Peninsula will also serve to bring an “End of History” in North-east Asia. The vision for a “New Kind of Korea” and its implications for this region and the world are well described in the president's Dresden speech.

First, the reunified Korea will be free from nuclear weapons, respect human rights and democracy, and pursue good neighborliness. The reunified Korea will facilitate regional peace and cooperation, as well as contribute to creating a more responsible and cooperative Northeast Asia.

Second, Korean reunification will also create economic benefits, or peace-dividends. The global investment firm Goldman Sachs predicted that Korea will become the second largest economic power with a per capita GDP of USD 81,000 by 2050. The emergence of an 80 million strong economy will naturally make the Korean Peninsula a hub of the Pacific and Eurasia, thus providing a new blue ocean for its neighbors and partners.

Third, the reunified Korea will spread universal values and contribute to international peace and security. Furthermore, it will strengthen its role in resolving global issues in a world that is more interdependent than ever.

Ladies and Gentlemen,

Korea has already set its foot out on the journey towards the new future of history. The Park Geun-hye government’s Trustpolitik is the vehicle on this journey. It is a vision as well as a strategy to realize a new kind of Korea, a new kind of Asia, and a new kind of world.

Learning from the previous history, we have been able to make the right choices. Now, we will put in efforts to secure as many good partners as possible for this journey. We already have a strong network of partnerships; first and foremost, the rock-solid Korea-US alliance; ever deepening strategic partnership with China and Russia; upgraded relationships with ASEAN, the EU, and India; and a special cooperation with Germany for reunification.

In this regard, the planned visits by President Obama and President Xi Jinping to Korea will mark another milestone in our efforts to bring peace and stability in the Korean Peninsula and in Northeast Asia. This series of bilateral diplomacy is now backed up by regional diplomacy as well as global diplomacy.

As you are well aware, the Northeast Asia Peace and Cooperation Initiative is aimed at transforming the region’s

distrust and confrontation into trust and cooperation, while the Eurasia Initiative is aimed to go beyond North-east Asia to transform Eurasia into a continent of peace and prosperity. These policies will have a synergistic effect as the reunification process follows in the near future.

One new element in my networking diplomacy is our creation of a group of advanced middle powers. I participated in the second meeting of MIKTA Foreign Ministers in Mexico last week that was attended by foreign ministers of Mexico, Indonesia, Korea, Turkey, and Australia to discuss ways to further the cooperation of middle powers on major international issues.

As the Korean Government was born with the support of the United Nations, it is also placing high importance on building a worldwide network for peace and reunification on the peninsula. As a part of such efforts, Korea is currently serving in all three councils of the United Nations, namely the Security Council, ECOSOC, and the Human Rights Council, and is also further expanding its activities and scope in the international community.

Ladies and Gentlemen,

Dean Acheson is well known to many of us because during the time of the Korean War, he was the US Secretary of State who helped design the Marshall Plan, the Truman Doctrine, and NATO. He is known to Koreans more as the policymaker who excluded the Korean Peninsula from the US defense perimeter, the so-called the Acheson Line.

But for me, he is a different reminder every day. Since I became a senior-level diplomat and especially after I became the Foreign Minister, the title of his memoire, “Present at the Creation,” is my motto as well. Making many important decisions every day, every week, I have been serving with the sense of responsibility that my judgment will form a chapter in our history and turn its rudder at the crossroads.

His words, “present at the creation,” is clearly a maxim for those many policymakers to heed on the Korean Peninsula, Northeast Asia, and the world who have to make the right choices at the fork of history—both at the end of history and at its return.

History is not pre-ordained. It is us who are making and creating it. Korea is no longer a shrimp surrounded by whales. And the pace of history on this peninsula in the 21st century will be much quicker than in the last century.

On that note, I would very much hope that today's forum will serve to form the global opinion on the future of history, benefiting from your rich experience and wisdom.

Thank you for your attention.

GALA DINNER

Date | April 22, 2014
Time | 19:00-21:00
Place | Grand Ballroom II



PLENARY SESSION I

Date | April 22, 2014

Time | 10:15-11:30

Place | Regency Room

Back to History?

Moderator | Hahm Chaibong, The Asan Institute for Policy Studies

Speakers | James Steinberg, Syracuse University
Yan Xuetong, Tsinghua University

Rapporteur | Dylan Stent, Yonsei University

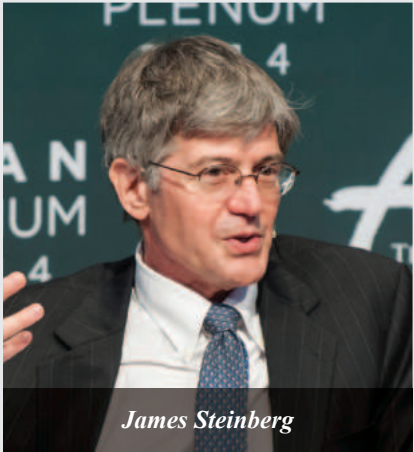
Dr. Hahm Chaibong, President of the Asan Institute for Policy Studies, began by asking both presenters: are international politics “going back to history”? Both professors focused on Sino-US relations to argue that history offers lessons, but Asia’s future tensions are unlikely to reprise Europe’s past wars.

Professor James Steinberg, Dean of the Maxwell School at Syracuse University, began by explaining the importance of history. History weighs heavily on Asia’s contemporary politics, and when his students ask where to start studying Chinese history, he suggested they “need to go back to the second century BC.” With many political anniversaries on the horizon, including the 100th anniversary of World War I and the 70th anniversary of World War II, Professor Steinberg advised it is a good time to discuss history.

History is “the only laboratory” where we can test major social science theories. Understanding tacit knowledge of another state facilitates better foreign policy. Professor Steinberg suggested we need to “understand



Hahm Chaibong



James Steinberg



Yan Xuetong

two historical narratives” that provide the backdrop for Sino-US relations. The first is the century of humiliation narrative expressed within China. This maintains that China must never show weakness, as doing so in the past led to the signing of unequal treaties. In contrast, the US narrative is one where Americans feel they are an “indispensable nation.” Essentially this suggests that if the United States did not have a presence in regions around the world, power vacuums would develop.

Such narratives selectively remember history, so it is helpful to consider specific patterns of interaction. During the Cold War, there was a serious security dilemma between the United States and Soviet Union that caused global anxiety and uncertainty. However, even in that context, confidence-building was achieved. Not all challenges were resolved of course, but war was averted. This involved the practice of reassurance and resolve, giving the opposing power some clues about intentions. Conflict can be a result of not knowing when one has crossed a red line, so red lines must be communicated to other states. If this is done credibly, it can enhance stability.

The desired trajectory of history is one where the United States and China pursue national interests and cooperate in the realm of security. Recently, American and Chinese leaders met and agreed they would commit to China’s peaceful rise, and the United States promised they would not contain China geopolitically. However, many observers show “deterministic pessimism” towards the bilateral relationship.

Professor Yan Xuetong of Tsinghua University began by stating forcefully that the trajectory of history will not change in the foreseeable future. The United States will still be the hegemonic great power, the rise of China will continue, and other powers will not test the status quo. China's GDP, population, and other indicators of power may increase, but this does not change the present course of history.

The Cold War had two defining characteristics that cannot be found in the contemporary world: ideological conflict and a nuclear arms race. Ideological conflict was the main anchor of the Cold War, with the vehicles of capitalism and socialism providing a basis of conflict. Professor Yan argued Japanese Prime Minister Shinzo Abe's call for an ideological alliance is falling on deaf ears and that this is a sign of the decline of ideology. Similarly, US-China agreement on reducing or countering the proliferation of nuclear weaponry demonstrates shared unwillingness for an arms race. Experience during the Cold War highlighted that states do not need equal arsenals to guarantee peace. Asymmetric deterrence has proven adequate for keeping the peace.

The Sino-US relationship is very different from the Russo-US relationship during the Cold War. When Xi Jinping proposed his new model of great power relations, he recognized that competition will endure, but China and the United States will manage this competition. Economic and technological competition can be productive, and both sides see that cooperation is needed on a range of issues of mutual concern. China will not develop this relationship based on mutual trust, but will do so based on common interests. Globalization itself will be the base of common interest in the Sino-US relationship.

The inertia of history makes deviation from this course unlikely. Yan predicts that no power will detract from the current trend. In particular, larger powers are becoming less interested in military conflict. For example, in Crimea, the EU and NATO said they will not become involved in a war. Similarly, major powers are more reluctant to fight each other. The keys to this reluctance are nuclear weapons and globalization, which increase sensitivity and vulnerability between major powers. Globalization will allow states to search for alternatives in the event of conflict. If a state faces sanctions from another state, it can fill the void by trading with another state. For example, when China and Japan have problems, some within China suggest they should sanction Japan. However, Japan could trade with others to fill the gap of Chinese imports. Thus, the idea of sanctions is outdated. Globalization has made states less vulnerable but more sensitive to changes.

Professor Steinberg contested Professor Yan's idea that nuclear reductions are leading to peace. Nuclear proliferation is largely controlled, but proliferation of other technologies and non-nuclear weaponry has increased, including in the areas of cybersecurity and geospatial technology. This will lead to a new era of security dilemmas. Professor Yan responded that competition in the cyber field is representative of the competition between the United States and China. This is spillover from the traditional arms race, and sector-specific competition will increase.

The panel also debated whether history supports the idea that economic interdependence is a stabilizing factor.

The classic counterexample of World War I was raised to show that similar levels of today's interdependence have existed before. This suggests that states do not necessarily become more cautious when more alternatives are available. Instead, there was a powerful rise of nationalism in Europe during this era. Indeed, the forces of globalization stimulated nationalism. The rise of nationalism in Asia is a possible historical parallel.

Dr. Hahm asked if great power competition between the United States and China is unprecedented or if there is a historical analogy? Professor Steinberg responded that nothing is identical. After World War I, Germany and Britain had different concepts of security. However, neither side was willing to unpack and have meaningful conversations with the other. If they could have better understood the strategies and intentions of the other, history might have been different. Fortunately, dialogue between China and the United States is robust, and thus, a misunderstanding between the two appears less likely.

The question-and-answer session focused on nationalism. Positive national pride and patriotism are baked in the cake of nation-building. But the bigger question is when and how nationalism becomes xenophobic and insecure. Professor Steinberg suggested that insecurity in the East Asian region drives this "negative" nationalism. Professor Yan proposed that nationalism is much like religion. Moderate nationalism is tolerable and acceptable, while fundamentalist nationalism can lead to conflict.

When asked if Chinese policy should be different towards Japan, Professor Yan provocatively stated that Japanese Prime Minister Abe is an "extremist" not a nationalist. Abe is an extremist because he pursues self-serving policies that weaken relations with China. The only way to remedy relations between China and Japan is to



“isolate the Abe administration” and wait to deal diplomatically with future Japanese leaders. Professor Steinberg responded by arguing that candid dialogues are needed since the stakes are too high for isolation.

Discussion then moved to Russia’s encroachment into Ukraine. With the Russo-US relationship worsening where does this leave China? Professor Steinberg suggested that to understand current Russian behavior, observers must go back to the 19th century. Vladimir Putin has a traditional view of the Russian sphere of security. Putin views Russia’s contemporary strategic space much like that of Tsarist Russia. This includes the unilateral right to protect Russian nationals overseas; however, to other states this is dangerous in today’s world. China likely opposes this behavior as it is protective of sovereignty. Thus, China has not been “cheerleading” Russia’s cause.



Professor Yan proposed that Russia cannot cause a global conflict as it is not a global power. This means that the United States will not adjust its overall strategy. What is more important is the Chinese learning from the Russian experience. As the years pass, integration becomes less likely. For example, if the current situation in Ukraine occurred in 2074, would Crimea vote to become part of Russia? Professor Yan suggested it would not. China must see that in Taiwan, 70 percent of citizens now view themselves as Taiwanese, not Chinese. This will make unification more difficult.

SESSION 1

Date | April 22, 2014
Time | 10:15-11:30
Place | Regency Room

Back to History in East Asia?

- Moderator**
- Gilbert Rozman, The Asan Forum
- Speakers**
- Chen Zhimin, Fudan University
Ralph Cossa, The Pacific Forum CSIS
Kim Jiyeon, The Asan Institute of Policy Studies
Togo Kazuhiko, Kyoto Sangyo University
- Rapporteur**
- John Clinton Work, International Crisis Group

Professor Gilbert Rozman, Editor-in-Chief of the *Asan Forum*, opened the session by acknowledging that history is alive and well in East Asia, particularly memories from the second quarter of the twentieth century. However, while some claim that history repeats itself, there is no reason to repeat the same arguments. Rather, the responsibility of specialists in contemporary international relations is not to reverse or manage the course of events, but to find new ways to conceptualize and interpret them in a broader context. Each panelist approached the task in turn.

Professor Chen Zhimin, Dean of the School of International Relations and Public Affairs at Fudan University, cited the somber theme of the conference. Despite the optimism that followed the end of the Cold War, the last several years witnessed a rise in skepticism about the trajectory of global politics. Three different arguments offer insight into the nature and direction of contemporary international relations. First, Professor John Mearsheimer argued that with the absence of a bipolar structure follow-

ing the end of the Cold War, Europe would revert to rivalry. This appears incorrect within Europe. However, on Europe's periphery, including the Balkan conflicts and Russia's recent assertiveness, the argument holds. Second, Professor Aaron Friedberg argued in a similar vein that Europe's past will be Asia's future, marked by instability and increased rivalry. Recent tensions over historical revisionism as well as territorial disputes within the region lend support to this view. Third, Professor David Kang argued that Asia's past will be Asia's future. Historically, East Asia was a Sino-centric regional system. This system was a hierarchical, tributary order but also a relatively stable one. As China returns to its predominant position, which it has begun to do both economically and militarily, its neighbors may be more likely to accommodate than balance against it.

Professor Chen outlined six reasons why conflict will not persist and China will not become the dominating power it once was. First, the world of today is a "live and let live" world. Second, states are more concerned about state survival and the welfare of their citizens than amassing power or status. Third, growing interdependence creates shared interests. Fourth, regional institutions are on the rise. Fifth, East Asia is not isolated from the world but embedded in a larger world system that is relatively balanced. Finally, China's strategic culture is not expansionary or aggressive. Thus, there are substantial mechanisms that promote stability and cooperation. Nevertheless, smart diplomacy and statecraft are necessary to help deal with an admittedly delicate and shifting context. To avoid conflict, China must be allowed to become the most prominent regional power without dominating others in the process.

Mr. Ralph Cossa, President of the Pacific Forum CSIS, first highlighted the longstanding US presence in the region. Despite oft-repeated concerns about the credibility of the US commitment, the United States has been a significant actor in Asia for over a century. The United States learned the cost of sending false signals with the Korean War, and has remained clear ever since. The US commitment has been and will continue to be driven by its national security interests. This has been the case through Vietnam, the end of the Cold War, and the Iraq and Afghanistan Wars. Moreover, the so-called pivot to Asia actually began under the George H.W. Bush Administration in 1989. In short, the US shift to the region is not new, preceded China's rise, and will be sustained by a strong national interest.

Second, Mr. Cossa noted the importance of learning the correct lessons from history. For East Asia, this includes taking a broader view of its 20th century history including history after 1945. Prime Minister Abe should more openly embrace the Murayama and Kono Statements, and also stress Japan's immensely positive postwar role. The Japan-led flying geese model guided the region from poverty to rapid growth rates and

modernization. Japan's assistance was of direct and immense benefit to South Korea, the other Asian tigers, and eventually China. More important, Japan's post-1945 history is instructive for the region's future. Japan's exceptional postwar rise both within the existing system and in cooperation with the lead power demonstrates that a peaceful rise is indeed possible. In short, the real lesson here may be that the United States and China need not face the seemingly inevitable clash of the *Thucydides Trap*. One tangible measure regional states could take would be to openly acknowledge territorial disputes yet renounce the use of force and commit to a process of peaceful dispute resolution.

Dr. Kim Jiyeon, Director of the Center for Public Opinion and Quantitative Research at the Asan Institute of Policy Studies, shared several insights based on her polling of the South Korean public. Polling data indicates that tensions in the region are indeed on the rise, but that the Korean public holds more nuanced views regarding the larger strategic landscape than commonly thought. First, Japan and Abe's favorability scores are very low among the Korean public, lower in fact than North Korea and Kim Jung-un, respectively. However, while nationalism is undoubtedly at work, the nature of Korean nationalism itself is changing. South Korean nationalism has historically been intertwined with ethnic nationalism stemming from opposition to racial discrimination under Japanese colonization. Recent polls, though, indicate that Korean nationalism is less about ethnic homogeneity and more about good citizenship, Korean linguistic ability, and understanding and respecting Korean culture. This shift is especially prevalent among younger people.



A second insight is that, despite Japan's low favorability scores, a majority of Koreans still would like to forge a better relationship with their island neighbor. Sixty-eight percent of respondents want to improve the ROK-Japan relationship, 63 percent believe President Park Geun-hye should be more proactive in doing so, and 55 percent understand the necessity of a summit meeting to help the process along. Corresponding to this, a majority of Koreans believe they should put history behind them and move forward. A third and final point is that contrary to concern in Washington regarding the sustainability of the trilateral US-Japan-ROK relationship, a majority of respondents favor security cooperation with the United States and Japan over cooperation with China. Overall, polling data shows a Korean public with a more complex perspective than simply a hardened attitude based on nationalism. This may open the way for future cooperation.



Professor Togo Kazuhiko, Director of the Institute for World Affairs at Kyoto Sangyo University, was the final speaker. He focused on domestic developments within Japan, the Japanese perspective of South Korea and China, and what each country could do to move forward in a positive manner. In regard to Japan, the central development has been Abe's move to get the country out from the postwar regime. This consists of several agendas, the two most important being 1) getting out from irresponsible pacifism by changing the interpretation of Article 9 of the Japanese Constitution, and 2) getting out from unworthy humiliation through assertive nationalism. The first agenda is one of Abe's most important domestic policies. The second agenda, instead of freezing it due to its inherent difficulties, Abe opened by Yasukuni visit, which was a diplomatic disaster. This visit strengthened hardliners in China, distanced South Korea, and angered the United States. Abe has since softened his stance, but he must firmly embrace the Murayama Statement going forward.

Another important variable is the Japanese perspective of both of South Korea and China. From the Japanese view, Korea's rapid postwar development, democratization and growing cultural influence are all very admirable. Unfortunately, where success usually brings confidence, this has not been the case in the Japan-ROK relationship. It remains marred by lack of trust between respective political leaders as well as several festering territorial and historical disputes. Deep anger over Japanese colonization and a sense of Korean superiority from the Sino-centric regional order may be reemerging in the Korean media. In order to move forward, President Park has the responsibility to exert political leadership to help settle disputes. In the case of China, while Japan views its economic, political, military and cultural rise with respect, it is wary of its growing physical assertiveness. Such a development marks regression to the dueling hegemonies of 19th century imperialism. Moving forward, China must abstain from its forceful assertion of power. China, in its assertion toward a new civilizational direction, should incorporate the best of Western values such as rule of law and democracy.

The question-and-answer session revolved around two key points. The first involved Japan's resurgence and right to collective self-defense in light of its history. Professor Chen remarked that China acknowledges Japan's positive postwar history, but is disconcerted by its recent policy shifts, including the strengthening of the military as well as the lifting of restrictions on Japanese defense exports. Mr. Ralph Cossa argued that Japan's capabilities are unthreatening when put in comparative perspective. Moreover, he stressed that Japanese nationalism and its right to collective self-defense should not be equated with re-militarization. The second point involved the ROK's focus on historical issues, in particular the recent debate surrounding the Ahn Jun-geun memorial. Dr. Kim Jiyeon noted that while no polling data exists, the Korean public is most likely thankful to the Chinese for the memorial, but that the issue is less salient than concerns over so-called Japanese militarization in light of its unacknowledged past. Professor Togo Kazuhiko remarked that unfortunately Ahn Jun-geun's own ideas regarding regional cohesion and cooperation and Japanese respect toward Ahn have been lost in the debate.

SESSION 1

Date | April 22, 2014
Time | 13:00-14:15
Place | Grand Ballroom I

Back to Modernity in the EU?

Moderator	Patrick Messerlin, Sciences Po
Speakers	Kim Nam-Kook, Korea University Kai-Olaf Lang, GIGA Stefan Niederhafner, Seoul National University
Rapporteur	Stefan Soesanto, Pacific Forum CSIS

Professor Patrick Messerlin, Professor Emeritus of Economics at Sciences Po, introduced the session on “Back to Modernity in the EU” by citing a wide array of intra-EU issues, ranging from the rise of nationalist parties and the persistent concerns of European citizens in regard to further EU integration, which have become pertinent to the evolution and future trajectory of the European Union. Currently however, it seems that the Union’s relationship with Russia is increasingly overwriting these notions as the EU is starting to realize that it should maintain an effective foreign and defense policy towards its neighbors to the east. In essence, the crisis in the Ukraine is the EU’s pivotal moment on whether it will veer towards becoming a big new Switzerland or whether it will decide to take military counteraction against Russia and reconfigure its internal energy market.

Professor Kim Nam-Kook, Jean Monet Chair Professor in the Department of Political Science and International Relations of Korea University, divided his presentation into three parts: 1) What is modernity, 2) the

EU as a typical modern project, and 3) projecting the future of the EU along the theoretical thought of Jean Monnet and Jan Zielonka.

According to Professor Kim, modernity is defined as the invention of individuals, science, and reason as the central tenets for problem solving, and the formation of the nation state as the dominant political entity. The nation state solved the issue of social integration by relying on the mobilization of ethnic nationalism while attaining legitimacy through the establishment of a democratic system based on the participation of free and equal individuals. Despite its contribution to democracy however, Professor Kim notes, that the nation state often worked as an exclusive mechanism and, in the end, was responsible for much of the havoc and wars wreaked in modern history.

The European Union in contrast is envisioned as a modern project to establish lasting peace on the continent through the creation of institutional cooperation and the application of reason and science. Professor Kim stated that the overwhelming expectation was geared towards the idea that the EU will become a unique and exceptional international player by turning itself into a post-modern power.

However, with the occurrence of the global economic crisis, two contending arguments on the future trajectory of the European Union have emerged. On the one hand, the necessity to retreat is being raised due to the notion that European integration has proceeded too rapidly and too deeply while ignoring the underlying differences among the various member states. On the other hand, a higher and even deeper level of EU integration is being demanded, based on the realization that partial integration was the root cause for the financial and economic crisis in Europe.

Professor Kim went on to contextualize these two notions within the theoretical works of Jean Monnet and Jan Zielonka. While Monnet envisioned the EU as a unitary entity, Zielonka is propositioning that the EU is turning into a neo-medieval empire whose primary characteristic is a horizontal and polycentric governance system.

However, the most dominant factor in both calculations remains to be the citizen as the ultimate point of origin for any legitimacy within the EU’s democratic context. Yet, in the absence of a European citizen whose responsibility and solidarity spans across the continent, the future of Europe is very much confined by the lack of democratic fundamentals in the first place.

Dr. Kai-Olaf Lang, Head of Research Division on EU Integration at the German Institute for International and Security Affairs, structured his presentation along the three topics of 1) the economic and financial crisis and the EU’s response, 2) history and memories, and 3) the EU foreign policy dimension exemplified by the Ukrainian case.

Dr. Lang elaborated that the EU’s crisis management during the economic and financial crisis has resulted in

more consolidation efforts and increased solidarity among the various member states. On the topic of integration however, the *modus operandi* within the European Union has sparked two contradicting developments. On the one hand, the EU established various quasi-automatic rules that are facilitating further integration, such as increasing commitments to fiscal solidity, more consistent procedures to fight macro-economic imbalances, attempts towards debt reduction, and intensifying overall economic policy coordination. As a result of this “deepening in disguise,” as Dr. Lang called it, the EU’s trend towards communitarization has been significantly stimulated by the underlying high degree of shared risks and responsibilities within the framework of the European Union.

On the other hand, several member states successfully rebalanced their relationship with Brussels in order to exercise control and political guidance over the overall direction of the Union. Evidence of this development is the growing role of the EU summit, the EU Council, the increasing power of certain member states, numerous attempts by said states to sideline the Commission, and the establishment of contractual agreements outside the Union such as the fiscal pact.

On the issue of history, Dr. Lang pointed out that European history is both a driver for more integration but is also a source of contention within the EU project. The Franco-German reconciliation for instance, which is hailed by many Western states as the origin of the Union, was based on the idea of trust-building and interlocking Germany’s might into a system of regional governance. The Union’s eastward enlargement however is increasingly challenging the EU’s memory and future narrative by bringing in the communist experience of Eastern Europe.

In the context of the Ukrainian crisis, Europe is therefore witnessing an uncomfortable rendezvous between the EU’s modernization efforts and its stance on geopolitics. According to Dr. Lang, Brussels’ win-win narrative, which proclaims that economic and political reforms in the Ukraine are beneficial to Kiev, Brussels, and Moscow, is fundamentally clashing with the strategic notions of geopolitics and the sovereignty of space. Therefore, the overarching problem for Brussels currently, is that the EU is still in the process of discovering its role as a geopolitical power while realizing that it lacks an overall strategic concept to engage its neighbors.

Dr. Lang summarized his findings by stating that the process of EU integration is not marked by a return to the Westphalian model but is instead bound on a trajectory of “reinforced integration enriched by modest and cooperative neo-entitism.”

Dr. Stefan Niederhafner, Assistant Professor in the Department of International Relations at Seoul National University, began his presentation by clarifying that it is not back to history for the European Union, but back to the future. According to Professor Niederhafner, the financial crisis, the economic crisis, and the crisis in the Ukraine are all resulting in more integration and thus the establishment of a postmodern European Union.

In retrospect, the difference between the pessimistic narrative—which reached its height when the southern

countries tumbled into economic problems—and the economic realities of today is especially striking. The Union has in fact succeeded in establishing mechanisms that have helped lift the EU out of troubled waters into a more cooperative environment across the entire euro zone. The EU stability mechanism and the recently implemented Single Resolution Mechanism represent a new quality of EU integration.

While we do not know whether this shift away from the notions of the traditional nation state will be enough to prevent any future crisis within the EU, the system seems to have had a positive impact already given that even Greece was able to successfully return to the bond market.

On the issue of rising nationalism within the Union, Professor Niederhafner noted, that this development might be the much needed incentive for the European parties to become more engaged in passionately communicating European issues across the continent. Professor Niederhafner therefore expects that the active discourse between the pro- and anti-European parties will help narrow the democratic gap between the Union’s institutions and the European citizenry.

On the Scottish referendum, Professor Niederhafner remarked that, regardless of the outcomes, the Scottish or the anticipated UK referendum will clear the road towards stronger and further political integration of the European Union.



According to Professor Niederhafner, the Crimean Crisis and particularly Putin’s aggressive handling of the situation on the ground is increasingly delivering a powerful argument for increased EU integration as well. Concerning their foreign and defense policy, the various nation states within the Union have realized that they are in no position to deter Moscow by themselves. And in the area of energy politics, it becomes obvious that the projects of the recent past, for example the north stream project, did not help to reduce the dependence on Russia. The Ukrainian crisis already initiated a debate on the need for better integrated energy policies within the EU, which will likely result in a transfer of national energy competencies to the EU level, and probably stronger support for non-fossil energy sources.

Professor Niederhafner summarized his presentation by stating that the process of EU internal integration will continue and the Union is going to shift towards a postmodern structure that will hover between a truly unitary state and a classical federal one. In the end, the EU will develop its own way of doing things that will transcend the idea of a modern nation state.

During the question-and-answer session, the EU’s response to the crisis in the Ukraine was questioned by all panelists. For Professor Kim, the Ukrainian crisis and the future of the EU are two different tasks because further EU integration will not help solve the already existing democratic deficits within the Union. Dr. Lang elaborated that the Ukrainian crisis will not be a positive push for the EU’s foreign policy agenda due to the preexisting divisions on the issue within Europe and the revitalization of American-led security over countries like Poland and the Baltics states. Professor Niederhafner summarized the Ukrainian issue by stating that dealing with Russia will always create a suboptimal outcome for the EU as long as the nation states are engaging Moscow bilaterally. Therefore, more integration is needed to comprehensively and efficiently tackle Europe’s energy and foreign policy outlook.

SESSION 1

Date

Time

Place

April 22, 2014

13:00-14:15

Grand Ballroom III

Back to Winter in the Middle East?

Moderator	Jang Ji-Hyang, The Asan Institute for Policy Studies
Speakers	Salah Eddin Elzein, Al Jazeera Centre for Studies Michael Hudson, National University of Singapore Ellen Laipson, Stimson Center Diederik Vandewalle, Dartmouth College
Rapporteur	Brian Gleason, International Crisis Group

Dr. Jang Ji-Hyang, Research Fellow in the Middle East and North Africa Program in the Center for Regional Studies of the Asan Institute, opened the panel by asking the panelists to discuss changes that have occurred in the Middle East and North Africa since the Arab Spring, and to present their views on whether the Arab Spring will lead to democratization.

Dr. Salah Eddin Elzein, Director of the Al Jazeera Centre for Studies, contended that we must take a historical perspective to properly understand the context in which the Arab Spring and democratization efforts are taking place. The last century in the Middle East was full of disappointment and discontent, especially in the last four to five decades, when nation-states in the region failed to live up to the expectations of their people. One of the key issues in the region is the Arab-Israeli conflict over Palestine, which continues to serve as a source of humiliation for many Arabs. Leaders have continuously failed to find a just solution, and Palestinians feel let down by the international community in the face of

Israeli aggression. Moreover, interference from Western powers in the region has included supporting many repressive and corrupt regimes that stifle democratization. Therefore, in this historical context, we can understand that there are forces in the region focused on reform and change, while others want to maintain the status quo.

The region has also been affected by continuous changes in political ideology over the years, such as socialism and the pan-Arab movement in previous decades followed by the rise of political Islam in the late 1980s. The region also features “intertwined layers of conflicts.” The primary layer is the Palestinian issue, which serves as a catalyst for the alignment of forces in the region. Before the Arab Spring, there was the camp of the moderates, which included countries such as Egypt under Mubarak, Saudi Arabia, and Jordan. On the other hand there was also the camp of the resistance, which involved countries such as Libya, Qatar, and Iran as well as non-state actors. The second layer of conflict in the region is a sectarian one. Here we see the simmering tensions between Sunnis and Shias that became very apparent in Syria, Iraq, Lebanon, and so on. The third layer of conflict includes those fighting for change and reform struggling against those who want to maintain the status quo. Within these layers of conflict, alliances often shift based on the priorities of the key players in the region. For example, although Saudi Arabia may identify Qatar as a threat to its national security, if Iran becomes an imminent threat, both Qatar and Saudi Arabia could join forces based on Sunni affinities and mutual security needs.

Dr. Michael Hudson, Director of the Middle East Institute and Professor of Political Science at the National University of Singapore, discussed various flash points in the Arab world. He argued the second Egyptian revolution that ousted the Muslim brotherhood was actually a coup, even though many Egyptians disagree. In that incident, the military played a key role in taking power back from the Muslim Brotherhood, but there remains a “deep state” in Egypt, and Field Marshal Sisi, the candidate of the military, will in all likelihood win the upcoming election. In other parts of the Arab world, conflicts continue to flare up. Anger and frustration over the Palestinian issue have generated whispers of a possible third Palestinian intifada, Iraq is riven by multiple ethnic and sectarian rivalries, Jordan has been plunged into social and labor unrest while the king loses prestige, and Lebanon is in serious danger of being sucked into a larger conflict in Syria.

Three historical models are often used to juxtapose the various conflicts in the Arab world. According to the Ottoman-Turkish model, which Professor Hudson does not subscribe to, the conflicts are wars of Ottoman succession and unanswered questions of how to divide former Turkish territories. The second model from the 1940s and 1950s involves a certain degree of parliamentary pluralistic systems found in countries like Egypt, Syria, Lebanon, and Iraq. These political systems had fairer elections and more political freedom of action than are currently found in these countries, but this model won’t soon be applied either. The third and most relevant model is the persistent authoritarian deep state model that has dominated the region from the 1960s until recently. Many commentators believe the “Arab Winter” actually signifies a return to this model. For example, the leaders in Saudi Arabia and the Gulf States support counterrevolution because they worry that



popular uprisings could remove them from power. In this regard, Bahrain still hasn’t put down its own uprising, and Saudi Arabia has chronic unrest in its eastern regions.

Ms. Ellen Laipson, President and Chief Executive Officer of The Stimson Center, reminded the audience that it has only been about three years since the initial uprisings in the Arab world, so it’s too early to judge them historically, and it is impractical to be too pessimistic because processes of change take time. Unfortunately, even after the twentieth anniversary of the Rwandan genocide, the international community has not found successful tools, except for the use of force, when a society is in a period of self-destruction or has a suicidal impulse. Even with new concepts like the Responsibility to Protect (R2P), the Syrian tragedy demonstrates that we don’t have the tools to stop these atrocities. Though the Obama administration was criticized in the Arab world for not intervening in Syria, Ms. Laipson understands Obama’s position, especially considering the serious problems the United States has faced in Iraq and Afghanistan. Additionally, the United States is trying to guide international efforts in Syria, and remains the largest provider of humanitarian assistance, including some discreet assistance not mentioned in public because some sectors in Syrian society cannot be exposed. In the meantime, the UN has not produced results, the regime is defiant, Assad will be reelected, and the opposition is in disarray.

Back in 2009, Obama’s speech in Cairo gave many people high hopes for positive developments in the Arab world, including commitments to universal values, transparency, improvements in education, a greater role for the individual, and pledges to work together as partners in a period of transition. However, very little of that speech is operational today, and US influence in the region is declining because of the global redistribution of power, and paradoxically, the outcome of the Arab Spring. Many thought the Arab Spring would have been favorable to the alignment of US interests in the region, but it often turned out differently, so the United States must be careful in engaging in the Arab world and try to first ensure that those they are engaging with can accept a US role. The United States has continued to work with numerous civil society organizations, but the

approach must be recalibrated, especially as it relationships are altered in a period of budget austerity. Moreover, wealthy Arab states are providing aid with no conditions regarding economic policy reform, causing an imbalance in donor countries and giving the West less leverage. Still, there's a strong demand for a US security presence, especially in the Gulf, where US military relationships remain strong.

Dr. Diederik Vandewalle, Professor in the Government Department and the Amos Tuck School of Business at Dartmouth College, focused on two Arab Spring countries that had very different outcomes: Tunisia and Libya. Tunisia is considered a “modified success” because after the revolution in December 2010 the country established a tight timeline to create a constituent assembly and a constitution. This was an electrifying moment in the country’s history when all political factions, including Islamists and secularists, came together and fulfilled their objectives. Bureaucratization and institutionalization played essential roles in Tunisia’s democratization because those processes created a new political system in which the president was able to find compromises.

Libya has been a completely different story. Three years later, it is still very fragile and full of problems, such as corruption. It has also failed to successfully institutionalize or bureaucratize, so deep patronage networks plague the country. Libya held elections in July 2012, but Professor Vandewalle believes this move was premature since it lacks the proper institutional framework. It would have been better to create a consensus and build institutions before the elections, but since this did not happen, the newly created system became hollowed out and was valued simply for what it could deliver to its patrons. There are still some major problems remaining in Libya. First, those who represent the state do not have a monopoly on violence, as there are

large numbers of militias that can offset state power. Second, national identity and federalism have reemerged, not from an economic or financial standpoint, but from cultural and symbolic perspectives, especially in eastern parts of the country.

Professor Vandewalle concluded that we ultimately need to keep three things in mind when analyzing the post-Arab Spring world: 1) the creation of a modern, functioning state takes a long time; 2) institutionalization and consensus-building should be promoted; and 3) the role of political Islam is here to stay, and will play an important role in any future political system.

Dr. Jang concluded the panel with a question-and-answer session focused on the current US role in the Middle East. Dr. Elzein noted that the continuous US protection of Israel leads to distrust, and that the United States cannot play an honest role as long as Israel takes priority in its foreign policy. Dr. Hudson added that the United States should not try to dominate Israeli-Palestinian diplomacy. Instead, the United States should call on the rest of the world to wake up and come together to exert serious pressure to resolve the issue. Ms. Laipson stated that the United States must work more carefully with donor countries to develop sustainable strategies in the Middle East and North Africa, and find more common ground between Western and Gulf State donors. Finally, Professor Vandewalle highlighted the lack of soft power in the badly scarred region, and advocated multilateral initiatives to solve serious problems like terrorism and smuggling.



SESSION 2

Date | April 22, 2014
Time | 14:30-15:45
Place | Regency Room

Second Nuclear Age?

Moderator	Paul-Anton Krueger, Sueddeutsche Zeitung
Speakers	Cheng Xiaohe, Center for China’s International Strategic Studies at Renmin University Chun Yungwoo, The Asan Institute for Policy Studies Robert Einhorn, The Brookings Institution William Tobey, The Belfer Center for Science and International Affairs at Harvard University
Rapporteur	Ariana Rowberry, The Brookings Institution

Mr. Paul-Anton Krueger, Managing Editor of the foreign desk section of *Sueddeutsche Zeitung*, framed the discussion of a second nuclear age within a series of recent foreign policy events. North Korea’s purported consideration of a fourth nuclear test, President Obama’s visit to South Korea and Japan, Iran’s negotiations with the P5+1, and Russia’s recent actions in Ukraine all necessitate the discussion of a second nuclear age.

Professor Cheng Xiaohe, Deputy Director of the Center for China’s International Strategic Studies at Renmin University, stated that the end of the Cold War did not bring many changes to the nuclear landscape. The concept of a second nuclear age is misleading. First, in the post-Cold War era, the very nature of nuclear weapons has not changed. The enormous destructive potential of nuclear weapons and their role in international relations is the same. Second, even though nuclear weapons tech-

nologies have steadily improved, the end of the Cold War was not a watershed for this technology’s development. Third, the monopoly of nuclear weapons by the United States and Russia remains to this day. Fourth, the majority of nuclear weapons proliferation occurred during the Cold War. The number of states that acquired or are pursuing nuclear weapons in the post-Cold War era is limited.

In the post-Cold War era, acquiring nuclear weapons has become increasingly difficult due to the heightened awareness of nuclear proliferation and its accompanied threat to stability. Overall, there are more continuities than discontinuities between the Cold War and today.

Ambassador Chun Yungwoo, Senior Advisor at the Asan Institute for Policy Studies, remarked that although the number of nuclear weapon states has not increased significantly since the end of the Cold War, there is some cause of concern for the future. A growing number of countries could acquire sensitive fuel cycle technologies, including enrichment and reprocessing technologies, which could be used to produce weapons usable fissile material. It is possible that states will use these technologies to come close to the nuclear threshold without actually crossing it.

There are two key variables that will define a second nuclear age. First, a final deal between Iran and the P5+1 will be a watershed in international efforts to contain the spread of sensitive technologies. Iran is the last floodgate for the spread of enrichment technology to other countries that do not have a justifiable need for nuclear energy. This floodgate will breakdown in the event that Iran is allowed to maintain even a fraction of its ongoing enrichment program. A final deal with Iran will set a critical precedent for the Nuclear Non-Proliferation Treaty (NPT). Second, the security environment in East Asia will influence the potential for a second nuclear age. There is the potential for a military clash over the Senkaku/Diaoyu islands, which could be influenced by historical tensions, increased nationalism, and the return of great power politics. A potential military clash could be a trigger for nuclear weapons use. A military clash paired with a nuclear-armed North Korea could create a very dangerous situation. However, a future North Korean nuclear weapons test, or the eventual nuclear armament of North Korea, will not be a decisive feature of the second nuclear age on its own. In conclusion, the world is moving towards the brink of a second nuclear age, although it has not yet entered it.

Mr. Robert Einhorn, Senior Fellow with the Arms Control Initiative and the Center for 21st Century Security and Intelligence at the Brookings Institution, remarked that the first nuclear age was characterized by the relative stability of a bipolar nuclear balance. A second nuclear age would involve a growing number of nuclear weapons states and the greater likelihood of nuclear conflict. There are plenty of warning signs that we may be headed for a second nuclear age: North Korea’s determination to maintain and expand its nuclear and missile capabilities, China’s ambitious but opaque strategic modernization program, concerns about Japan’s large plutonium stockpiles, South Korea’s desire for its own enrichment and reprocessing capabilities, and uncertain prospects for a nuclear deal with Iran. Additionally, there is a growing perception that the United States has grown weary of overseas challenges. There is virtually no prospect for near-term US-Russian nuclear

arms reductions, besides those already contained in the New Strategic Arms Reduction Treaty (New START). There continues to be a destabilizing nuclear and missile competition between India and Pakistan. Globally there are stocks of fissile materials that remain potentially vulnerable to terrorist theft. There is also concern that growing dependence on nuclear energy will be accompanied by more states acquiring enrichment and reprocessing capabilities.

Despite these troublesome signs, a dangerous second nuclear age is not inevitable and will depend on whether the international community is prepared to prevent it. First, North Korea must learn that its policy of simultaneously developing its economy and pursuing nuclear weapons is doomed to failure. China must be willing to use its leverage to persuade North Korea to change its course. Second, Iran must be prepared to accept an agreement with the P5+1 that substantially reduces its existing nuclear infrastructure and allows for intrusive monitoring measures. Third, the United States must remain actively engaged in the security affairs of East Asia, the Middle East, and Eastern Europe. Fourth, the United States and Russia should eventually seek to stabilize their relations and pursue additional nuclear reductions. Fifth, China and the United States should work towards a stable, strategic relationship. Sixth, India and Pakistan should address the drivers of their nuclear and missile competition. Lastly, the expansion of nuclear energy should be accompanied by policies aimed at reducing risks of proliferation and nuclear terrorism. The nonproliferation regime has been much more robust than many have predicted. However, we cannot expect the relatively positive record to continue indefinitely.

Mr. William Tobey, Senior Fellow at the Belfer Center for Science and International Affairs at Harvard University, stated that historically there have been unfounded predictions about the nonproliferation regime. In 1963, President Kennedy predicted that there would be 25 nuclear weapons states; however today there are only nine. Why was the first nuclear age so modest? In a memorandum from Robert McNamara to President Kennedy, he stated that the motivations not to develop nuclear weapons are strong. These reasons include the high cost of weapons, lack of clear military need, legal restrictions, and concern for international repercussions.

In some ways, the factors affecting nuclear proliferation are even more hopeful than they were 50 years ago. The NPT has proven remarkably durable. Additionally, the United States has built alliances that include extended nuclear deterrence, greatly diminishing the perceived benefits from independent nuclear weapons programs. Third, proliferation does not ineluctably lead to more proliferation. The number of states with nuclear weapons today is the same as it was 25 years ago. It has proven possible to reverse the spread of nuclear weapons in the cases of South Africa, Kazakhstan, Belarus, and Ukraine. Overall, the threat of nuclear proliferation is acute but limited. Iran and North Korea are now the main proliferation challenges.

There is a risk for a proliferation cascade in response to these two countries. Remembering four points can help to steer past this disaster. First, Iran and North Korea's neighbors have an incentive to threaten proliferation in hopes of evoking strong reactions from Tehran and Pyongyang. Second, extended deterrence remains vital to preventing further proliferation. Third, we must do better at balancing nonproliferation goals with other

policy interests. Fourth, pretending to believe those who pretend to disarm is not a viable policy. For example, the true test of an Iranian deal will be Tehran's willingness to come clean about the possible military dimensions of its nuclear program. The NPT can survive. The solutions are pretty simple: they are not hard to understand, but they are hard to implement.

During a discussion on the panel, Mr. Krueger asked Professor Cheng if a fourth nuclear test by North Korea would be a game changer. Professor Cheng stated that a fourth nuclear test by North Korea is highly unlikely within six months. Another test would be disastrous for the Six-Party Talks and it is unclear if another test would greatly improve North Korea's nuclear technology. If North Korea were to test, however, China could be forced to take more decisive actions against North Korea. Ambassador Chun stated that he was unsure if another test would be a game changer. North Korea's decision to test will depend on two factors: whether Pyongyang can afford to waste fissile material and what type of additional sanctions it is willing to sustain. However, the current sanctions on North Korea do not have teeth.

Mr. Krueger asked Mr. Einhorn if it could be enough to be a threshold state but still enjoy the strategic benefits of being a nuclear weapons state. Mr. Einhorn remarked that a world with many threshold states would be dangerous and it is important to limit access to sensitive parts of the nuclear fuel cycle. Mr. Tobey added that while states are entitled to enrichment capabilities under the NPT, this might not be in the collective best interest of the nonproliferation regime.

During the question-and-answer session, Mr. David Sanger, National Security Correspondent at *The New York Times*, asked if there would be any advantages to acknowledging North Korea as a nuclear weapons state. Professor Cheng responded that it is not a good time to acknowledge North Korea as such. Doing so would sabotage the efforts to pursue the denuclearization of North Korea. Mr. Einhorn added that under the Kim dynasty, North Korea will not give up its nuclear weapons, but that does not mean that we should accept that Pyongyang has a nuclear weapons capability. The international community needs to make North Korea choose between regime survival and nuclear weapons. Mr. Krueger concluded that the cases of Iran and North Korea will be critical in how a potential second nuclear age is shaped.



SESSION 2

Date | April 22, 2014
Time | 14:30-15:45
Place | Grand Ballroom I

(Post)-Modern Japan?

- Moderator

Martin Fackler, The New York Times
- Speakers

Brad Glosserman, Pacific Forum CSIS
Miyake Kuni, Foreign Policy Institute
Park Cheol-Hee, Seoul National University
Yamaguchi Noboru, National Defense Academy of Japan
- Rapporteur

Brian Reams, Yonsei University



Mr. Martin Fackler, Tokyo Bureau Chief for *The New York Times*, set the tone for the panel discussion entitled, “(Post)-Modern Japan” with a short anecdote from the postwar occupation of Japan in 1946. General MacArthur remarked to Emperor Hirohito that because of Japan’s pacifist constitution, in 100 years it would become a moral leader in the world. Seventy years since, Japan’s leaders are now debating changes to this constitution and Japan’s greater role in the world. There has led to an emerging narrative of a shift to the right and a growing nationalism, or the “reemergence of history” in Japan. Mr. Fackler posed a series of questions to the panel: What is really changing in Japan? Is Japan shifting to the right or becoming more nationalist? And is this a change to be feared?

Mr. Brad Glosserman, Executive Director of Pacific Forum CSIS, described Japan as a small and vulnerable country with an elderly population and indebted state, unable to seek great-power ambitions. More importantly, he argued there is also a crisis of attitude. Most Japanese want a smaller and less competitive society. In light of the economic stagnation of the last two decades, there has emerged a “happiness paradox” among the Japanese youth. The elder generations achieved great wealth but not happiness, and so the current youth of Japan have rejected the laissez-faire competitiveness of their parents in favor of a more comfortable life. Regarding nationalism, Mr. Glosserman asserts that traditional nationalism is “nonexistent” in Japan. In a December 2013 *Asahi Shimbun* poll, only 15 percent of Japanese under 20 responded that they would fight to defend Japan in the event of a foreign invasion. Even among self-identified nationalists, it is more an expression of Shinto affinity for the land and the environment, rather than love of country and the traditional attributes of nationalism. Glosserman’s overarching conclusion is that Japan is prepared to become a small country that is anti-consumer and anti-consumption. It is determined to export its good behavior and be an international leader in the areas at which it excels—environmentalism, efficiency, and leaving a small footprint.

Professor Miyake Kuni, President of the Foreign Policy Institute in Tokyo, agreed with the notion that Japan isn’t young, strong, or ambitious as it was in the past. College campuses no longer foster student protest groups, and the leftist generation of leaders is now retiring. However, Professor Miyake disagreed with the idea that there is no nationalism in Japan. This nationalism is not unique to Japan, but rather part of a larger global resurgence similar to what we have seen across Europe and other parts of the developed world. He argued that trying to eliminate this nationalism would be naive, but it can be managed. The universal values of freedom, human rights, and the rule of law allow Japan to manage these elements just as in every other liberal democracy. Compared with Iraq and Russia, where democracy and universal values are not as carefully protected,

Japan has a very reliable track record of managing its problems openly and responsibly. This contrasts with its portrayal in the media as a rising and dangerous nationalist state, which Professor Miyake called “sloppy journalism.” While hate speech does exist in Japan, it is a small but vocal minority. He also cautioned that a reciprocal “chain reaction” between Japan and some of its neighbors has made matters worse, and that Japan does not deserve all of the blame. In conclusion, he explained that Japan’s future is benign as it is no longer led by the young and reckless, and in the coming years it would prefer to “age gracefully.”

Dr. Park Cheol-hee, Professor at the Graduate School of International Studies and Director of the Institute for Japanese Studies at Seoul National University, began his presentation with an argument that history still matters and continues to be a stumbling block for bilateral Korea-Japan relations, as well as Korea-Japan-China trilateral cooperation. He asserted that Prime Minister Shinzo Abe’s Japan is fundamentally different from previous administrations. His strategy is composed of two core elements. The first is a global policy of promoting democracy, market economy, and the universal rule of law. The second is a national agenda that encourages national pride and confidence, ostensibly in order to reinvigorate the economy. What is missing from this plan is a regional strategy to reshape the northeast Asian security architecture. Abe is focused on balancing against a rising China, but does not do enough to engage Korea, its closest neighbor. Furthermore, the national component of his strategy is sometimes used to provoke Korea, and has given rise to a new “chauvinistic” nationalism.

On the subject of Japanese post-modernism, Dr. Park explained that Japan is actually now a combination of “modern,” “postmodern,” and “premodern” elements. The first, modernism, can be found in Abe’s proactive defense strategy. He pursues a collective self-defense capability and a strong US bilateral alliance to balance against China, which is very rational. The second, postmodernism, can be found in the character of the Japanese people themselves. They reject strategic competition and wish to live comfortably in an environmentally conscious way. Notably, they still embrace the peace constitution of 1947. The final element, premodernism, can be found in the growing nationalist right-wing groups that have evolved, in Professor Park’s opinion, to become an offshoot of Abe’s policies. Professor Park argued these groups should be restrained at all costs, and that the silent majority has not done enough on that front. He concluded his presentation with a potential solution for the lack of regional cooperation. He urged Asian leaders to create a dialogue as a precursor instead of waiting for concessions from the other side, adding that, “China should be much more prudent, Japan should be much more modest, Korea should be much more flexible.”

Lt. General Yamaguchi Noboru (ret.) of the National Defense Academy of Japan sought to address Japan’s postmodern malaise by offering an historical explanation. Japan evolved into a modern state in the Meiji era as part of an internal and voluntary process. The emperor combined the state sponsored Shintoism, a conscript army, and a compulsory education system to develop a new emperor-centric nationalism. Many of these created nationalistic elements still persist to this day. This voluntary transformation contrasts strongly with the shift to a postmodern state in the aftermath of the Second World War, which was much more complicated. Japan’s



new constitution and liberal democratic political system were installed by external powers, and it was never allowed to reflect on or address the shortcomings of the Imperial era. For this reason, some Japanese do not cherish their postmodern successes in the same way they do for the Imperial era. Lt. Gen. Yamaguchi surmised that this may be why many Japanese struggle with looking back on their history. He related how his personal education covered history only up to the Meiji era, and stated plainly that historical education in Japan is “broken.” With a greater emphasis on historical education, Japan may be able to go further toward responsibly addressing its history in its politics.

Moving to the question of nationalism, Lt. Gen. Yamaguchi volunteered himself as a nationalist and strongly condemned the minority in Japan guilty of hate speech. Such insults, he argued, are unforgivable and not at all compatible with an appropriate definition of “nationalism.” Indeed, as Japan’s best interests include stronger regional cooperation, such acts directly contradict its national goals. Going a step further, he made a compelling argument for including “national dignity” as a key component of healthy nationalism. The panel readily agreed with this idea.

During the question-and-answer period, Professor Park fielded a question regarding potential solutions to the functional gridlock with Japan and suggested Japan should put more emphasis on its postwar successes. He said there is nothing to be proud of in its war-era history, and that its true glory can be found in its postmodern identity. Mr. Glosserman agreed with this sentiment, adding to his previous argument that Japan can really be a model of ideal postmodernism and Korea would feel comfortable with this new Japanese identity.

Professor Miyake responded to a question asking if strong criticism of Abe might push Japanese politics in the wrong direction. He responded that he is more concerned about such criticisms empowering xenophobia and extreme right-wing elements of the electorate, rather than the political system itself. He spoke hopefully of developing an international, healthy conservative movement. He suggested that extreme demonization of Abe and his policies would lead to missed opportunities.

SESSION 2

Date

April 22, 2014

Time

14:30-15:45

Place

Grand Ballroom III

R2P and North Korean Human Rights

Moderator	Chris Nelson, Samuels International Associates, Inc.
Speakers	Lee Jung-Hoon, Ministry of Foreign Affairs, ROK Barbara Demick, Los Angeles Times Greg Scarlatoiu, Committee for Human Rights in North Korea Frank Jannuzi, The Maureen and Mike Mansfield Foundation
Rapporteur	Patrick Thomsen, Seoul National University

In February 2014, the United Nations Commission of Inquiry (COI) released a damning report into the systematic and appalling human rights abuses committed by the North Korean state against its own people. The panel on the Right to Protect (R2P) and North Korean Human Rights discussed the implications of the UNCOI. Panelists focused on possible avenues of international involvement and whether the international community was now justified or even obligated to intervene in North Korea.

Mr. Chris Nelson from Samuels International Associates Inc. gave a brief chronology of the development of how human rights are understood on the Korean Peninsula, ironically, with the initial focus on the military dictatorship in the South. Starting from the 1970s, human rights protection and promotion tended to be an issue promoted by individuals or NGOs, separate from the US State Department. However, using Congressional allies working with the Carter Administration’s new focus on human

rights, this evolved later into three distinct models of how to attempt to influence US policy or the ROK government. Mr. Nelson classified these as attempted Congressional cuts in the budget for: 1) Military assistance (FMS) and AID, 2) economic sanctions, and 3) direct intervention (such as that on behalf of Kim Dae-jung). In recent years, many had become frustrated with the lack of efficacy displayed by actors in bringing about the realization of human rights protection in North Korea. South Korea, China, and Japan now have an important role to play in the search for viable solutions. The UN has also begun a new approach, trying to link issues of strategic concern and human rights violations in North Korea together. An approach favored by many on the panel.

Dr. Lee Jung-Hoon, Ambassador for Human Rights of the Republic of Korea, began by explaining the concept of R2P and the three pillars that underpin its purpose. The first is a state’s responsibility to protect. Second, the international community should provide assistance to states that need it. Third is the obligation to intervene when a state becomes the violator. North Korea, he stressed, is unique in the sense that the violation of human rights has spanned seven decades, unprecedented in modern history. North Korea was clearly identified by the UNCOI as committing crimes against humanity and engaging in “political genocide,” including through the regime’s infamous purging of political opponents, including the execution of Kim Jong-un’s uncle Jang Song-thaek. Moreover, evidence had been found of acts of genocide being committed through the attempted targeted extermination of certain minority groups. Subsequent independent legal opinions based on the findings of the UNCOI have found that the North Korean state does indeed have a legal case to answer to over state sponsored genocide. Ambassador Lee emphasized how the COI report has generated a whole new environment in the way the international community deals with the North Korean human rights issue. The international community, especially the UNSC, is urged to act now so that the hard-earned momentum will not be lost.

Ms. Barbara Demick, Beijing Bureau Chief for the *Los Angeles Times*, began by quoting Andrei Lankov to provocatively offer a slightly more sympathetic view of the human rights situation in North Korea. She said the situation had gone from “disastrous” to just “very, very bad,” a slight improvement that she attributed to the opening of markets in North Korea. This, she explained, was the key to the right to provide for one’s self. The Kim Jong-il regime in particular kept strict controls on the markets, often decimating the ability of ordinary citizens to seek an independent livelihood. In North Korea you have to pay not to go to work. This is often what led to people starving and the awful fact that much of the population under 25 has had their physical growth severely stunted. The currency “revaluation” was also another source of woe for North Korean citizens. By invalidating swathes of currency it pushed those on the edge, who were barely surviving on one bowl of cornmeal a day into starvation. Among optimists she said, the Kim Jong-un regime had at least freed up markets so that people were able to purchase food. She concluded with a very important question: To what extent do we blame Kim Jong-un for the system he had inherited? And how much time will the international community give him to fix it?

In direct contrast Mr. Greg Scarlatoiu, Executive Director at the Committee for Human Rights in North Korea,

highlighted what he believed was evidence of the situation in North Korea deteriorating. Much has been made of the estimate that the concentration camp population in North Korea had decreased significantly from 200,000 to around 120,000. He believed that this was evidence of state sponsored systemized murder. He also presented evidence of the illicit activities that were going on in North Korea related to the opening up of markets. He believed that there are many mechanisms that we can use to promote human rights protection in North Korea. Domestically the United States had legislative frameworks it could use. Internationally, the UN Human Rights Council was one and the UNSC another. The former, he asserted, was often too narrow in its focus. Many resolutions issued by the UNSC are overly linked to the issue of nuclear weapons, and not enough emphasis is placed on human rights. In North Korea, the state has engaged in many illegal activities that affect the international community. Examples include illicit border trade, counterfeit currency production, and the kidnapping of foreign nationals on foreign soil. The UNCOI had clearly identified the North Korean state as a perpetrator in crimes against humanity; it is now our duty to act. Mr. Scarlatoiu and other panel members agreed that the UNSC needed to pose tough questions to China. The COI recommended that North Korea be referred to the International Criminal Court (ICC). It is widely expected that China would exercise its veto at

the UNSC to prevent this. Mr. Scarlatoiu believes that we should force China's hand and in doing so highlight their complicity in aiding and abetting human rights abuses in North Korea.

Mr. Frank Jannuzi, President of the Maureen and Mike Mansfield Foundation and former Deputy Director of Amnesty International USA, began by reiterating the severity of the horrors being committed. He outlined how he had seen firsthand through technology that Amnesty International employed, the reality of the human rights violations taking place in North Korea. His focus was how to hold violators like North Korea accountable. He expressed skepticism at the efficacy of sanctions and threats and favored the long-term application of "hard headed engagement." The battle to bring human rights realization in North Korea comes down to our ability to focus on people, for instance by initiating a process that mirrors the Helsinki process during the Cold War. He suggested that we remove the current approach, which effectively bans visas for North Korean citizens to visit the United States, and instead provide study abroad opportunities for North Korean students and encourage greater use of "track two" cooperation pathways. Also, for countries near the border, he suggested that they boost efforts to inform the North Korean people about the outside world through broad-

casting and other forms of media. He also encouraged NGOs on the ground to scale up their efforts as every contact a North Korean citizen has with the outside world makes it more likely that he or she might become an advocate for change.

During the question-and-answer session, Ambassador Lee highlighted that ROK President Park Geun-hye should not be deterred by those concerned that supporting the COI would negatively affect relations with North Korea. Ms. Demick argued that the North Korean regime is sensitive to statements about human rights and international coverage of this issue should be relayed to North Korean citizens to see what could be achieved. On whether "hard-headed engagement" should be the approach towards North Korea, Mr. Scarlatoiu stressed that momentum must not be lost now that we have an official UN publication naming North Korea as a human rights violator. In response to a question on how momentum can be sustained, he further stated that all organizations have a responsibility to keep the issue in the public consciousness, and that NGOs, IGOs, and civil society in particular must promote public awareness of this issue. Mr. Jannuzi stated that South Korea has a major responsibility here and the drive to act must come from the Korean people. Ambassador Lee concluded that international public opinion will be the key, suggesting that means such as the star power of celebrity might be employed to sustain public attention on improving the human rights situation for the people of North Korea.



SESSION 3

Date | April 22, 2014
Time | 16:00-17:15
Place | Regency Room

New Asian Economic Order

Moderator	Choi Byung Il, Ewha Womans University
Speakers	J. James Kim, The Asan Institute for Policy Studies Lee Chang Jae, Korea Institute for International Economic Policy Shen Minghui, Chinese Academy of Social Sciences Terada Takashi, Doshisha University
Rapporteur	John Clinton Work, International Crisis Group

Dr. Choi Byung Il, Professor in the Graduate School of International Studies at Ewha Womans University, opened the session by noting the significant role that access to global markets has had in leading Korea, Japan, and China from poverty to prosperity. The question remains, though, is this growth leading to a new regional order? While East Asia’s intraregional trade has increased, it remains behind both NAFTA and the EU. Thus, there is room for improvement. However, several obstacles stand in the way, including increased economic nationalism in the wake of the 2008 economic crisis, pressure from the West to become more service-oriented economies, and the growing specter of rapidly aging populations. With these realities in mind, the question remains whether East Asian countries can overcome their historical rivalries and bring about a deeper and more comprehensive economic integration. The US-led Trans-Pacific Partnership (TPP) and the ASEAN-led Regional Comprehensive Economic Partnership (RCEP) are two economic architectures currently under negotiation. The panelists addressed the potential role each agree-

ment could play in fostering regional economic integration.

Dr. J. James Kim, Research Fellow in the American Politics and Policy Program in the Center for Regional Studies of the Asan Institute for Policy Studies, began with two important caveats regarding both TPP and RCEP. First, neither agreement has been finalized. TPP remains under negotiation despite previous statements forecasting its completion, and it could be pushed to the end of the year if not beyond. The same could be said for RCEP, which many believe will not be done until the end of this year. Thus, all discussion is inherently speculative. A second caveat is that TPP and RCEP are primarily trade agreements. This does not mean they do not have political implications, but that both agreements consist mostly of highly technical details related to cross-border movement of goods and services.

TPP and RCEP, despite the aforementioned caveats, remain significant due to the potential size of the agreements. Taken together, the two agreements would include four billion consumers, a combined GDP of 50 trillion dollars, and would make up 60 percent of the world economy. Separately, TPP consists of 13 nations (if one includes South Korea) and about 840 million consumers to RCEP’s 16 nations and roughly 3.4 billion consumers. Comparatively, TPP is larger than RCEP in overall dollar value with an average trade per capita of 30,000 to 20,000, respectively.

The question remains: Can TPP and RCEP provide the basis for a new Asian economic order? TPP is most likely the more consequential of the two. Although it contains phased-in compliance schedules that will limit its effect in the short term, in the long term it is a high-quality, trendsetting agreement. RCEP, on the other hand, is more about establishing market access and encouraging trade. Unlike TPP, RCEP does not deal with issues related to government procurement, or labor and environmental regulations. However, regardless of the outcome of TPP and RCEP negotiations, one might argue that the basis for a new Asian economic order already exists. The rise of China, India, and the consolidation and development of their neighboring countries is a reality. Some estimate that China will achieve parity with the United States in GDP within the decade if not sooner. Moreover, it is projected that China, India, Singapore, Taiwan, South Korea, and Hong Kong will collectively overtake the G7 by 2018. In short, such developments may provide the real basis for a new economic order, wherein these countries dictate the terms, pace, and manner of trade integration.

Dr. Lee Chang Jae, Visiting Fellow at the Korean Institute for International Economic Policy, echoed the fact that the negotiations for various regional trade agreements are ongoing. Time will tell whether the agreements will be complementary or competitive. That said, RCEP provides a potentially interesting case of regional deepening, but two main points must be kept in mind. First, the agreement is ASEAN-centric, not China-led. Second, there is a significant development gap between the various member states. Consequently, the agreement is inherently difficult to complete, evidenced by the fact that only the fourth round of negotiations has occurred. More serious negotiations have yet to be launched. In order to move forward, East Asian states should lower their expectations and adopt a more gradual, less comprehensive approach. Concerns about upgrad-

ing the agreement should be left until after the deal is complete.

RCEP, if completed, would be significant when placed in a comparative perspective. According to data from 2012, RCEP's share of world GDP is larger than that of the EU and NAFTA, respectively. In terms of trade, RCEP is smaller than the EU but larger than NAFTA. When compared to TPP, RCEP is smaller in terms of GDP yet larger in terms of trade. Nevertheless, despite its size, RCEP would not replace existing bilateral FTAs in the region, but would lead to a multilayered structure of trade integration. In this way, RCEP is more important for its symbolic than its economic value. More broadly, in terms of a new economic order, RCEP could be regarded as an enlargement of the ASEAN Free Trade Area, and a potential step towards a larger East Asian Economic community in the future.

Dr. Shen Minghui, Secretary-General at the Center for APEC and East Asian Cooperation at the Chinese Academy of Social Sciences, took a different view of the various mega-FTAs being discussed. The templates for TPP, RCEP, and the CJK FTA vary too significantly to foresee them merging into a joint order. Rather, the proliferation of negotiations of various mega-FTAs should be seen as an outgrowth of US pressure. With the breakdown of the Doha Round trade negotiations, the United States is advancing TPP as a way to force other countries such as China and India to make compromises under the multilateral trade framework. RCEP and the CJK FTA are best seen as triggered by this pressure. They are defensive measures rather than positive moves towards a larger regional order.

More broadly, despite China's economic rise, it is still a rule-taker rather than rule-maker. This is evident in recent compromises it has made in US-China Bilateral Investment Treaty (BIT) negotiations. Moreover, the United States and the EU continue to be the main destinations of Asia's final goods. Until China increases its own consumption, it will be difficult for it to set the rules of the game. Still, China has been reluctant to pursue new FTAs since there was almost no significant agreement after 2008. Thus, due to the incongruent templates of TPP and RCEP as well as China's own reluctance to enter new agreements, the prospects of a new regional order are limited. Following completion of the US-China BIT, the best way forward remains multilateral trade negotiations within the WTO.

Dr. Terada Takashi, Professor of International Relations at Doshisha University, echoed the fact that the multiple FTAs in question as well as the different agendas involved make prediction inherently difficult. However, some tentative ideas are possible. The existing "spaghetti bowl" of numerous bilateral FTAs in East Asia complicates trade for MNCs and is not indicative of regional cohesion. Therefore, a larger regional FTA could be beneficial. Nevertheless, TPP and RCEP are too different to be merged into one order. The differences between them include, among other factors, notable variations regarding competition policy related to SOEs.

While there appears to be an underlying consensus in the CJK FTA negotiations, which could assist in furthering RCEP, TPP negotiations are leading the way. TPP is more open to newcomers, where inclusion in RCEP



requires first making a bilateral FTA with ASEAN. This openness provides TPP political leverage over the other agreements. Japan's entry into TPP talks and South Korea's recent interest has put pressure on China to respond. At the moment, TPP negotiations are bogged down and completion of the agreement has been pushed back.

Consequently, China is currently taking a wait-and-see approach. Depending on developments related to the Shanghai FTZ, ongoing US-China BIT talks, and the outcome of TPP negotiations, China could become more positively inclined to join TPP in the future. In short, China is the key actor in this regional integration game.

The question-and-answer session focused on several points. First, Professor Choi Byung Il asked the panelists to comment on the shift in consensus as a result of Japan's entry into TPP negotiations. Dr. Kim stressed that TPP was the more trendsetting of the two potential trade deals, and that the United States was pushing it in order to build on the success of NAFTA. Dr. Lee stated the TPP could be completed first, but that difficulties regarding non-trade issues could hold it up. Dr. Shen stressed that, regardless of the result of the respective negotiations, it was the process that matters most. If the mega-FTAs move forward, China and India may feel the need to make compromises in the WTO. Professor Terada added that TPP's weakness is its size, so dominated by American and Japanese economies, and that it consists of too many bilateral negotiations for market access, reducing the benefits of the multilateral architecture.

Second, Professor Choi asked what the implications of business as usual were. Dr. Kim argued that growth among states such as China and India must be dealt with, and FTAs are a way to harness such growth. Dr. Lee responded that while many agreements have emerged over the last decade, a high-quality deal would probably take several years to complete. Dr. Shen echoed his earlier point doubting the usefulness of FTAs, but did state that completion of TPP might push China towards other deals. Professor Terada noted that FTA negotiations themselves are forcing Japan to promote domestic economic reform that they otherwise may not have made.

SESSION 3

Date | April 22, 2014
Time | 16:00-17:15
Place | Grand Ballroom I

WTO vs. Mega FTAs

Moderator Hur Kyung-wook, KDI School of Public Policy and Management

Speakers Cheong Inkyo, Department of Economics, Inha University
Hosuk Lee, European Centre for International Political Economy
Troy Stangarone, Korea Economic Institute of America
Yoshino Naoyuki, Asian Development Bank Institute

Rapporteur Nathan Wickstrom, Korea University

International trade agreements have increasingly moved towards bilateral FTAs and, more recently, towards the establishment of mega FTAs, such as the Trans-Pacific Partnership (TPP), Transatlantic Trade and Investment Partnership (TTIP), and the Regional Comprehensive Economic Partnership (RCEP). This runs in contrast to the multilateral trade promoted through the World Trade Organization (WTO), which has faced great skepticism largely due to the stalled Doha Development Round negotiations. Mr. Hur Kyung-wook, Visiting Professor at the KDI School of Public Policy and Management, questioned why there has been the trend towards countries agreeing to bilateral and mega free trade agreements (FTAs) and whether mega FTAs can complement the WTO or will lead to increased regionalism. Furthermore, he asked whether it was in the best interest of either China or Korea to join mega FTAs.

Dr. Cheong Inkyo, Professor in the Department of Economics at Inha University, acknowledged that there has been a proliferation of FTAs in

recent years and that mega FTAs provide the opportunity to address some issues left unresolved by the WTO, with negotiations no longer progressing. Trade rules focusing on new or evolving areas of interest, such as intellectual property rights (IPR), can be established by the member countries and set a precedent for countries not directly involved in the FTA. However, there are many issues to contend with before mega FTAs can become successful. First of all, strong leadership is needed to progress trade talks. No country has been willing to show this thus far. The biggest hurdle is getting all countries to agree to the new rules, as each member has a distinct area of interest and will be affected differently. Sensitive areas such as agriculture or IPR have made progress difficult. Further, agreements must be approved by individual governments, so domestic politics create further confusion. As a result, Professor Cheong held a pessimistic view of mega FTAs having an impact in the near future, though he was optimistic about their role in the more distant future.

In relation to South Korea, Professor Cheong stated that the majority of policymakers wish to join the TPP out of fear of being left out of important trade opportunities. However, several issues take precedence: the lowering of tariff rates on rice this year in the midst of elections, and the pursuit of a bilateral FTA with China, South Korea’s largest trade partner. It is unlikely that China will be allowed to join mega FTA trade negotiations, due to the fact that most economic activities are controlled by the state. As a result, the only viable option to increase trade ties between South Korea and China is through a bilateral FTA.

Arguing from another standpoint, Dr. Hosuk Lee, a Director of the European Centre for International Political Economy, rejoined that the trade system has not significantly changed recently, as bilateral trade has always been prevalent. Bilateral trade often fulfills a strategic or geopolitical objective than multilateral trade—before the Korea-US (KORUS) FTA, none of the US FTAs were with its top 20 trading partners. The WTO has not generated any new trade liberalization since its creation. However, it plays an important role through dispute settlement, and a establishing a baseline or least common denominator rules between entities that will not negotiate a FTA in the near future, i.e. with some countries and China.

Unlike many thinkers, Dr. Lee believes mega FTAs function poorly as instrumentation against security objectives. Dr. Lee also warned that China’s role in the trading system is now central. Much of the trade policy formulation is a reaction to its rise. On the other hand, the world’s lack of trust in China’s objectives or ability to negotiate trade liberalization has left China isolated.

In the end, mega FTAs are a part of a sequencing that leads to multilateralization, or to an international economic order based on rule of law and nondiscrimination. Much like Professor Cheong, Dr. Lee ended by saying that no international trade system framework is likely to form in the immediate future, as the overarching objective of improving the trading system must take place within 15 years before the relative share of the EU or the United States in the world economy has been halved.

Mr. Troy Stangarone, Senior Director of Congressional Affairs and Trade at the Korea Economic Institute,

largely agreed with Dr. Lee's arguments. US trade policy has always been bilateral and multilateral, and while it has been aimed at benefitting the United States, it has also profited all countries involved in the trade system. The trade system is moving away from multilateralism, predominantly due to the large number of countries currently involved and countries having different agendas from one another. Historically, the United States, European countries and Japan had similar agendas and were the countries driving trade. In order to bypass the current complexity in the system, like-minded partners need to negotiate with each other and then integrate the conclusions into the current system.

Mr. Stangarone also questioned what a mega FTA truly is. The US trade agreement with the European Union could be considered a mega FTA due to its scope. The reason countries have been considering mega FTAs is to move trade liberalization forward through other means than the WTO. Multilateral trade has become stagnant because the Doha Round negotiations became captive to the agricultural agenda, leaving bilateral trade as the alternative. The true question is how effective such agreements are, and whether mega FTAs can move beyond the results of free trade agreements like KORUS. It is crucial that a rules-based, liberalized trade system, one which has helped move many countries out of poverty, be the focus of trade talks between countries, lest the current system revert back to a mercantilist system in which only a few countries may benefit.

Dr. Yoshino Naoyuki, Dean of the Asian Development Bank Institute, commented on the nature of free trade, stating that the industrial sector is the main force driving it. Those involved in the agriculture sector, in contrast, are always protesting free trade. It is imperative that each country restructure its various sectors of trade, much like the Japanese agricultural sector has done. It has evolved in such a way that, currently, farmers who wish to own their land but don't have the capacity to cultivate it are leasing their land to younger farmers who have the ability to tend to larger areas. Though it is time-consuming, similar restructuring must be done around the world.



Furthermore, Dr. Yoshino stated that exchange rates need to be market-oriented rather than fixed. For example, some exchange rates are pegged to the dollar, but ideally these would be freely mobilized. China has a similar problem, as its manipulation of its exchange rate and capital mobility needs to cease. One way in which Japan has moved beyond such trade issues has been through foreign direct investment (FDI). This methodology can act as an example for other countries.

The panel ended with a question-and-answer session, during which an audience member questioned the role of the WTO. It is meant to boost free trade, but paradoxically, in order to survive it must be a regulator. How can it continue to promote free trade? Dr. Lee was the first to respond, stating that the WTO will not in fact become a regulator, as it rather seeks to establish international standards. In relation to the TPP, Dr. Lee believes that South Korea has earned the right to wait on making a decision about joining thanks to its excellent work in the creation of the European Union-South Korea and KORUS FTAs. South Korea has also gained some breathing room in negotiating the China-Japan-South Korea FTA (CJK) because of its proactive work in establishing FTAs. However, the country's huge trade reliance on China is worrisome, as China is unpredictable and could cease all trade activity immediately. The CJK is a down payment for the establishment of RCEP, for without this FTA it will be impossible to establish the larger regional agreement. Mr. Stangarone then expressed skepticism about RCEP, as countries are looking for too much flexibility, making the FTA less beneficial. However, joining either the TPP or the RCEP will not be problematic and could provide minor improvements to the current system. Dr. Yoshino enumerated on China's problems that need to be addressed before it can effectively join a free trade agreement. One group within the country wishes for the renminbi to become the international currency, but this requires the exchange rate to freely fluctuate. Another group wishes the country's GDP to continue growing at a consistent rate, which requires tight control of the exchange rate. An additional setback is that China uses state-owned enterprises, which are more inefficient than private ones.

Some final comments made by an audience member touched upon the attitude of US citizens towards international trade, and how they have yet to come to grips with the destruction of their image of the American Dream. Mr. Stangarone elaborated on these comments, stating that the problems in the United States do not relate to trade deficits, but rather the lack of job creation. It is up to business and others to utilize an FTA once it is concluded. It is incumbent upon policymakers to ensure that prospective businesses are aware of the agreement.

Ultimately, the panelists expressed skepticism both about the effectiveness of the WTO and the establishment of mega FTAs. However, the WTO is still useful in certain areas, such as its dispute mechanism, and should mega FTAs be approved by all countries involved, they could prove to be important building blocks for the future of multilateral trade.

SESSION 3

Date

April 22, 2014

Time

16:00-17:15

Place

Grand Ballroom III

Broken BRICS?

Moderator	Simon Long, The Economist
Speakers	Kwak Jae Sung, Kyung Hee University Liu Qin, National Defense University, PLA Geethanjali Nataraj, Observer Research Foundation, New Delhi Victoria Panova, Moscow State Institute of International Relations
Rapporteur	Joe Litt, Yonsei University

The BRICS are not broken, according to all four panelists. In fact, all agreed that the current situation facing the BRICS is just the opposite: despite the 2008 Financial Crisis and the euro zone crisis, the BRICS as an organization is growing more relevant and growing increasingly institutionalized, while economic growth rates in the BRICS countries continue to outpace the rest of the developing and developed world. “The death of the BRICS is highly exaggerated,” said Dr. Victoria Panova, Associate Professor in the Department of International Relations and Foreign Policy at the Moscow State Institute of International Relations (MGIMO), who went on to point out the number of ministerial-level mechanisms and institutions for cooperation between the BRICS countries is growing both at the official and unofficial levels, including the recent establishment of a virtual secretariat and an ongoing effort to create a BRICS development bank. The BRICS grouping, said Professor Panova, is becoming a “full-fledged political forum for discussing all issues of global concern,” tackling issues such as anti-drug efforts, Afghanistan, Syria,

and others. She noted that the BRICS is now a mature organization based on the fact that it has completed a full cycle of summit meetings hosted by each of the respective member countries, and that a new round of summit meetings is about to occur. Unlike the G7, which was founded on the principles of a shared commitment to market economies and liberal democracy, the BRICS was founded on a different set of common values that consists of the “sovereignty of the historic conditions of each country” and the right of each country to have its own path to development. “The most important thing underlying the initial coming together [of the BRICS states],” she said, “is cultural diversity and multi-civilizationism.” The BRICS countries share more information among each other than they do with the G20 and there is a “deeper understanding [between the countries] and they trust each other more.”

Dr. Geethanjali Nataraj, Senior Fellow at the Observer Research Foundation in New Delhi, concurred with Professor Panova’s positive assessment, pointing out that economically the BRICS nations complement each other and have many common interests. The member states have opportunities for innovative cooperation because each has its own strength. For example, Russia’s strength is oil, Brazil’s is agriculture, India’s strength is IT and acts as the “service provider to the world,” South Africa is well-endowed with natural resources, and China’s focus is manufacturing. “Cooperation in the future will provide more opportunities for the whole world,” she said. Dr. Nataraj dismissed claims that the BRICS countries grew economically simply because of the underperformance of the developed world economies because “structurally [the BRICS] have a lot of positives, not only in terms of exhibiting consistently high growth rates, but also because of the demographics they enjoy.” The BRICS economies, according to Dr. Nataraj, are characterized by 3 C’s: concentration, coordination, and cooperation, and are “the new growth pole in an increasingly multipolar world.” Although recent economic slowdowns in the BRICS economies cause Dr. Nataraj some consternation, she remains optimistic, noting that the BRICS countries have enjoyed growth rates that continue to outpace the developed world and that paradigm shifts in the domestic economic growth policies of the BRICS economies—such as China’s shift away from export-driven growth to boosting domestic consumption and India’s soon-to-be-India’s soon-to-be-announced budget and foreign trade policies—bode well for the BRICS’ future. “The BRICS are here to stay,” she concluded.



Professor Kwak Jae Sung, Professor of International Development at the Graduate School of Pan-Pacific International Studies and the Director of the Institute of International Studies of Kyung Hee University, pointed out that Brazil is different from other BRICS countries due to the relatively closed nature of its economy. He compared Brazil's economy to a cruise ship: "It's not running fast, however it does move forward at a reasonable speed." Brazil, which depends on Europe for 20 percent of trade, was affected by the euro zone crisis and was forced to undertake countercyclical monetary policy measures, including reducing interest rates to historical lows, slashing oil prices and transportation fares, and other measures that ran counter to Brazil's typical economic policy, while at the same time taking another set of measures that were contradictory to goals of this countercyclical policy, such as keeping its currency low and providing tax breaks to stimulate demand. The results were low growth rates and high inflation. This confused approach ultimately stems from "a lack of political will to address the country's entrenched structural problems." Brazilian stakeholders and policymakers are primarily concerned with reviving the domestic economy and domestic employment rates rather than boosting exports, resulting in a country with one of the lowest proportions of trade to GDP of all major economies. "Brazil is turning back its clock to the pre-crisis era by strengthening its old paradigm of its closed nature in this extremely globalized society," Professor Kwak concluded.



Professor Liu Qun was also optimistic, noting that despite differing cultures and political values, the BRICS states can find common solutions, new paths for development, and new models for future cooperation. He noted that the BRICS consortium makes "international principles more reasonable and more helpful for solving global issues." The BRICS have weathered the global economic storm well, he observed. All of the BRICS countries, however, are facing great challenges. The first challenge is the economic environment facing the BRICS. For instance, the US policy of quantitative easing has brought about high inflation rates in the BRICS countries and increased trade barriers have hindered the growth rates of the export-dependent BRICS economies. The second challenge is competition among the BRICS countries, due to the similarities in their manufacturing sectors, which puts these goods in high competition with each other in the global marketplace. The third challenge is disputes among the BRICS countries. "For the BRICS countries, there are still huge opportunities for the future," Professor Liu said. In particular, he cited the size of the BRICS combined market, which accounts for around 25 percent of global GDP, the fact that all of the BRICS economies have solid foundations

for future development, and the common interests that the BRICS countries share. "We have many common interests in the trade system, in the monetary system, in the economic order, and huge common interests in cooperation." He cited the fact that China, as a manufacturing hub, imports its resources from Brazil and Russia. "For the future, the solution is continuous economic cooperation, especially in the monetary area [...] and innovative cooperation." He also called for increasing domestic reforms and the building of other mechanisms for cooperation among the BRICS countries. "In the future," he concluded, "the BRICS will be a bridge between the emerging markets and the developed economies."

Despite moves towards expanding cooperation into the political domain, Dr. Nataraj stated that "economics drives the discussion [among the BRICS]," especially in regard to monetary policy and concerns over the stability and sustainability of the current financial order. "Why have the BRICS gone together and made a decision to set up a development bank? Because nowadays the world economy and financial system does not work well," said Professor Liu. The BRICS countries are feeling the pressure to act together because they cannot on their own maintain the stability of the current system, and hence the impetus for the creation of cooperative transnational financial institutions such as the BRICS development bank: "In China we always say, 'the winter is so cold, so people need to go together.'" Professor Kwak concurred, noting that "if there is anything the BRICS countries can do together, they should focus on [...] protecting the world from unnecessary printing or non-printing of money." Focusing particularly on the case of Brazil, he noted that since the 1970s, the Brazilian economy has been beholden to the ups and downs of the global financial system. While Dr. Nataraj noted that India was particularly affected by the capital flight that resulted from the tapering of quantitative easing, she noted that the BRICS as a consortium could have dealt with this issue and other issues, such as the India-China trade balance, in a better manner.

On the question of whether the BRICS are an anti-Western or anti-US bloc, the four panelists agreed that while opposition to some Western-led economic and financial policies and development paradigms were a driving force behind the creation of the BRICS, each of the member states has its own unique relationship with the United States and the West. Professor Kwak pointed out that Brazil's unique center-left orientation is "somewhere in the middle between Cuba or Venezuela and Washington," which he characterized as "comfortable." Nevertheless, he also said that economically "Brazil still has terrible sentiments against US policy." Professor Liu noted that new rules and order will be needed as the global order and economic structure changes: "to keep the world safe and [maintain] peace and development, we should find new ways. I think the BRICS show a new model for future cooperation, both economically and politically." Dr. Nataraj, on the other hand, felt that India's relations with the United States on all fronts was strong and in many ways transcends the BRICS. All four panelists were in agreement that globalization was, according to Professor Panova, "taking on a Western dimension that not every country wanted." In short, the BRICS are neither an anti-American nor an anti-West grouping. Professor Panova even went so far as to suggest that the United States may someday be welcomed to join the BRICS "once it stops imposing its vision on others," but noting that "a new world order is not possible without the US."

PLENARY SESSION II

Date | April 22, 2014
Time | 17:30-18:45
Place | Regency Room

Global Financial Order After 2008

Moderator Philip Stephens, Financial Times

Speakers Kwon Goohoon, Goldman Sachs
Patrick Messerlin, Sciences Po
Benn Steil, Council on Foreign Relation
Zhang Jun, Fudan University

Rapporteur Guillaume Darier, Seoul National University

Mr. Philip Stephens, Associate Editor of the *Financial Times*, introduced the session by questioning whether the current recovery from the 2008-2009 financial crisis had been in any way mirrored by an improvement in global governance. Mr. Stephens expressed doubts that any architecture of global governance fitting the globalized economy had emerged from the crisis and lamented the loss of momentum for reform coordination—especially among the G20. Tension between national and global priorities has increased, as demonstrated by the faltering pace of integration within the euro zone and the effects of US monetary policy on emerging economies.

According to Dr. Kwon Goohoon, Chief Korea Economist at Goldman Sachs in Seoul, a consensus exists in the financial community that the global financial crisis has receded. The US economy is gaining momentum as growth is widely expected to accelerate in the second quarter of this year. Dr. Kwon further expressed confidence that the Chinese government



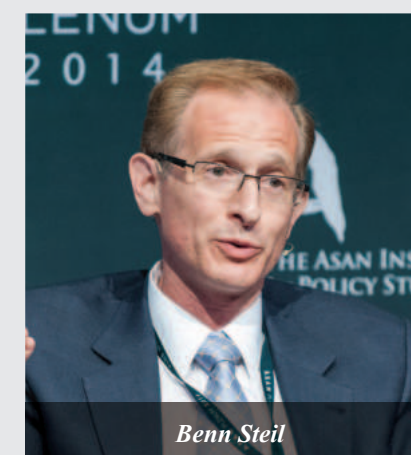
Philip Stephens



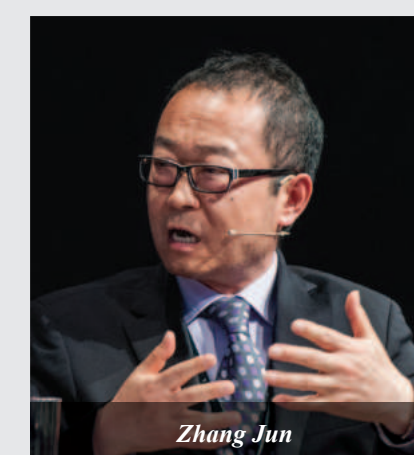
Kwon Goohoon



Patrick Messerlin



Benn Steil



Zhang Jun

should be able to maintain a balance between structural reforms and its promise of seven percent annual growth in the short run. Although financial markets have recently favored developed economies as fundamentals improved and tapering by the Fed affected emerging markets, Dr. Kwon said Asia will remain the global growth driver in the long-run due to favorable demographics and high savings rates. The demographic window—defined as the timeframe within a nation’s demographic evolution when the proportion of citizens of working age reaches its height—started in 2010 for Indonesia, Vietnam and Malaysia and will begin next year for the Philippines. In comparison, the window in the United States opened in 1970 and is expected to end in 2015.

Dr. Kwon did not believe however that Asian countries will take over global financial governance in the medium to long-term. While incomes are growing in Asia, assets remain predominantly owned and controlled by developed markets. Despite Asia's increasing capital stock, the imbalance between assets and income ensures the dominant position of the United States in the global economy for the foreseeable future. The conflict between income growing countries versus asset managing countries is at the heart of the global power shift and begs the question whether China can maintain its long-term growth rate and eventually overtake the United States without market reform and capital account liberalization. Without financial reform, waste of resources into inefficient investments will continue to plague the Chinese economy. For Dr. Kwon, the key question remains whether China will be able to enact reforms smoothly. While South Korea was able to reboot its economy after “hitting the wall” during the Asian Financial Crisis, the sheer size and systemic significance of the Chinese economy does not allow for similar missteps.

Professor Messerlin, Professor Emeritus of Economics from Sciences Po, stressed that the “financial exuberance” of the past 10-15 years, which induced many distortions into the global economy, made regulatory and structural reforms unavoidable. Deepening global trade is one necessary element. However, due to the ongoing impasse at the WTO, member countries have resorted to negotiating bilaterally and regionally. Professor Messerlin argued that these new trade agreements may only provide parties with marginal gains if no better negotiating instruments are found. Tariffs are not the main issue anymore—negotiations should focus on domestic regulations and other barriers to trade. Professor Messerlin mentioned the KORUS FTA as a case in point: while negotiations focused on tariffs, access to distribution networks proved to be the main barrier during the implementation phase, and yet this issue was not covered by the agreement. Professor Messerlin called for new negotiating instruments—such as mutual equivalence—that account for the interests of developing and developed nations.

Regarding China's attitude to global trade and the WTO in particular, Prof. Messerlin argued the West had misunderstood Chinese behavior of the past ten years. The United States and others were convinced of China's reluctance to engage in further trade liberalization. However, there were other factors behind the Chinese approach. For instance, the Doha Round's focus on farm subsidy cuts was unfavorable to China, a food importing country. In fact, US intransigence played an important role in the failure of the Doha Round, and the subsequent decision in Washington to push the Trans-Pacific Partnership (TPP) forward as a regional alternative to the WTO system. The euro zone, meanwhile, faces an ongoing crisis. The banking union is a step in the right direction, however the prevalence of nonperforming loans, lack of a clear resolution mechanism at the European level, and failed stress tests are causes for pessimism.

Dr. Benn Steil, Senior Fellow at the Council on Foreign Relations, focused on what he sees as the irony of the financial crisis: although it originated within the United States, the crisis escalated because of the outsized role of the United States in monetary and international affairs. The Fed's quantitative easing policy (QE) made massive short-term financing available to countries with very large current account deficits, allowing them to



sustain structural imbalances. Dr. Steil argued that Mr. Bernanke's May 2013 announcement of future QE tapering actually precipitated events in Ukraine. News of a potential tapering seriously affected emerging bond markets, making it impossible for Ukraine to continue rolling over its debt and prompting President Yanukovich to accept a bailout from Russia. Dr. Steil believes Mr. Yanukovich would still be in office today had Mr. Bernanke delayed his announcement by a year. India's central bank, one of the countries most effected by the Fed's QE, voiced concern that the Fed and other developed countries' central banks had disregarded international monetary cooperation and should not proceed with adjustments without taking geopolitical implications into account. While the Fed may seem detached from broader US and international interests, Dr. Steil said it cannot exceed the domestic perimeter of its legislative mandate and could not fully anticipate the effects of tapering on emerging markets.

According to Dr. Steil, Fed leadership was well aware in 2008 of how the financial crisis had become global, but rather than preventing its spread, took measures to avoid any external shock to the United States. The Fed, through its Federal Open Markets Committee, only authorized temporary emergency swap lines with emerging market central banks in countries considered systemic to the financial order and capable of financial retaliation against the United States. Korea, Mexico, Brazil and Singapore were subsequently granted temporary swap lines. According to transcripts released by Wikileaks, Chile, Peru, Dominican Republic and Indonesia, who had also come to the Fed for swap lines, were rebuffed.

Dr. Zhang Jun, Director of the China Center for Economic Studies at Fudan University, argued that Beijing saw in the financial crisis the opportunity to push the renminbi (RMB) forward as a new reserve currency. The Chinese monetary authority concluded currency swaps with numerous trading partners, while the new Shanghai Free Trade Zone (FEZ) will promote financial liberalization and cross-border investment. Dr. Zhang saw this process as a necessary component of the power shift towards Asia and China in particular: as the rising economic superpower, China and its regional sphere of influence will increasingly steer the international financial system. While Beijing does not yet shape global financial governance, Chinese political influence is expanding beyond mere economic and development issues and will challenge the status quo of the global financial order within the next two decades.



Establishing China as a leading financial hub requires a gradual removal of barriers to entry for foreign investment. Already by the end of this year, China's outbound investment flows will exceed investment received from overseas. However, the RMB is unlikely to become one of the three major global currencies by 2030 because the Chinese government is keen on carefully handling the process of RMB internationalization. Capital account liberalization is a prerequisite but would result in full foreign access to the Chinese financial system, which is not yet strong enough to sustain such a paradigm shift. The primary debate on whether to deregulate the financial sector still rages within the Chinese administration: some economists support financial liberalization to minimize distortions, while others strongly oppose any change to the current system.

The RMB will internationalize but China must find the right pace and timeframe. Dr. Zhang concluded that

market participants should not expect Chinese authorities to release a binding schedule for the internationalization of the RMB. Capital account liberalization entails significant risks if executed prematurely— Beijing will only make a move once conditions for financial stability have been met.

Regarding Japan, Dr. Steil expressed concern that Tokyo's growth agenda and attempts to boost inflation will increase servicing costs and current account deficits, causing Japan's debt to become unsustainable. Domestic deficit financing could prove difficult and forcing Japan to rely on foreign investors, who would demand higher yields. Tokyo could potentially face a significant debt crisis. Dr. Kwon agreed with this assessment but pointed out that the systemic implications for Asia of a Japanese financial crisis were relatively limited, due to the region's smaller exposure to the Japanese economy in comparison to Europe or the United States. As the vast majority of Japanese debt is domestically owned, any crisis would have mostly internal consequences and limited contagion effects. For Dr. Kwon, a crisis in China would have much more devastating effects on Asia and the world.

DAY 2
April 23, 2014

Plenary Session III
East Asian Power Shift



David Sanger Kim Sung-han Soeya Yoshihide James Steinberg Yao Yunzhu

Session 4
US-China Strategic (Dis)trust



Douglas Paal Bonnie Glaser Martin Jacques Andrew Scobell Yan Xuetong

ASEAN at the Crossroads



Jonathan T. Chow Han Feng Mark Manyin Nguyen Hung Son Steve Wong

National or Multilateral Security?



Teng Jianqun Gilles Vander Ghinst

Plenary Session IV
On North Korea



Victor Cha Chun Yungwoo Alexander Lukin Evans Revere Yang Xiyu

Session 5
Future of Democracy



Andrew Browne Daniel A. Bell Edwin Feulner Eric X. Li

Future of Liberal International
Order



Lee Chung Min Francois Godement Martin Jacques Jin Canrong

Future of Asian Capitalism



Mo Jongryn Kang Dongsoo Steven Kargman Khoo Boo Teik Oh Suktai

Plenary Session V
Responsibility to History (R2H)



Douglas Paal Andrew Browne Lee Hawon Simon Long David Sanger

PLENARY
SESSION III

Date

April 23, 2014

Time

09:00-10:15

Place

Regency Room

East Asian Power Shift

- Moderator

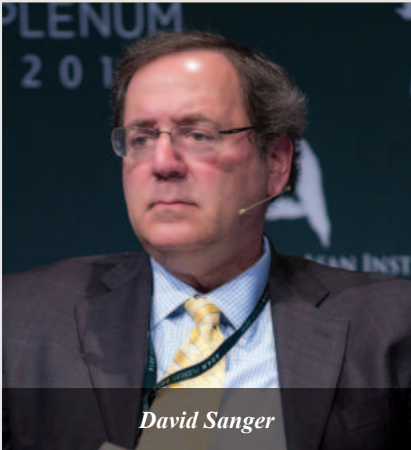
David Sanger, The New York Times
- Speakers

Kim Sung-han, Korea University
Soeya Yoshihide, Keio University
James Steinberg, Syracuse University
Yao Yunzhu, Academy of Military Science, PLA
- Rapporteur

Brian Reams, Yonsei University

Mr. David Sanger, National Security Correspondent for *The New York Times*, set the tone for panel discussion by enumerating emerging geopolitical changes in the region. The United States is, by various accounts, a “Pacific” nation that either never left or is now pivoting back to Asia. China has experienced meteoric economic growth and is now a rising military power. And South Korea and Japan are now facing difficult decisions about how to reorient their diplomacy in response to the great powers. The panelists discussed the future of Northeast Asian security architecture, each from the perspective of their own country.

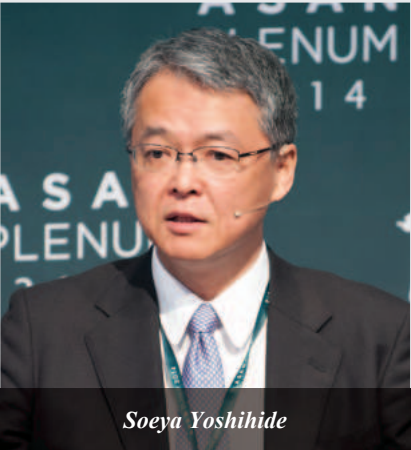
Dr. James Steinberg, Dean of the Maxwell School at Syracuse University, explained the first challenge is trying to envision what a stable or manageable equilibrium might look like. As each country develops new capabilities, security dilemmas are reemerging and threaten to destabilize the regional balance. Dr. Steinberg identified three main stumbling blocks to regional stability. The first is the long-term status of the Korean



David Sanger



Kim Sung-han



Soeya Yoshihide



James Steinberg



Yao Yunzhu

Peninsula. Terms of reunification and the future of the US-ROK alliance are not well specified. In the event of North Korean collapse, such ambiguity could exacerbate a crisis. The second stumbling block is Taiwan. An agreement on the long-term status of Taiwan is not yet decided. The final stumbling block is maritime disputes. While many differing opinions exist on these issues, conversations toward resolution need to start as soon as possible in order to transform “stumbling blocks” into “building blocks” for a regional security framework.

Dr. Steinberg outlined what such a framework might look like. Although his first choice would be a collective

security agreement, he conceded the current level of tensions and the inherent limitations of such agreements make this option unrealistic. He therefore argued the first step must be the development of a political forum—perhaps an offshoot of the Six-Party Talks—to reach an understanding on military capabilities. This forum could be used to develop mechanisms for mutual restraint rather than achieve a comprehensive agreement, such as limiting the development of offensive ballistic missile capabilities. Any such forum must include the United States in order to gain Japan’s support. Mr. Sanger noted that rising powers such as China tend to be uninterested in these kinds of agreements, as they threaten to curtail future growth potential.

General Yao Yunzhu, Director of the Center on China-American Defense Relations at the Chinese Academy of Military Science, conveyed concerns within China that the West is trying to exclude or even contain it. She noted that the traditional bilateral alliance system, a legacy of the Cold War, was originally designed for exactly this purpose vis-a-vis the USSR. Since 1989, sanctions and an arms embargo have been used against China and further add to mutual suspicions. General Yao argued China’s national strategy is not to push the US sphere of influence beyond the so-called “second island chain.” China’s traditional strength is as a land power and it is primary concerned with its immediate periphery, including ongoing territorial disputes. China has made great efforts to demonstrate that its rise is peaceful. However, China will be unwilling to participate in any security agreements until good faith and reciprocation are shown. General Yao warned that while the United States may be a “Pacific” nation with important connections in Asia, some Americans appear unaware that their regional activities make Chinese uncomfortable. China is waiting for the United States to engage it positively while closely monitoring the development of security and economic arrangements to see if those welcome China’s inclusion. China will do its part to assuage the suspicions of neighbors, especially in resolving maritime security and territorial issues.

Dr. Soeya Yoshihide, Professor of International Relations at Keio University, opened his presentation by considering Japan’s alternatives to the US alliance system. He envisioned two scenarios. The first would be a more normal Japan that can independently satisfy its own security needs; the second would be acceptance of a China-centric order. Professor Soeya rejected the second option and expressed doubt that the first is yet possible. That leaves Japan with careful maintenance of the US alliance. He suggested that the goal of Prime Minister Shinzo Abe’s policies are not to re-arm Japan, but to slow its decline and buy time until the postwar alliance system can be restructured with an expanded role for Japan. Thus, the US-Japan alliance remains the cornerstone of Japanese strategic thinking. Many in Japan regret the “return of geopolitics” to the region after



a lengthy period of relative peace and stability. The Japanese leadership has not yet developed a grand strategy to deal with these new realities. Eventually, South Korea should become a more important strategic partner for the mutual benefit of Japan and Korea; open dialogue is needed to begin this process.

Moving to the issue of Japan becoming a more “normal” country, Professor Soeya explained the history of this term, beginning with its use by Diet member Ozawa Ichiro in the early 1990s. Many people today associate the term with Japanese militarism, but it was originally used as an argument for Japan becoming a more responsible and active member of the global community. At the time, Japanese were embarrassed by their nation’s inability to contribute support personnel to Operation Desert Storm. Ultimately, doing so required a reinterpretation of Article 9 of Japan’s peace constitution. Constitutional reinterpretation was therefore not a nationalist policy but an internationalist policy. But at the turn of the century, rightist nationalists hijacked the internationalist agenda for their own purposes. Professor Soeya noted that many Japanese have prudently stopped using the term for this reason. The United States still supports collective self-defense for pragmatic reasons. It agrees with the internationalist substance of the plan, despite its common adoption by a rightist minority.

Dr. Kim Sung-han, Director of the Ilmin International Relations Institute at Korea University, explained that South Korea’s dual strategy is to maintain the current bilateral US alliance while also pursuing a multilateral

regional dialogue based on the EU model. The United States is an indispensable ally and China is South Korea’s number one trading partner, and therefore its strategic and economic security are both dependent on peaceful coexistence between its two larger partners. Furthermore, South Korea’s DPRK strategy relies on coordinated pressure from both the United States and China. If the United States or Japan makes an effort to check or contain China, South Korea fears it will sideline the North Korea problem. Strategic competition would therefore also threaten South Korea’s DPRK policy. Dr. Kim advocated pressing North Korea to implement preconditions in return for restarting the Six-Party Talks.

Moving to the issue of Japan exercising the right of collective self-defense, Dr. Kim expressed concern that Japan might be trying to expand its capabilities to include war-making. He urged Prime Minister Abe and other Japanese leaders to make a clear distinction between their goals and those of the ideological right. He suggested that once such a distinction is made, Korean suspicions of Japanese behavior would disappear.

During the question-and-answer session, one audience member asked Dr. Kim to clarify his comments regarding Japan potentially becoming a militarist nation. The questioner noted that Japan is democratic and does not challenge South Korea’s claims to Dokdo militarily. He added that the internal debate on becoming a “normal” nation is actually about becoming a better ally to the United States, similar to the model of NATO nations.

Dr. Kim responded by stating that many in South Korea perceive the drive to change Japan’s role in the world as an attempt to deny the peace constitution. He advised a more gradual approach to change in Japan, and urged Japanese leaders to clearly explain their intentions in order to assuage the concerns of its neighbors. Professor Soeya added that much of the criticism of Japan’s pursuit of collective self-defense is a “total distortion.” In his opinion, historical issues and negative opinions of Prime Minister Abe have clouded perceptions. He vehemently rejected the idea that collective self-defense has anything to do with militarism, and although many within Japan also struggle with the implications of revising or even just reinterpreting the constitution, he urged foreign observers to approach the topic with an open mind.



SESSION 4

Date | April 23, 2014
Time | 10:30-11:45
Place | Regency Room

US-China Strategic (Dis)trust

Moderator Douglas Paal, Carnegie Endowment for International Peace

Speakers Bonnie Glaser, Center for Strategic and International Studies
Martin Jacques, University of Cambridge
Andrew Scobell, RAND Corporation
Yan Xuetong, Tsinghua University

Rapporteur Brian Gleason, International Crisis Group

Dr. Douglas Paal, Vice President for Studies at the Carnegie Endowment for International Peace, opened the panel by asking the speakers to share their perspectives on various aspects of distrust between China and the United States, and how it impacts their strategic relationship.

Ms. Bonnie Glaser, Senior Adviser for Asia in the Freeman Chair in China Studies at CSIS, asserted that mistrust, not merely shared interests, can impact relations between states, though the nature of mistrust in international relations varies widely. However, not all forms of mistrust hamper cooperation or lead to war. Even allies can mistrust each other on some issues, and certain kinds of mistrust are relatively inconsequential. The problem between China and the United States stems from mutual suspicions over long-term intentions. The leadership in China believes the United States ultimately seeks to undermine Communist Party rule, and China’s resolve to defend territorial claims in the Asia Pacific are driven partly by fears that the United States seeks to weaken China. On the other

hand, the US leadership thinks China wants to expel US forces from Asia and alter the postwar international system, which would damage US interests.

Overall, trust is not always a precondition for cooperation, but mistrust can be a hindrance. For example, the United States and China both seek the denuclearization of North Korea, but this shared interest is not sufficient for operationalizing cooperation. China shapes its North Korea policy based in part on perceptions of US intentions toward China. The US and South Korea are still ill prepared to respond to destabilizing problems in North Korea and need a solid contingency plan to mitigate the danger of escalation. Even when the US and China tried to cooperate on a health project in Myanmar, they encountered enormous obstacles in part because of mutual mistrust. Both countries still agree that the “Thucydides trap” of escalating tensions between an established and rising power must be avoided. Both countries need to dispel misperceptions and be candid to increase understanding, set clear red lines, and reach operational safety understandings in the sea and air.

Dr. Martin Jacques argued that if the US-China relationship is going to be successful, it will require strategic accommodation. There is a historical precedent for strategic accommodation between a rising and established power, so the common WWI analogy about the rise and fall of powers is overly pessimistic and does not need to apply to US-China relations. The historical analogy that is much closer to the existing situation, which is rarely cited, is the rise of the US and the decline of the formerly dominant British imperial power. The competition didn’t result in a war, just a lot of tension, especially over huge changes with global impact such as the Bretton Woods system, which ended the gold standard and produced a new US-dominated financial system. Of course there were special conditions to US-British shared history, but history is made of conjunctures and specificities, not just generalities.

The context of the Cold War is also an incredibly poor guide for understanding US-China relations. Many analysts grew up during the Cold War and are affected by the Cold War mentality, but this only offers misleading insights, especially since the Communist Party of China is totally different than the Soviet Communist Party. The Communist Party of China is not an ideological organization - it is pragmatic and managerial - and does not seek to export its model or go on a universalizing mission. Moreover, unlike the bifurcated international system during the Cold War, there’s now a singular, global system in which China and the US are both players and have a profound interest in prosperity, growth and the success of the system. Of course, no established powers like to entertain the idea of decline, but the US should not be overly focused on comparisons, since the US economy is still far ahead of China in many respects. As China rises, the US will have to make a strategic accommodation and include China in various mechanisms within the international system.

Dr. Andrew Scobell highlighted a significant chasm of distrust between the US and China. Shared national interests are a necessary component for cooperation, but they are not sufficient for a constructive, enduring, cooperative relationship between China and the US. To move forward, the two countries need to address three dimensions of strategic distrust. First, cultural stereotypes are unfortunately very powerful ways for each coun-

try to give coherence to a particular narrative of the past and projection of the future. Furthermore, both countries have a strong sense of national identity. China has an enduring belief that it has a distinctive culture: passive, defensive minded, virtuous, agrarian and continental. The Chinese stereotypes of the US tend to be the antithesis of how China perceives itself: warlike, aggressive, expansionist, selfish and maritime. Contrarily, the US sees itself as a promoter of freedom, democracy and human rights with a mission to make this a reality around the world. China’s Communist Party dictatorship, however, represents the antithesis of these values.

The second dimension of strategic distrust is the “mirror imaging of rationality” when one side attempts to understand the other side’s intentions and the logic behind policies and actions. Wholesale mirror imaging is not an issue because each side believes the other is culturally distinct. However, when either side is puzzled, the default position is to conceptualize the policy or action based on one’s own terms, and if there is a lack of understanding, the other side is accused of having ulterior motives or acting irrationally. The final dimension is a combination of mirror imaging and cultural stereotyping that exacerbates the security dilemma. Behaviors conducted within the framework of the security dilemma are actually learned behaviors, so they can also be unlearned by breaking down the “us vs. them” mentality and overcoming the “empathy deficit.”

Dr. Yan Xuetong challenged the notion held by many policymakers that mutual trust is necessary in cooperation between states. Throughout history, many rival powers were able to cooperate without mutual trust. For example, the Soviet Union and the US cooperated during World War II without mutual trust, and China and



the US were able to cooperate in the 1990s - and even today - without mutual trust. Words like mistrust and distrust are just different labels of the same issue. These are ideological belief, and neither China nor the US can change the other side's ideology. Being different from mistrust and distrust, miscalculation and misunderstanding are based on rational calculations, so we often try to increase mutual understanding, but sometimes the more you know about people, the less you trust them.

The basis of cooperation has always been and will continue to be shared interests. Mutual trust is just an auxiliary method of strengthening the base of shared interests, but mutual trust is not a necessary condition for cooperation. Compared to the end of the Cold War, China and the US are cooperating today in more and more fields, including some cooperation between militaries. On the other hand, even though we have a maritime rights program, our mutual trust in that sphere hasn't improved much since the 1990s. Nevertheless, the two countries cooperate more and more despite this lack of mutual trust. Some people may regard mutual trust as a precondition for cooperation, but this is harmful and unnecessary.



Following the initial presentations, the panelists addressed additional questions regarding how to improve trust and cooperation between the two countries. Ms. Glaser spoke about the need for confidence building and conflict avoidance measures, as well as establishing habits of cooperation, which have proven to work over time. Agreeing on how countries operate in the sea and air is critical. The new proposal by Chinese President Xi Jinping about notifying other countries of military activities could contribute to greater predictability, which will reduce accidents and distrust. Additionally, the US has sought to promote China's rise and integra-

tion into the global system, including its efforts to help China join the World Trade Organization.

Dr. Yan contended that the US and China can't be allies, as the level of US-Chinese cooperation will never reach the same level as US-Japanese cooperation. Trust is based merely on imaginations and not rational calculations, so on important issues like space, cyber security, nuclear proliferation and climate change, the two sides must understand each other's beliefs and thought processes to make calculations more objective and accurate.

Dr. Jacques added that trust is too limited a concept for US-China relations. The two sides need to overcome the empathy gap and focus on the positive aspects of the relationship. For example, since the early 1970s, both countries established positive strategic relations to help create conditions of China's rising development. Also, the notion of an aggressive China presented in western media is unbalanced, as China has solid relations with numerous ASEAN countries, including Malaysia and Indonesia.

Finally, Dr. Scobell finished off the panel by highlighting an enduring aspect of mutual distrust that needs to end if relations are to be improved. In both countries, certain actors tend to describe nefarious plots of their rivals, and if others challenge these assertions, they are labeled "unpatriotic." For relations to truly improve, there must not merely be lip service about improving trust and understanding.

SESSION 4

Date | April 23, 2014
Time | 10:30-11:45
Place | Grand Ballroom I

ASEAN at the Crossroads

- Moderator

Jonathan T. Chow, University of Macau
- Speakers

Han Feng, Chinese Academy of Social Sciences

Mark Manyin, Congressional Research Service

Nguyen Hung Son, Diplomatic Academy of Vietnam

Steve Wong, Institute of Strategic and International Studies, Malaysia
- Rapporteur

Joe Litt, Yonsei University



Starting as a consortium of states united against Communism in Southeast Asia, ASEAN has evolved over the years and now stands at a crossroads: how will greater regional integration, the return of geopolitics, and China’s growing role in Southeast Asia shape the organization in the coming years? Dr. Jonathan Chow, Assistant Professor of International Relations at the University of Macau, pointed out that at the end of the Cold War, ASEAN faced a question of whether it would fracture or adapt in the absence of a pressing Communist threat. ASEAN members, Dr. Chow pointed out, chose to adapt by expanding membership, creating a free trade area, and extending ASEAN norms to relations with non-members leading to new groupings such as the ASEAN Regional Forum. ASEAN faced a second crossroads with the Asian Financial Crisis in 1997, and now faces yet another crossroads that is, according to Dr. Chow, an aggregate of long and medium term trends, such as the rise of China, continued US engagement in the region, and the proliferation of various regional free trade agreements.

Professor Han Feng, Deputy Director of the National Institute of International Strategy at the Chinese Academy of Social Sciences, noted that bilateral relations between China and ASEAN in diverse areas such as economics, politics, and security have grown tremendously since the establishment of relations between the two entities in the 1990s. The new Xi administration has put forward many proposals to upgrade and expand these existing bilateral ties as China’s neighboring areas “are a priority in Chinese foreign relations.” “In short,” said Professor Han, “China and ASEAN are in a framework for soft institution building [and] for facilitating bilateral integration.” But despite these successes, Sino-ASEAN ties still face many challenges, such as the rise of new economic powers (i.e. China, India, and Indonesia), the growing importance of building cooperative mechanisms, the Western economic crisis, and lack of trust. Professor Han believes China-ASEAN relations are heading toward increased levels of mechanism building and greater levels of professionalism. However, regarding the difficulties faced by the big power when dealing with ASEAN, he uses the term “invisible ASEAN,” because while there is a lot that gets done during various ministerial-level meetings and summits, “in between [these meetings] it is difficult to find ASEAN.” The ASEAN secretariat lacks the power to coordinate members’ actions and to implement policies, making it difficult to maintain day-to-day relations with the organization. An example he cited is the final rounds of negotiations for the ASEAN-China FTA in which several member states raised last minute objections to certain proposals, but rather than negotiating directly with a centralized ASEAN body, China was forced to negotiate bilaterally.

Dr. Mark Manyin, Specialist in Asian Affairs at the Congressional Research Service, focused on four key points affecting ASEAN’s future: the demographics of the ASEAN member states, the leadership of the organization, the role of the great powers, and the structure of ASEAN itself, with the unifying theme tying each point together being the attempt to moderate the return to geopolitics. Dr. Manyin pointed out that the ASEAN members states are well poised to take advantage of an upcoming demographic boom that if handled correctly, could result in low dependency ratios and could reap the benefits of a demographic “sweet spot” with a large percentage of prime-age adults. However, Dr. Manyin cautioned that without the proper investment in hard and soft infrastructure to absorb this growing labor force, ASEAN could end up in economic doldrums similar

to those currently faced by Latin American countries that failed to take advantage of similar trends. Regarding leadership, the issues facing ASEAN are: which states will step up to provide the leadership necessary to take advantage of the aforementioned good demographics and handle the return of geopolitics to the region. He noted that ASEAN has enjoyed great success in making itself relevant in the last decade, which is evident from the “importance that great powers have placed on ASEAN centrality.” In this regard, he likened ASEAN’s role in global politics to a “cooling role” moderating the influence of great power. Finally, he focused on ASEAN’s structure, noting that the organization’s “norms have served it quite well since it was founded,” with particular regard to intra-ASEAN disputes, though the inability to present a common stance on some issues and the capacities of some member states remains in question. Other areas that may cause future tensions are moves by Indonesia and the Philippines to push for more robust human rights conventions and problems both with ASEAN member states and ASEAN in dealing with disaster response, as highlighted by the ongoing search for Malaysia Airlines Flight 370.

Dr. Nguyen Hung Son, Deputy Director-General of the Institute for South China Sea/East Sea Studies at the Diplomatic Academy of Vietnam, believes that ASEAN truly is at a crossroads due to the return of Great Power politics. “The relative break that ASEAN has been enjoying has come to an end,” said Dr. Nguyen. “The next 20 years are going to be very different from the last 20 years.” Though he noted that depending on ASEAN’s reaction to the return of great power politics the new geopolitical environment could be both a blessing and a curse. Noting that ASEAN has made great strides in regional integration and promoting itself in the last 20 years due to the fact that it “had been freed from great power politics,” ASEAN will have to face a new economic reality as a greater number of FTAs are concluded in the region. ASEAN will have to operate economically in a very different environment, one in which its “centrality [and] role as a driving force in the

regional architecture is going to be challenged.” In order to turn a potential curse into a blessing, Dr. Nguyen recommended that ASEAN stay united and try to have a common voice on regional issues since Great Power interference causes division on a variety of issues in the region. The Great Powers, he notes, wish to increase cooperation with ASEAN states and thus “ASEAN’s value in the eyes of the major powers suddenly increases,” and whether or not ASEAN can use this to its advantage is a major concern: “A united ASEAN can actually serve the interests of the major powers.” ASEAN has changed its strategy for dealing with major powers from one of “equidistance” to one of “equiproximity” (closeness to all the major powers). ASEAN will have to find a new equilibrium in the region and the best way ASEAN can do this is by: helping to manage the global power shift by staying united and having a common voice on issues, putting regional interests ahead of national interests, providing transparency and removing ambiguity in dealing with states outside the region, providing assurance of the region’s neutrality, monitoring the major powers in the region, building confidence in the region, and providing early warning when major powers disengage from the norms in the region. He likened ASEAN’s future role to that of a “mediator and honest broker [that] can help [clarify, monitor and increase transparency in the rules of the game] for all major powers and the countries in the region.”

Discussing the nature of the ASEAN Community and whether or not the group is pretending to be something it is not, Mr. Steven Wong, Deputy Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia, stated that although ASEAN has been quite useful, it is not a comprehensive organization. He was concerned that ASEAN “may have overreached itself by promising to become a community.” He warns against thinking about ASEAN in “maximalist terms” and continuing to measure the organization in terms of a “yardstick of perfection.” It tends to remain silent on some issues while speaking out on others, but despite this incompleteness, the organization remains indispensable and increasingly so, especially in light of the return to geopolitics. “We have always had over the last 30 years..., we’ve had this thing about half empty and half full. This is a ridiculous thing. It is both half empty and half full because it has accomplished some things and it has not completed others.” According to Mr. Wong, the central question facing the region in 2015, which he believes “is the real crossroads,” is this: Is ASEAN a community to be taken seriously? He criticizes the organization’s leadership for putting forth various quantitative targets for community integration, noting that the targets don’t matter but “at the end of the day the jury—which is all of you people out there—continue to think ASEAN is still relevant.” Ultimately, despite all the talk about regional trade architecture, what will ensure the continued relevance of the ASEAN community is not how strong the regional economic architecture and regional economic integration is, but how well ASEAN can ensure the internal and external security of its people: “The question that people are going to ask is ‘ASEAN, are you doing enough to ensure that the political and security community is strong enough to hold us together and not break under the great challenges that are being placed upon us.’” The central challenge facing ASEAN is whether the community can remain united.



SESSION 4

Date

April 23, 2014

Time

10:30-11:45

Place

Grand Ballroom III

National or Multilateral Security?

Moderator Choi Kang, The Asan Institute for Policy Studies

Speakers Paul Evans, University of British Columbia
Ken Jimbo, Keio University
Scott Snyder, Council on Foreign Affairs
Teng Jianqun, China Institute for International Studies
Gilles Vander Ghinst, North Atlantic Treaty Organisation

Rapporteur Dylan Stent, Yonsei University

Dr. Choi Kang, Vice President for Research of the Asan Institute for Policy Studies, began the panel discussion by asking one overarching question: what security architecture do we want in East Asia? Many alternatives have been proposed including the South Korea led 1994 North East Asian Security Dialogue, and more recently the Northeast Asia Peace and Cooperation Initiative proposed by the current Park Guen-hye government. Can these help multilateral integration in the region?

Dr. Paul Evans, Professor of Asian International Relations at the University of British Columbia, began by describing the climate of East Asia in 2014 as somber. Many cold winds are blowing in the political, security, and economic fields. This includes territorial disputes, historical issues, and so on. He asked how the environment can be warmed and how states might peacefully prosper through multilateralism.

Multilateral architecture in East Asia is dense and complicated. Some sources of this variation include diversity in development and governance style. Nonetheless, there are hints of multilateral cooperation in ASEAN, the East Asian Summit, and ADMM+. Although they haven’t cracked the nut that would be institutionalized multilateralism, habits of dialogue have developed. This includes track one and track two dialogues, where small, middle, and great powers converge to solve problems.

It was suggested that “multi-centrism” cannot be effective without “multi-processes.” Those who advocate these processes are met with frustration, uncertainty, and despair. However, Asian regionalism is not as underdeveloped as many think. He thus proposed the emergence of “Cooperative Security 2.0.” Cooperative Security 1.0 implies a multiplex of security order that combines unilateral procurement, bilateral arrangements, and multilateral cooperation. Cooperative Security 2.0 will add another layer to the structural changes that are occurring in Asia, namely the rise of China. There are four possible ways in which this may develop: keeping a hegemonic structure with either the United States or China as the hegemon; the creation of a concert of great powers; a newly constructed security community where war is perceived as inconceivable; or a “consociational security order” that will be based on reassurance and self-restraint.

The Asia Pacific does not lack for regional meetings and dialogues on security matters, many of them ASEAN led. Rather than simply adding more meetings and fora, the challenge is increasing their effectiveness. The proposition that there can be a high level of cooperation with a low level of institutionalization is proving to be false. Effectiveness will depend on improving institutional design and agendas but also clarifying the understanding of the kind of security order that the region is hoping to achieve.

Dr. Ken Jimbo, Associate Professor at the Faculty of Policy Management of Keio University, proposed that we have a somewhat binomial perception of alliance and cooperative mechanisms that exist in East Asia. Many countries are diversifying their security ties, and this multiplex mechanism deserves closer inspection. Regional integration has been diversifying in three ways: the primary source of hegemony in the face of emerging trends including a rising China; the proliferation of intra-spokes lead by internal cooperation; and the growth of triangular, or trilateral, mechanisms including the Japan-South Korea-Australia trilateral arrangement. These emerging mechanisms did not exist during the Cold War, but have been introduced to fill the missing links in the US hub-and-spokes model. This highlights an emerging regional capability to deal with regional problems. Especially non-traditional security fields such as humanitarian aid and disaster relief (HADR), transnational crime, and counter piracy and maritime efforts.

These developments are creating three layers in the security architecture. The first layer consists of networks of alliances with the United States at its center. This layer allows the augmentation of American forces in the region through rotational force patterns. This has been occurring in Australia, South Korea, Japan, and other places. The second layer refers to function and task oriented mechanisms, including HADR, intelligence sharing, capacity building, and shared military exercises. The second layer has flexible membership with diverse

partnership that includes China, India, Vietnam, and Australia. American mechanisms are now becoming multilateral allowing many to experience modernization in these fields. This layer increases military-to-military relationships. The third layer is the multilateral security framework. This would be based on legally binding rules that would change the security architecture in the region. It is important for these three layers to develop congruently as this allows states to engage one another more frequently and develop comprehensive policies.

Mr. Scott Snyder of the Council on Foreign Relations began his speech by posing a question: Why not a collaborative multilateral security agreement in Asia? Although there have been many proposed groupings and security architecture, little has become entrenched. Mr. Snyder used his practical experience with North Korea to delve into five problems and challenges the region faces: the existence of national identity gaps; the cultural order that prevails in East Asia; growing security dilemmas that cannot be solved by current regimes; overhang from the Cold War; and a gap in understanding the US presence in Asia. Mr. Snyder suggested that once we go beyond the structure and look at identity then we can hopefully come up with solutions. Dr. Choi corroborated this suggesting that a mental foundation of security can help us understand national and regional identity.

Mr. Snyder agreed with Professor Jimbo by proposing that the growth of trilateral agreements is an important development. These are filling an important gap in meeting the challenges that threaten the region. These are frequently alliance driven and promote other arrangements that will hopefully lead to further collaboration. However, competing images of trilateral agreements highlight the limited structural arrangement under the surface of proliferating regionalism. Dr. Choi added that trilateral arrangements could be an intermediate step in further integrating the future.

Dr. Teng Jianqun, Director of the Department for American Studies and Senior Research Fellow at the China Institute of International Studies, explored unilateral, bilateral, and multilateral ideas. Unilateral Chinese security has been split into three stages: the ideologically aligned era; the trade liberalization era; and a new stage under Xi. Xi Jinping has not introduced fundamental change but instead has readjusted Chinese policy.

Bilateralism was explained through the prism of Sino-US relations. The two powers had a recent summit meeting to agree on a new relationship. However, some in Washington have criticized this idea suggesting that it was “a trick” to make the US relinquish its position in Asia. Nonetheless, interactions between the two have increased, including the PLA taking part in exercises in Hawaii and the upcoming RIMPAC naval exercise. The relationship between the two militaries has advanced enough for there to be many interactions, and this must continue in the future to allow China to rise peacefully.

The Six-Party Talks illustrate the need for more development in multilateralism. Dr. Choi posed whether the Six-Party Talks can be expanded and used in fields other than matters related to North Korean security. Similarly he asked whether the September 19th Agreement may be expanded. Dr. Teng avowed that ultimately these talks were proven not strong enough to make North Korea change its behavior. China has not had “pow-



erful leverage to make North Korea behave since its normalized relations with South Korea in 1992.” These days North Korea would prefer dialogue with the United States, and they have stopped talking with China. To deal with this stalemate workshops galore have been instituted, but these have had limited success.

Mr. Gilles Vander Ghinst, Head of the Global Partners and Contact Countries Section at the NATO Headquarters in Brussels, endorsed the idea that states need to craft common policy that will pay dividends in the future. NATO no longer concentrates on traditional security fields, and has morphed into battling crisis management and corporate security. To do this NATO constantly redefines itself. An example of this has been the inclusion of non-member states into various NATO processes. Cooperation needs to be inclusive, with flexibility and openness in membership. This would be useful in the development of multilateralism in Asia.

Not surprisingly, Mr. Vander Ghinst expounded the virtues of multilateralism. From a practical standpoint it was suggested that multilateralism is very difficult. For it to work, the states involved needed a common agenda, similar objectives, and commitments.

NATO has gone through three chapters. The most recent chapter, which has occurred during the last two decades, has dealt with crisis management and cooperative security rather than issues surrounding Article 5 of the North Atlantic Treaty. NATO functions well because it has partnerships with other states. These partnerships help NATO check the feasibility of its decisions. NATO currently has over 50 nations around the table—including countries like Tonga and Mongolia—to help articulate effective policy. The use of neutral nations, such as Switzerland, in this process helps produce policy acceptable to many states. NATO changes policy depending on what area of the world they operate in. Cooperation with Japan concentrates on nonproliferation and disaster relief, whilst cooperation with Australia concentrates on operational issues. Thus, for multilateralism to work in Asia it must have the ability to adapt.

PLENARY
SESSION IV

Date

April 23, 2014

Time

14:00-15:15

Place

Regency Room

On North Korea

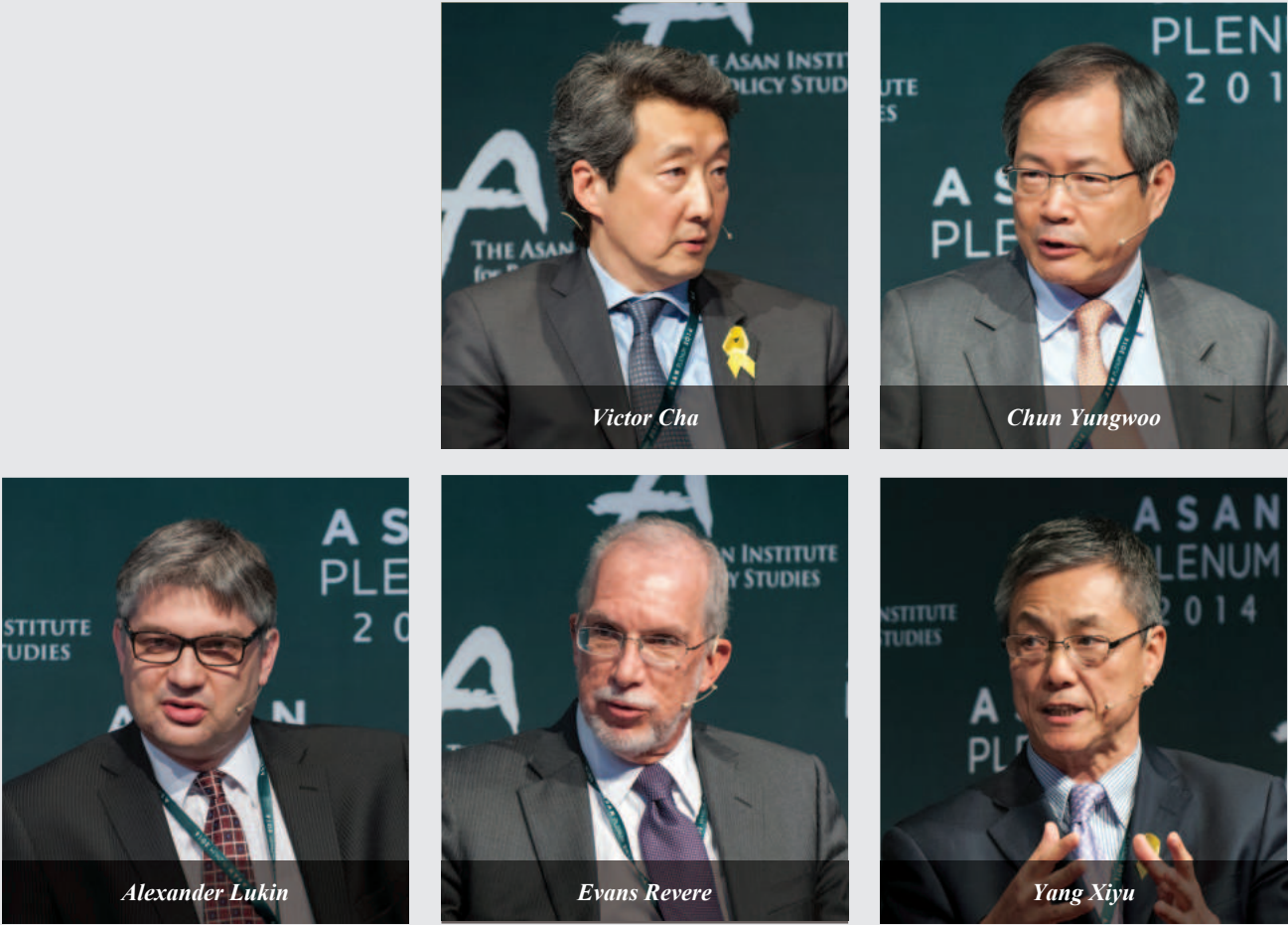
Moderator Victor Cha, Center for Strategic and International Studies

Speakers Chun Yungwoo, The Asan Institute for Policy Studies
Alexander Lukin, Diplomatic Academy, Russian MFA
Evans Revere, Brookings Institution
Yang Xiyu, China Institute of International Studies

Rapporteur Stefan Soesanto, Pacific Forum CSIS

In light of recent activities observed at North Korea’s Punggye-ri nuclear test site, Professor Cha began the plenary session by asking the panel members whether the DPRK will conduct a fourth nuclear test and for what purpose it may be intended to serve Pyongyang’s foreign and domestic politics.

According to Ambassador Chun, the DPRK will move forward with its fourth nuclear test if the regime’s primary objective is political in nature and thus geared towards forcing the regional players into reviewing their North Korea policies. However, if Pyongyang is seeking to increase its nuclear deterrence capability, then a long-range missile test would be much more prudent, given the North’s limited fissile material stockpile, and doubts surrounding the DPRK’s delivery capability. Ambassador Chun furthermore noted that Beijing’s contradictory North Korea policy, trying to achieve denuclearization while simultaneously guaranteeing regime stability, has over time counter-productively emboldened Pyong-



yang to ignore threats of additional punitive sanctions by the international community.

Dr. Alexander Lukin explained that given the events that led up to the invasion of Iraq and the bombardment of Libya, North Korea’s steadfast ambition to develop nuclear weapons is a logical policy. Iraq and Libya abandoned their WMD programs, but ultimately suffered Western military intervention. According to Dr. Lukin, the DPRK nuclear drive is solely aimed at strengthening deterrence against possible external attacks.

Mr. Evans Revere noted it would make little sense for Pyongyang to refrain from demonstrating the credibility

of its nuclear deterrent, considering that the DPRK already enshrined its nuclear weapons status in its constitution and has hailed its strategic deterrent as the “treasured sword of the nation.” Additionally, from a technical point of view, the regime’s three previous nuclear tests, although increasingly successful in nature, have fallen short of perfecting the weapon itself and are inadequate for demonstrating the effectiveness of Pyongyang’s nuclear deterrent. Mr. Revere nonetheless agreed with Ambassador Chun, that a successful and accurate test of a delivery vehicle is as important as testing and perfecting the nuclear device itself.

According to Mr. Yang Xiyu, North Korea will certainly proceed with its fourth, and perhaps conduct a fifth and sixth nuclear test, to ensure the development of a reliable, deliverable, and accurate nuclear device. However, given that the North’s mid- and long-range missile program is currently out of sync with the progress in its nuclear domain, it is much more urgent for the DPRK to conduct mid-to long-range missile tests rather than a nuclear one. On the question of why the DPRK is determined to develop and command deliverable and accurate nuclear capabilities, Mr. Yang argued that Pyongyang’s aim is twofold: enhancing security and “strategic gravity.” While the North’s main interest is reversing the growing conventional military capability gap on the peninsula, the DPRK also seeks to become a regional power able to engage Washington on equal footing.

With all panel members essentially agreeing upon the notion that Pyongyang is going to conduct a nuclear or missile test in the not so distant future, Professor Cha raised the question of how the nations concerned could prevent a test and how they ought to respond if their efforts failed.

Ambassador Chun saw no point in trying to stop North Korea from conducting its nuclear test in the first place. As it currently stands, the threat of additional sanctions remains ineffective given that the regime’s only strategic concern seems to be the expenditure of its limited fissile material stockpile. For the North, one nuclear test essentially translates into one less nuclear weapon in the future. Therefore, to influence the overall situation on the Korean Peninsula it is important to map out a coherent strategy and use North Korea’s provocations to fundamentally alter Pyongyang’s strategic calculus.

Dr. Lukin expressed a different view, blaming the ambivalent and contradicting policies of some nations within the Six-Party Talks framework for two decades of diplomatic failures in preventing the DPRK from developing a nuclear deterrent. Apart from Russia and China, whose primary focus has always been the denuclearization of the peninsula, other nations, such as the United States and South Korea, have additionally focused on

achieving regime change amidst ongoing negotiations. Such an approach, Dr. Lukin argued, was and is a logical mistake, because one cannot seriously negotiate with the DPRK in good faith if one is trying to undermine the regime at the same time. Therefore, the only option to freeze the North Korean nuclear program is to offer Pyongyang some kind of security guarantee to overcome the strategic reasons pushing the DPRK towards nuclearization in the first place.

Mr. Revere fundamentally disagreed with Dr. Lukin’s assessment. No bi-or multilateral package in the past, whether it concerned normalization of diplomatic, political, and economic relations, energy assistance, or presidential assurances, were able to deter North Korea from the path it has chosen to take. In agreement with Ambassador Chun, Mr. Revere stated that no diplomatic effort, apart from a combined and unprecedented move by the Six-Party Talk members, could discourage the DPRK from conducting its next nuclear or ballistic missile test. On the issue of how to respond to a nuclear test by the North, Mr. Revere explained that, while the current setup of bi-and multilateral sanctions is meaningful, the efficacy of said sanctions remains questionable. Indeed, life in the North has not made a turn for the worse, as more taxis than ever are circling the streets of Pyongyang, the restaurants are full, the foreign currency shops are full, and life for the elite is still pretty comfortable. For an international response to seriously affect the regime and life in Pyongyang, Mr.



Revere put forward the idea of taking economic sanctions to the next level by targeting the North Korean banking sector and the country's financial flows.

Mr. Yang meanwhile focused on the imbalance in the diplomatic architecture, regarding the consequences the North is facing when it conducts a fourth nuclear test and the opportunities the DPRK will gain when it chooses to halt its nuclear advances. While the former is well known and articulated in advance, the latter is largely ambiguous and uncertain. As a consequence, Pyongyang's cost-opportunity calculations are skewed to such an extent that negotiations are naturally bound to veer towards diplomatic deadlock. Mr. Yang emphasized that North Korea's dual approach of achieving economic development while realizing its nuclear program are two contradicting goals. As it currently stands, any advances in the nuclear domain will automatically undermine progress in the economic dimension, and vice versa. The solution is creating a diplomatic framework that encourages North Korea to pursue economic development by offering tangible, reachable, and clearly articulated benefits for Pyongyang's future.

Ambassador Chun added that the goal of denuclearization is more important than stopping the DPRK from conducting another nuclear test. He said the only viable option to address both is for parties concerned to agree upon economic sanctions in advance to clearly communicate to Pyongyang the cost of its provocations. Once the DPRK confronts a clear cost-benefit calculation, it should favor denuclearization over imminent regime collapse.

Mr. Revere voiced concern about the current approach of US strategic patience, which in the absence of dialogue and context of past failures, has left the door open for North Korea to produce fissile material and conduct nuclear and missile tests. Mr. Revere warned that if the day comes when Pyongyang is able to demonstrate a credible nuclear deterrent that is able to accurately strike any target in East Asia, it will significantly alter the security calculus in the region. US security commitments will come under question, possibly leading Japan and South Korea to consider nuclearization. Mr. Revere thus urged the parties concerned to sharpen North Korea's policy choices and push Pyongyang in a different direction before it is too late.

On the question of regime stability, Mr. Yang stated that the DPRK's power transition is not yet complete due to the persisting age gap between Kim Jong-un and other members of the North Korean leadership. Yang therefore inferred that far more personnel changes will occur in the future. Mr. Yang also noted that two fundamental shifts are apparent under Kim Jong-un. Firstly, the center of power in the DPRK has shifted from the military and returned to the Party. Secondly, the strategic focus has shifted from military-first to prioritizing the economy.

Mr. Revere concluded that while we ought not to underestimate Kim Jong-un's ability to further consolidate his power, the execution of Jang Song-thaek revealed major fissures and cracks at the very top of the regime. This undermined the North Korean myth of a monolithic leadership. Combined with the continued breakdown

of the information wall due to the proliferation of cellphones and smuggled South Korean DVDs into the country, North Korea might not be as stable as it appears to be.



SESSION 5

Date | April 23, 2014
Time | 15:30-16:45
Place | Regency Room

Future of Democracy

Moderator Andrew Browne, The Wall Street Journal

Speakers Daniel A. Bell, Tsinghua University
Edwin Feulner, The Heritage Foundation
Eric X. Li, Chengwei Capital

Rapporteur Patrick Thomsen, Seoul National University

Winston Churchill once famously said that “Democracy is the worst type of government we have, except for all the others.” Central questions explored during the panel included whether democracy was the best of the rest or are there other models of governance that would better suit the needs of our ever-evolving world polity? The discussion also engaged lively comments and questions from the audience that often pitted a rising China and its mode of governance in opposition to Western notions of representative multiparty elections.

Mr. Andrew Browne, Senior Correspondent and Columnist for *The Wall Street Journal*, opened the discussion with an entertaining anecdote that related to his past days as an observer during the time of democratic change in Korea and Taiwan. He said he was a member of what was known as the “Yonsei Beach Club,” where he and fellow members would pitch up on a train platform near the university and watch as students and police clashed during demonstrations.

Dr. Daniel A Bell, Director of the Center for International and Comparative Political Theory at Tsinghua University, began the discussion in earnest by explaining that he subscribed to the widely held view that democracy was in fact a good thing. However democracy itself was not sufficient for creating good government. What he believes robust government needs are leaders that are both able and virtuous in their character. Able in the sense that they are intellectually capable in completing their duties and responsibility in government, and virtuous in the sense that they need to be accountable and free of corruption. Thus our system of government must combine democracy with meritocracy. Democracy does not account for meritocracy as it has been widely shown by academics that voters tend not to make rational choices when voting. They often make decisions based on narrow individual interests and disregard the interests of others. Moreover, in popular elections not everybody votes, yet the preferences of the winning candidates are imposed regardless, therefore relegating the interests of the non-voting community, which become marginalized.

He sees two possible modes of combining meritocracy and democracy. The first he characterized as a “horizontal mode.” This is where two houses of government are conceived. One being elected by the masses, the other appointed through meritocratic criteria. The problem with this model is that over time the house that is appointed by the commons will aggregate authority and relegate the other to a subservient position, therefore undermining the concept of meritocracy. He favored an approach that is used in China. An approach that he terms “Vertical Democratic Meritocracy,” whereby elections are held at a local level, and higher level government posts are appointed based on meritocratic criteria. He did mention that there are issues with this, for example “guarding the guardians.” This relates directly to accountability and transparency. Who will hold leaders accountable in this arrangement? Secondly he envisages a problem of ossification in the political system. Criteria for what constitutes meritocracy needs to evolve with time, which often requires a certain degree of freedom of speech. Finally, the question of legitimacy also needs to be considered. He believes that China should hold a referendum in fifty years to decide what sort of government they prefer. This was met by the question from panelists of why now isn’t an appropriate time for such a referendum.

The discussion took a more liberal turn when Dr. Edwin Feulner, Chung Ju-yung Fellow and Chairman of the Asian Studies Center at The Heritage Foundation, entered the fray. Drawing on significant reference points from earlier plenum discussions, including the opening video of the conference, he lent his support to the basic tenets of democracy. Furthermore, he suggested some essential ingredients for allowing the development of a robust functioning democracy. He outlined firstly how democracy and its institutional arrangements needed to provide an expansion for the individual, highlighting the decentralized nature of a good democracy to allow individuals their own space. He also mentioned the importance of the rule of law. In particular how individuals needed to be treated equally in front of it. This notion extended to equal access based on resources; the “prince and the pauper” must be entitled to the same legal representation. A third criterion he believes is the freedom for alternative private institutions to flourish independently from government interference. Religious institutions, charitable institutions, knowledge based institutions should all be given the freedom to exist under their own terms. Finally he emphasized the need for greater transparency, this must come from the top, and govern-

ments need to make their workings available for the public to view. Examples include the publishing of state budgets. He also believes that the designers of the US system got it right when they decided to build a system founded on separation of power.

There is a bright future for democracy in his view, and the closer a government is to the people, the stronger a government will become. He also mentioned that it is up to us, today, to ensure that future generations will be able to enjoy the blessings bestowed by democratic government.

Dr. Eric X. Li, Founder and Managing Director of Chengwei Capital and a Senior Fellow at the Chunqiu Institute, began his contribution by highlighting the analytical approach that he favors in discussing issues. He doesn't believe that he is a defender or advocate for any particular issue, or in this case a political system. However, based on the widely accepted definition of democracy (universal suffrage, periodical multiparty elections, and possibly referendums) it seems apparent that our current conceptions of democratic models are in crisis. "Dismal" was how he described the future of democracy. With a brief review of history, he stated that democracy is an accident. The lineage of the current form of democracy as a political system can be traced back to representative institutions that began in England. It then evolved and spread in Europe and America. The pioneers of representative institutions, including the framers of the US Constitution, were hostile to political power of the people and disapproved of the idea of political parties, but these all somehow became the fundamental building blocks of the democratic political systems of our time.



Dr. Li believes that democracy as we know it carries inherent contradictions. For example the ideas of liberty and equality run in opposition to each other. Take the following situation. In a legal dispute, both parties have the rights and freedom to hire lawyers for legal representation, however if one party is rich and the other is poor, (as a result of pursuance of one's liberty) then they are not equal in front of the law. How about freedom of speech? The US Supreme Court has just judged that it is legal for a person or entity to purchase all available airtime on television stations to support certain candidates if they have the resources and the choice to do so. The guarantee of one's liberty it seems, leads to inequality.

An important question posed by Dr. Li was whether "the success of the modern West came about not due to

democracy, rather in spite of democracy?" He believes that democracy has become dysfunctional, and is choking effective government. Moreover it has become so rigid that it is incapable of self-correction. The United States, for example, could never move to a parliamentary system or Britain to a presidential one even if circumstances call for such reform. In fact, it is now nearly impossible to amend the US Constitution. This rigidity is a result of democracy itself. Furthermore, he quoted a recent study by Princeton University researchers Martin Gilens and Benjamin Page that found the United States to be an oligarchy as opposed to a democracy. He also mentioned issues in developing countries where democracy has led to further corruption and rising inequality. His final example raised a few eyebrows; he mentioned that Taiwan ever since it moved to popular elections for selecting their president had become a development "disaster." Taipei's infrastructure development had stalled, migration to the mainland of the educated class boomed, and the high tech miracle had all but faded. He later distinguished this observation as merely an observed correlation, not meant to imply direct causality. This was in response to a criticism from an audience member who attributed changes in Taiwan's development to other social and economic factors.

The first area of focus during the question-and-answer session was transparency mainly in relation to whether China's system was opaque and overly restrictive of freedom of speech. Dr. Bell believes that through his experience in China restrictions are not as severe as many make them out to be. He has enjoyed academic freedom mostly in the material he has taught. And in response to a question about the recent jailing of an activist in China, Dr Li pointed out that the law might have been broken and asked us to remember the difference between negative and positive freedom. In China, he believes, negative freedom is much greater than in the US. It was a view that Dr. Feulner believed to be untrue. He believed both forms of freedom were greater in the US.

Further questions were raised about the approval system in China. And whether this was more susceptible to corrupt practices and rent seeking behavior. Dr. Li stated that corruption is a major problem in China but it is not an inherent result of the political system. He cited China's corruption ranking by Transparency International, placing it at near 70th, in the company of countries like Greece, which is a liberal democracy, and of all the countries that are below China's ranking, over half were democracies.

Additional discussion then centered on questions of technology, uniqueness of Chinese meritocratic system of government, and democracy as opposed to citizenship. Dr. Feulner explained the importance of technology in reaching mass audiences, mentioning the example of Iran and cassette tapes in the 1970s. Dr. Bell talked about how China's historical predisposition to meritocratic forms of government meant that it didn't necessarily have to move to Western ideas of democratic government, but rather find a modern application of it in today's setting. On the question of citizenship, Dr. Li explained that China's system is evolving and adapting, Dr. Feulner described the situation in the United States as being too interest based. The power of interest groups is stifling the efficacy of the system in providing for all within its parameters. Dr. Bell concluded by reiterating the major question he posed at the beginning. How do democracies find virtue and ability in their leaders when the very system they enjoy seems to contradict this possibility?

SESSION 5

Date | April 23, 2014
Time | 15:30-16:45
Place | Grand Ballroom I

Future of Liberal International Order

- Moderator

Lee Chung Min, Yonsei University
- Speakers

Francois Godement, European Council on Foreign Relations
Martin Jacques, University of Cambridge
Jin Canrong, Renmin University of China
- Rapporteur

Nathan Wickstrom, Korea University



Dr. Lee Chung Min, Professor of International Relations at the Graduate School of International Studies at Yonsei University, initiated the panel discussion by asking what has happened to the liberal international order that has been in place for over sixty years and whether the established, rule-based system is now dead. Further, he questioned China’s role in the international community: what are the country’s responsibilities as it grows as a major global power, what can it offer the international community and should it alter the current international system? Additionally, is it possible for the European Union to rise alongside China if it remains innovative? Professor Lee then shifted the discussion to Russia, asking if it will rebound and once more become a major factor for the international order. His final question concerned values, inquiring whether Western values were the same as universal values and, if not, what other values should be considered.

Dr. Francois Godement, Director of the Asia and China Programme at the European Council on Foreign Relations, began with the stance that the liberal international order is not dead, though due to its ambition and the increasing number of norms, it is fragmenting from within. From the outside, many countries are joining the order but have shown no initiative to contribute. Defining liberal international order is incredibly difficult, however, for is it even liberal or an order? One certainty is that the existing liberal international structure led by the West will change, and China will become more of a focal point. China has been hesitant to take on leadership in the region and in the international community, though, a position that will not be possible to maintain in the future as the country continues to expand its military might and cultural influence. China has also taken a distinct stance on interfering with international affairs: if a country has a problem that does not directly affect international order, China does not intervene in the situation. Dr. Godement also asserted that people are “too obsessed with China when it comes to international order.” There are other countries to consider, such as India, Brazil, and Mexico. The key to shaping a new international order is inclusiveness.

Dr. Godement also discussed the recent situation concerning Russia and Ukraine, stating that it has the potential for creating economic difficulties for Russia in the future due to the additional military costs and negative backlash from the international community. Citizens do not wish to choose between a strategy that will isolate them from the West and despotism. Additionally, he spoke on values, claiming that a better balance between universal and local values needs to be struck and that further efforts need to be made to protect local values. Finally, Dr. Godement warned that people need to be careful about moralizing. The best way to preserve the international order is through discussion, such as the ones that took place at the Asan Plenum.

Dr. Martin Jacques, Senior Fellow at the Department of Politics and International Studies at Cambridge University, offered a counterpoint on the liberal international order, stating that in one sense it is at its peak, as there is a global system to which virtually all countries subscribe to. This runs in stark contrast to prior systems, in which many countries did not enjoy independence. Further, this is not just an abstract international order, as nations have integrative power within it. The United States has been the driving force in sustaining the order, but the system is “coming to a big historical change” with the rising power of China and the relative decline of the United States in terms of GDP. Much like Dr. Godement, Dr. Jacques argued that the future

liberal international order will involve China playing a larger role, with lines of continuity from the existing model. However, he also reasoned that China's influence in the world will likely be shown through economic or cultural means, not through military might. In addition, China's universalism has left the nation satisfied within its own borders; the country has not felt the need to spread its model with the missionary zeal that the West has.

When a market rises quickly, such as when the United States rose to prominence, many countries can benefit along with it. However, the European Union faces some noticeable challenges should it wish to rise with China. First of all, its share of the global GDP is shrinking noticeably, and will continue to do so into the future. Second, its growth model is problematic, as evidenced by its slow recovery from the economic crisis. In relation to Russia, Dr. Jacques asserted that the country is not a global power, but a regional one. This is because it lives off of its wealth of commodities instead of diversifying its economy, while also suffering from the “mini-Versailles problem.” However, Putin's capabilities as a leader should not be underestimated. Finally, when discussing values, Dr. Jacques mentioned that many values associated with Western values were actually adopted from other parts of the world. It is essential to look at values through a fluid, multicultural lens. Ideally, the best of the established Western values will be joined with others not currently recognized by the international community.

Offering a different perspective, Dr. Jin Canrong, a Professor and Associate Dean of the School of International Studies at Renmin University of China, was uncertain about China's role in the future of liberal international order, acknowledging that the country needs more of a voice in global politics. What that voice will express is difficult to predict, particularly as the strong state cedes more power to the civil society. The predominant question is whether China can remain satisfied with the current liberal international order. At the moment it is, prompting China to encourage the maintenance of the existing international system. Should the international order cease to be profitable, however, the country's position could change drastically. Another factor that would affect the liberal international order is whether the United States can manage to revitalize its economy, particularly its manufacturing industry.

Professor Jin believed that China's rise is sustainable, with its economy growing at a steady pace through its labor, technology, and capital. Innovation will follow such growth. His prediction is that the country's GDP will grow upwards to three times the size of that of the United States, which is important for improving China's standard of living. Professor Jin also emphasized the difference between China and other global powers, such as the United States and Russia, stating that China prefers to allow countries to make their own decisions instead of attempting to spread its ideology. Finally, he stated that the greatest benefit that China can provide the global community is the world's largest market.

Professor Jin was critical of Russia and the direction “Putin the Great” has taken. He has largely failed at implementing a market economy in the country and has squandered the country's vast supply of natural resources.



Pointing out the flaws of the democratic system, Professor Jin remarked that democracy has largely become a romantic ideal that most countries have failed to properly implement. Importing the concept of democracy from Western media is an ineffective way to establish a government. What is needed for good governance is accountability, transparency, and participation based on the rule of law.

During the question-and-answer session of the discussion, the question, “If a Universal Declaration of Human Rights were written in 2014, would it be any different because of the power shifts?” was asked. Professor Jin was the first to respond, asserting that the general principles would be the same, though the methods for achieving these principles should be added to the declaration. For example, wealth and poverty are elements that should be considered. Dr. Jacques replied next, positing that there would be significant changes made. First of all, the number of cultures considered and represented would be greater, increasing the size and scope. Furthermore, global issues not considered when the original draft was written, such as gay rights, would be added. Dr. Godement agreed that there would be more documentation should a new declaration be written, particularly relating to international organizations. However, he disagreed with Dr. Jacques, remarking that there is a danger in inflating the number of rights and norms to such an extent that they end up breaking down.

All panelists affirmed that the liberal international order is still alive and an important element in global affairs, though the state of said order is up for debate. What is undeniable is that this system is going to see some radical changes in the future as it shifts from the West towards China. As Dr. Jacques stated in closing, “Nothing is eternal.”

SESSION 5

Date | April 23, 2014
Time | 15:30-16:45
Place | Grand Ballroom III

Future of Asian Capitalism

Moderator Mo Jongryn, The Asan Institute for Policy Studies

Speakers Kang Dongsoo, Korea Development Institute
Steven Kargman, Kargman Associates
Khoo Boo Teik, National Graduate Institute for Policy Studies
Oh Suktae, Societe Generale

Rapporteur Guillaume Darier, Seoul National University

Dr. Kang Dongsoo, Director and Vice President of the Department of Financial Policy at the Korea Development Institute, discussed how in the aftermath of the Asian Crisis, Korea eventually came out of the recession through massive restructuring schemes and bold reforms in the financial, public, and corporate sectors. Consensus at the time was that Korea needed a more efficient economic system. Recovery in the early 2000s restored the country's economic resiliency but also brought the side effect of a worsening income gap and economic polarization as Korea's competitive environment and rising productivity kept real wage increases low. Public sentiment towards the global financial crisis thus evolved differently, with many observers advocating fairer distribution rather than economic efficiency in dealing with the crisis.

In his analysis of how well Korean banks had resisted the liquidity crunch that accompanied the global financial crisis, Dr. Kang contended that many banks had technically defaulted from the perspective of pruden-



tial regulation—some of the largest commercial banks saw their capital adequacy ratio sink under 8 percent. At the height of the crisis, the nation's foreign currency reserves nosedived by USD 50 billion dollars in just two months, as speculators attacked Korean financial markets. Contrary to the situation in 1997 however, the Bank of Korea was able to negotiate temporary swap lines with the Fed and other major central banks, effectively preventing the liquidity crunch from dealing further damage to the financial sector's balance sheets and keeping the Korean won's exchange rate against the US dollar within a narrow band despite the turmoil in Europe. Korea's capacity to generate large current account surpluses and its strong macroeconomic fundamentals also played a significant role. Korean banks are taking capital adequacy ratios more seriously however, building up capital stocks and increasing the share of long-term borrowing. Most commercial banks now report ratios above 12 percent. The main factor explaining this effort has been the voluntary participation of financial institutions as well as tougher financial regulation.

The trade-off to enhance regulation has been lower growth, which the government should mitigate by incentivizing investment. Dr. Kang warned against overregulation as policymakers adapt their discourse to public sentiment and advocated reforms targeting both efficiency and fairness.

Mr. Steven Kargman, President of Kargman Associates, raised the issue of how well emerging Asian economies would be able to deal with the current sluggishness of the global economy and the slowdown in their own

markets. Dealing with a potential rising tide of corporate defaults and a mounting stock of non-performing loans in the financial sector will require commercially oriented, globally accepted standards and best practices. Mr. Kargman argued that during the Asian financial crisis companies in emerging economies had too often retreated behind their national boundaries and kept their creditors and investors at bay by, for example, imposing restructuring agreements that did not meet international standards. Although all major emerging economies have gone global in recent years, it remains to be seen whether they will abide by global standards as they face challenges posed by slow economic growth or whether they will instead fall back on local practices and standards designed to protect domestic interests.

Many major emerging economies in Asia enacted sweeping reforms to their commercial law regimes after the Asian financial crisis so they would conform more closely to international standards, especially regarding corporate reorganization and insolvency laws. Mr. Kargman voiced the concern however that these laws may not be enforced and implemented appropriately, as the local court system remains an issue in many of these countries. The independence of courts and the possible lack of technical competence in certain systems could be major caveats. Mr. Kargman also emphasized the importance of enforcing sound corporate governance practices: weak governance was not only responsible for many bankruptcies in the past, but also can make it extremely difficult to turn around troubled companies.



Asked about his views on China, Mr. Kargman said that Beijing seemed to respond effectively to the global financial crisis by pumping liquidity into its economy and thus fostering demand. The stimulus led to a dramatic expansion of credit however—especially to local government vehicles investing into new infrastructure projects, regardless of whether there was any need or demand for such projects. This has created conditions for a major challenge in the coming years as the stock of non-performing loans is widely expected to grow significantly over this timeframe. The overheated property market is especially worrisome, with some observers believing that a bursting of the real estate bubble may be looming on the horizon. Mr. Kargman called for contingency planning and the establishment of effective mechanisms by the Chinese government to deal with the financial challenges to come.

Dr. Khoo Boo Teik, Professor at the National Graduate Institute of Policy Studies in Tokyo, warned against categorizing economies under simplistic labels, which promote one-size-fits-all approaches to crisis resolution despite the fundamental differences between emerging Asian economies. Professor Khoo regretted the discrepancy between how “Asian values” were blamed for the 1997 crisis, which indeed had originated from Asia, and how the crisis of 2008 had been labeled a “global crisis” despite its Western inception. While Asian countries were prescribed with wide ranging reforms focusing on accountability, transparency, and governance standards after 1997, the global financial crisis questioned the assumptions of the Western model by demonstrating how its financial system had failed to learn from the Asian crisis and subsequently improve its own governance and best practices.

Professor Khoo also argued that economic liberalization and democratization in emerging Asian economies came with corruption so pervasive and endemic that curbing the power of local oligarchies is a much more pressing issue than pushing through further economic or social reforms. In the aftermath of the Asian crisis, emerging markets were pressed to transition their economies towards more liberalism and self-regulation. The underlying argument was that the free market system would bring an end to “crony” corporate interests and would reinforce democratic institutions and governance.

Disputing this claim, Professor Khoo highlighted how oligarchies in the main emerging economies in Southeast Asia—Indonesia, Malaysia, and Thailand—who initially opposed pro-market reforms vehemently, had been able to perpetuate their pervasive practice of corruption and privilege. Indonesia, which became one of the most democratic countries in the region, remains rampant with deep-rooted corruption. Dr. Khoo also blamed oligarchic interests for their role in the political turmoil in Thailand. When Prime Minister Thaksin Shinawatra attempted to leverage his popularity amongst the lower classes to scrap a proposed IMF package—which would have benefited big business—and reform Thai politics, his opponents unleashed a campaign of unprecedented scale to remove him from power.

The failures that led to the Asian crisis and the subsequent attempts at reform revealed oligarchies’ hold over national economic and political apparatuses. Had advanced economies treated the 1997 crisis as a call for

action against oligarchic interests in the developed world as well, the crisis of 2008 may have been averted. Professor Khoo saw a fundamental symmetry between anti-oligarchic struggles in Southeast Asia and other movements such as “Occupy Wall Street,” which also hold the view that the financial elites were responsible for the 2008 recession but received bailouts from governments.

Mr. Oh Suktae, Korea, Economist at Societe Generale Corporate and Investment Bank, argued that the global financial crisis initially constituted an opportunity for Asian countries. Emerging markets and China in particular became the “saviors” of the global economy; Beijing initiated a stimulus plan in 2009 that provided much needed consumption spending to the world economy. Agreeing with Mr. Kargman, Mr. Oh said the stimulus had also fueled China’s growing bubble, which resulted in the current regional slowdown.

Korea recovered very rapidly from the crisis but contrary to most Asian countries did not experience a stock market boom as the recovery took place. Mr. Oh regretted the introduction of innovative macroprudential regulation in South Korea, which strengthened the solidity of the financial sector but did so at the expense of growth. Mr. Oh called for deregulation and less risk aversion, to prevent undermining the country’s growth prospects, and suggested that pioneering regulatory measures should be first implemented at the G20 level—Korea should not be a frontrunner in terms of regulations that have yet to be deployed by its partners. Over the last decade, authorities in Seoul used to acknowledge the crucial role financial institutions play in a modern, dynamic economy—pledging to transform Seoul into a major financial hub. The latest regulatory trends regrettably muted this strategic debate, according to Mr. Oh, who argued that the South Korean economy was mature and resilient enough to fully benefit from more liberalized financial markets.

Asked about the role of India’s strict capital controls in its resilience against both the 1997 and 2008 crises, Mr. Oh acknowledged their usefulness in times of financial turmoil and rapid capital flight but otherwise warned against their constricting effect on development and growth efforts. Capital mobility is a tool for economic efficiency and thus a key instrument to foster development worldwide, by reallocating excess capital to where it is most needed. China’s long-term objective of moving towards capital account liberalization demonstrates that capital controls cannot be durably sustained when large economies expand and become more complex.

Dr. Mo Jongryn, Senior Research Fellow at the Asan Institute for Policy Studies, concluded the discussion by sharing his conviction that the possibility of new crises soon occurring in Asia was very real, and that unfortunately many countries did not have the policies in place to adequately deal with them.

PLENARY SESSION V

Date | April 23, 2014
Time | 17:00-18:15
Place | Regency Room

Responsibility to History (R2H)

Moderator Douglas Paal, Carnegie Endowment for International Peace

Speakers Andrew Browne, The Wall Street Journal
Lee Hawon, TV Chosun
Simon Long, The Economist
David Sanger, The New York Times

Rapporteur Ariana Rowberry, The Brookings Institution

Dr. Douglas Paal, Vice President for Studies at the Carnegie Endowment for International Peace, focused the panel broadly on the challenges for Northeast Asia and specifically on the tensions in Japanese-South Korean relations. Despite enduring issues between Seoul and Tokyo, the panel should consider how to place them into a constructive context.

Mr. David Sanger, National Security Correspondent at *The New York Times*, noted that discussion at the Plenum devoted significant time to Japan-South Korea tensions and controversies over Chinese territorial claims, but did not offer equal time to common projects that could overcome regional tensions. When debating history, there is a tendency to lose sight of current national interests, when the latter are key for sustaining and expanding a nation’s prosperity and power in the future.

For example, there is room for more discussion on how South Korea and Japan could cooperate on North Korea, the TPP, and climate change. There

was an absence of discussion about the role of the younger generation and their use of technologies that could bring together people across borders. While recounting the past is unavoidable, South Korea and Japan should think about areas of cooperation that serves both countries' national interest.

Mr. Lee Hawon, Editor at TV Chosun, presented the audience with a photo of a recent demonstration in Tokyo, where Japanese protestors held up "rising sun" flags and swastikas. Mr. Lee argued that such a demonstration should not be allowed to occur. He also expressed discontent with Prime Minister Abe's attempts to downgrade Japan's Murayama Statement World War II apology and the Kono Statement that apologized for the suffering of women euphemistically called "comfort women" while providing sexual services to the Japanese military during the war.

Mr. Simon Long, Columnist at *The Economist*, contrasted the political and security environments in Northeast and Southeast Asia. Japan's place in history is less of an issue in Southeast Asia in comparison to Japan's legacy in Northeast Asia, which is in part attributable to Japan's lack of territorial claims in the region and its shorter period of occupation. The historical perception of Japan in Northeast and Southeast Asia is not completely analogous, but there are parallels; Japan also used forced labor and "comfort women" in Southeast Asia. Despite these atrocities, Southeast Asians have a relatively benign view of Japan, recognizing that Tokyo invested heavily in the region's economic development. Moreover, Southeast Asia appears more willing to move beyond history.

When considering the security environment in Southeast Asia, there are still enormous challenges, including border and territorial disputes, and conflicts between governments. Despite these serious tensions, there is less fear that any of these conflicts will result in a major clash. There are three main reasons why Southeast Asia has been able to control its conflicts. The first, but least important, is international arbitration. The second, and much more important, is the "ASEAN way," which has created decades of consultation and cooperation between states and makes war increasingly unthinkable. Third, the political leadership and foresight that was shown in forming ASEAN has had lasting benefits. ASEAN has provided the region with a framework that enables it to manage its conflicts.

Mr. Andrew Browne, Senior Correspondent and Columnist at *The Wall Street Journal*, remarked that discussion at the Plenum centered on diagnosing the problems related to Japanese-South Korean relations, but talk of solutions resulted in many dead ends. One idea is to focus on climate change, which could transcend historical tensions. Returning to Mr. Sanger's remarks about the role of the young generation's use of technology, Mr. Browne stated that technology could be a horizontal force, whereby knowledge begets understanding. In practice, it seems that technology has worked in more vertical ways, through which prejudices are aired. Therefore, the Internet has not been a good enabler of solutions. Looking at the younger generation for solutions is also problematic. There are multiple examples where young people have chosen to support extreme political candidates.



Douglas Paal



Andrew Browne



Lee Hawon



Simon Long



David Sanger

Another consideration is to focus on multilateral as opposed to bilateral solutions. However, there is currently no forum where states can resolve strategic territorial issues. Moreover, it appears that China is highly opposed to a multilateral solution in areas where it would have more leverage bilaterally. There is a need for bold leadership in Northeast Asia, but politicians are focusing on a narrowly articulated version of nationalism.

During the discussion session, Dr. Paal posited that leaders in Northeast Asia might be incentivized to behave in adverse ways for domestic political benefit. Mr. Lee responded that President Park was provoked first by Prime Minister Abe and was obliged to respond to these provocations. Mr. Sanger noted that politicians' use of nationalist fervor to get elected has occurred throughout history; what is important is that situations do not escalate to the point of outright conflict.

Mr. Sanger responded to Mr. Browne's comments about the younger generation by stating that he was more optimistic about the youth's ability to decrease tensions in Northeast Asia. Social media can and has been used to increase tensions, but we have also seen the ability for generational change to alter the politics of a policy issue very quickly.

Dr. Paal drew attention to the current leadership in Japan, which has very close family connections to World War II. These close connections have led to a divergence between Japan's national interest and the leadership's family interests. For example, many have cited Shinzo Abe's two personas, the "public Abe" and the "private Abe."

Mr. Lee remarked on President Obama's trip to Japan and South Korea, noting that South Koreans will be closely monitoring his actions and statements, particularly regarding Japanese-South Korean relations. Even though South Korea appreciates US support, it also remembers two historical cases of betrayal. First in 1905 with the Taft-Katsura Agreement, which paved the way for Japan's occupation of South Korea, and second in 1951 with the San Francisco Peace Treaty, which was the starting point for the territorial dispute over the Dokdo/Takeshima islands. Today, in the broader context of the Northeast Asian security environment, many South Koreans believe that the United States is siding with Japan.

Dr. Paal asked Mr. Lee what the South Korean people would find acceptable in terms of the Murayama Statement and the Kono Statement. Mr. Lee responded that he believes that the South Korean government is looking for sincerity in its apology. General Noboru Yamaguchi agreed with Mr. Lee's comment that sincerity is the key for the Japanese government. However, to be sincere Japan needs to correct systematic failures in the educational system, which does not properly cover modern history. This lack of historical understanding perpetuates extreme positions.

Dr. Lee Jung-Hoon, Ambassador for Human Rights, South Korean Ministry of Foreign Affairs, asked why South Korea is not more important in terms of Japanese strategic thinking. Mr. Sanger responded by pointing partially to the US-Japanese alliance. Japan's reliance on the US for security has wiped out two generations of strategic debate about Japan's security policies. Therefore, Japan did not need to think about a security alliance with South Korea. This overdependence has damaged Japan's ability to think about its national interest in a disciplined way. Once Japan has a bit of distance from the United States, it may be able to think more about the importance of allies such as South Korea.

Dr. Soeya Yoshihide, Professor of Political Science and International Relations, Faculty of Law at Keio University, remarked that he had never seen the picture that Mr. Lee presented at the beginning of his comments. The demonstration was an isolated incident; to generalize the incident to represent Japan is misleading and irresponsible. Putting aside the purpose of the demonstration, the right of assembly should be maintained

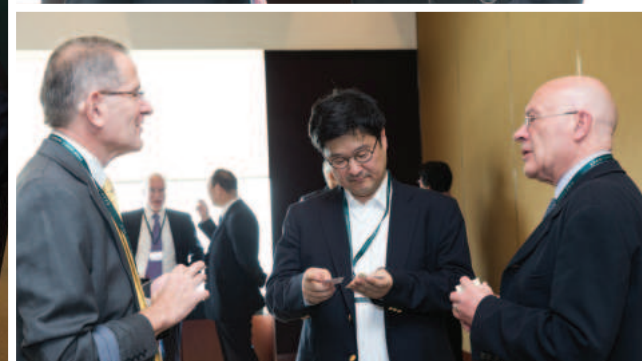
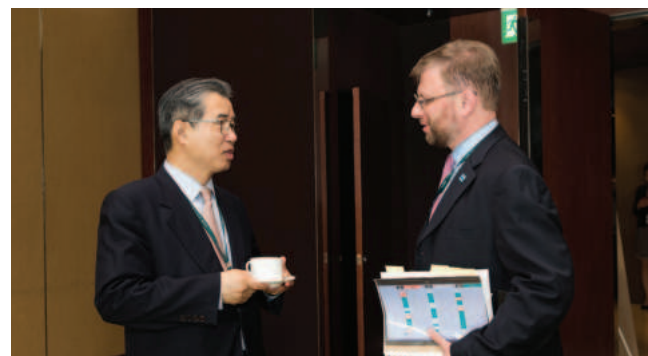


in Japan. Given that South Korea is also a democracy, why do Koreans not have greater empathy for events such as this demonstration in the broader context of Japan's social complex? Mr. Lee responded that the fact Japan and South Korea are democratized does not justify Japan's increasingly aggressive behavior.

Dr. Mark Manyin, Specialist in Asian Affairs at the Congressional Research Service, noted that it is easy to focus on the negative in Japan-South Korean relations. South Korean media is one example that has at times poorly handled the historical tensions between the two countries. On a note of optimism, Japan-South Korean relations have reached a better point in comparison to several months ago, in part due to outside pressure, especially from the United States. An example of this improvement is President Park and Prime Minister Abe's endorsement of the Murayama and Kono Statements. What role should the United States play moving forward? Mr. Sanger remarked that it would be a profound mistake for President Obama to comment on the historical tensions during his visits to Japan and South Korea.

Mr. Sanger suggested that President Obama is intensely focused on national interests and has a sense of what the broad political theme of the next generation in Asia will be: managing the rise of China. Dr. Paal concluded that the challenge is to know history, to emphasize with our counterparts that have a stake in our history, and yet avoid becoming prisoners to history.

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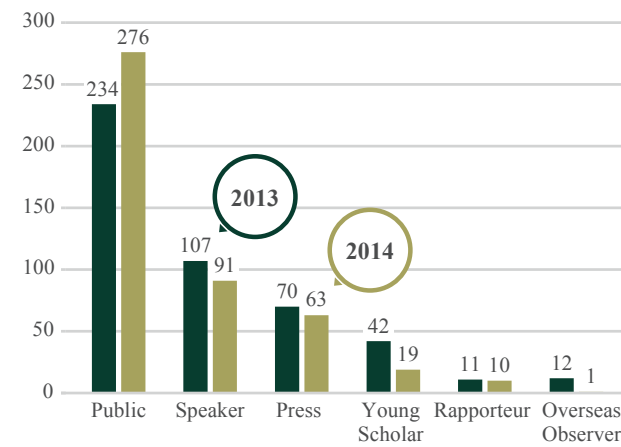
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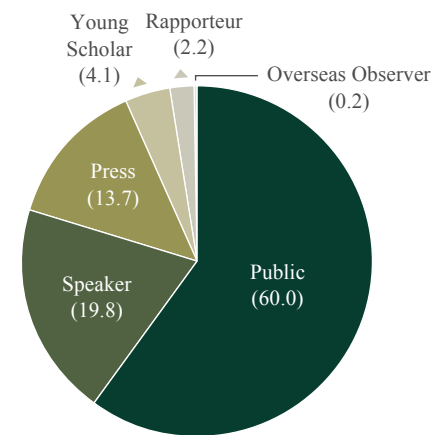
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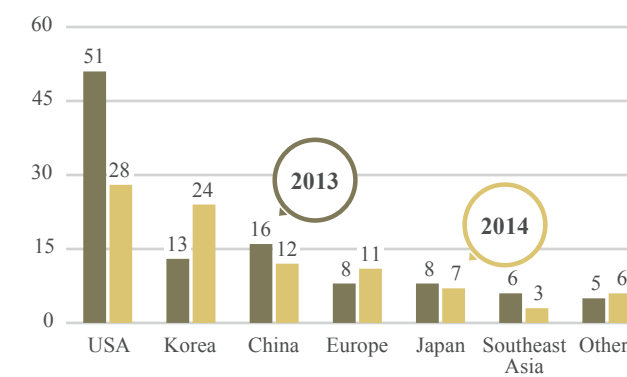
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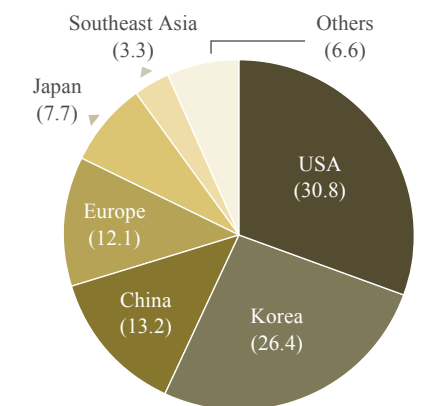
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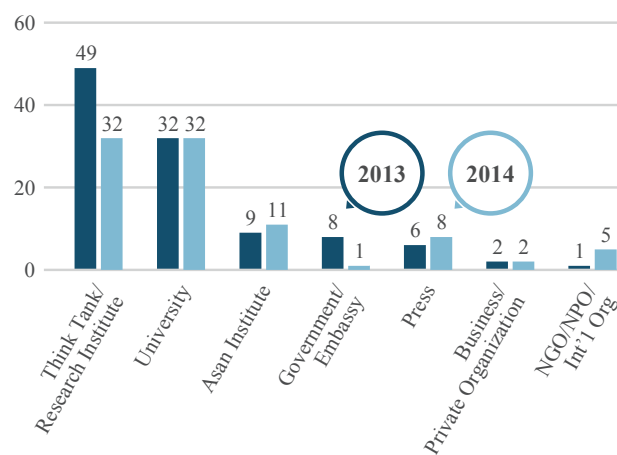
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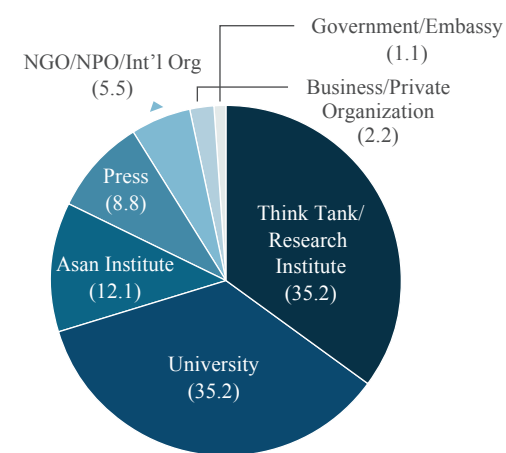
Speakers by Country in 2014 (%)



Speakers by Category (number of persons)



Speakers by Category in 2014 (%)



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