

DOUGLAS PAAL

Vice-président, Carnegie Endowment for International Peace

PARK In-kook

My next speaker will be Douglas Paal, who is working as Vice President of the Carnegie Endowment for International Peace. He will talk about security and China strategic issues on trouble spots, including the Asia Pacific region. He might also have some observation on the future North Korean nuclear issues, from the perspective of China and the United States. He will also touch on the South China security issues.

Douglas PAAL

Thank you, Ambassador Park. I feel a little uncomfortable speaking before Professor Cooper, who has been our teacher for so many years but I will take your instruction and jump in. Our Chinese colleagues have been dwelling on the contents of a 32,000-character Chinese speech. My president only gives me 144-character tweets, so I am much freer to embroider my own thoughts into what I am about to say.

I start from an assumption, I think widely shared, but I would be glad to deal with any disputes on this, that we are going through a major transition in the roles of important powers in the world, that is the unipolar post-Cold War era, has come to an end. With the growth and power of China and the more independent courses sought by Russia, and Europe left to its own devices, we are seeing the re-emergence of a structure that would lend itself to a balance of power concept, going forward, as opposed to the idea of an unipolar world we have been living with. That is my hypothesis.

Within that balance of power, I think that the struggles we face in Iraq and Afghanistan, and the problems we have on the Korean Peninsula, are all dwarfed by the larger challenge of how to manage the transition of China to a great power status, through increased actual power and influence, in a part of the world that is still regionally centred and where the US had, since the end of World War II, essential predominance at sea and a very strong position. It is now in a position to try to protect its alliances and interests in the region, while China's interests and capabilities grow. I think this is the most fundamental challenge we face. How do we make this transition occur as a plus-sum game, and not turn into a wasting conflict between the US and China?

In the process of the transition from the Obama administration to the Trump administration, Mr Obama has always been more persuasive than active. And I think that he over-fulfilled his quota in talking to Trump on the importance of the North Korean problem. The North Korean problem is very serious, and it has an urgency that has been accelerated by the young leader's determination to rapidly develop military capabilities of a strategic nature. I think that this is a problem that has a year and a half or two, two and a half years to play out. Yet, in the world of the Trump administration, it has assumed an urgency that transcends managing great power rivalries, managing the US-China long-term friction, dealing with the various hotspots around the world, and there has been a singular focus on it. I think this is misplaced, but it is where it is.

Within that focus on North Korea as the most immediate threat to the US, there has been a further concentration on the Chinese role in dealing with that. If you look at think-tanks in Washington or government offices, I think 95% of the people there would tell you that the answer to North Korea is in China. I think that fundamentally misunderstands North Korea's relationship with China. That is not to say that China is not really important. China is a necessary part of dealing with North Korea, but it is not a sufficient element of a policy to deal with North Korea.

At some point, if we are going to reach a posture of containment and deterrence over a long period of time, while entertaining the hope that someday we can talk them out of their weapons, or into downgrading what they have or limiting what they have, we need a realistic policy for holding the alliance with South Korea and Japan together, providing adequate protection, signalling the extended deterrent still works.

I think we have to look at steps that have largely not yet been contemplated. For me there is a five-stage process for dealing with the North Korean problem in the short-term, extending it maybe to the mid- and even the long-term.

The first is of course to say that you are interested in talks because you want to keep a coalition of like-minded countries believing that you are a reasonable leader and you want to have talks if possible, but recognising that their likelihood and prospects are not good anytime soon. I say that because I believe that on the American side, the sanctions that have been imposed by the United Nations and some of the unilateral sanctions that have been imposed in addition, have just begun to bite. There is no reason to assume that North Korea at any time in the next few months is going to feel the pain to the point where it wants to come to the table and sue for a kind of peace. Turning that around, on the North Korean side, they have still yet to demonstrate a successful re-entry vehicle, they have some airframe issues, propellant and other issues to work through. I do not think they are ready to say that they have got the system and we should come to the table and talk to them now and that they want to freeze this as their new nuclear power status. I think that we have got six months, a year, who knows, where neither side wants to talk about talks, other than for purposes of diplomatic salesmanship.

What do we need to do? The second step I think we need to do, which is partly being implemented with some complications in the last week, and that is to ramp up what missile defences we have. We have a point mid cores of national defence capabilities. The point defence in Korea has been partially implemented; the Korean government is now getting a little wobbly on that and we need to look more into it. The United States has a bill on defence with the Senate, which will add 28 launchers to our Fort Greely capabilities in Alaska, which is a significant capability. However, missile defence is not even 50% reliable, so it is just a necessary first step.

The third step I think is we need to start dealing with the ramp-up of intermediate range missile capabilities in the region, which threaten American positions in Kadena as well as our allies in friends in South Korea, Japan, American bases in Guam, you could go down the list. The US is the only country actively engaged in protecting the INF treaty. The Russians have been violating it. The Chinese are not a part of it and have been building all sorts of capabilities. And now North Korea is rapidly developing its medium range capabilities. I think the US needs to leave the INF treaty and announce that it is going to prepare to put middle-range missiles into Northeast Asia. This is based on the model that we experienced in the 1980s, when the Soviet Union put SS20s into East Europe, bringing against very strong reactions in the Western European political world. Installing Pershing missiles worked and brought to negotiation the INF Treaty. That should be prevailing today, but is not. I think it should be the model going forward, and in the short-term we probably need capabilities against North Korea that both threaten it in a way that is commensurate with the threat they are posing, sends a signal to China, as well as reinforces an extended deterrence for allies in Korea and Japan.

The fourth area I would look at is the reintroduction of tactical nuclear weapons on American vessels in the region. The temptation to go nuclear for Seoul and Tokyo is there. I doubt either government, in the full consideration of policy and strategic concerns, would go down that route? But the ability of the United States to provide that kind of deterrence would help to tamp down the temptation to go down the nuclear path for those two countries, reassure deterrents and help prevent the North Koreans, as they develop their long-range capability, from threatening the United States, from then being able to turn to the South Koreans and ask what they have got, because the Americans are going to be held at bay because we can put a missile to their heads. That is an important part of that.

The next component that I really think we need to ramp up is covert action against North Korea. Here we have been spending about USD 7 million on plug-in computer parts and telephones, etc. There has been a little bit of additional cyber activity but, again on the 1980s model, when Ronald Reagan went after Eastern Europe, the resources poured into covert action and the East Europeans were fed far more significantly as a share of spending. I am not saying we are going to use the same methods on North Korea, the situations are entirely different. But I am advocating a scale of effort on covert action against North Korea that is commensurate with the challenge.

A lot of this will burn the ears of people who are here and think the Americans are getting belligerent. However, I think that the threats we face do require extraordinary measures and in addition, if we get to a point -this is hypothetical- that the North Koreans are willing to talk to us and other parties about capping, downgrading or whatever it is, we need something to bargain with. Certainly, the United States is not going to bargain with the North Dakota missile fields,



against North Korea. I think we would be putting chips on the table that may, or may not, prove useful in a bargaining setting, but will certainly prove useful for deterrence and reassurance.

Is this enough? I do not think so. These are temporary and short-term kind of measures, dealing with a very contemporary problem. I want to get back to the big challenges; how do we manage our long-term rivalry with China and keep it from becoming a wasting struggle? Here, I think we need to burst out conceptually from where we are. As far as I can tell, the administration has been extraordinarily inarticulate on this new Indo-Pacific strategy, both in describing what they are up to with allies and with people like me, who visit with the government in Washington. It looks very much like a warmed-over John Howard, Koizumi, George W. Bush approach, trying to struggle to have some conceptual counterpart to what China was shaping-up to be back in the first decade of the 21st century.

I think China has continued to develop influence and the speeches prior to this dealt with some of its ambitions. Some of these ambitions fall under the category that Bob Zoellick described 10 years ago, as trying to turn China into a responsible stakeholder. I think that now for the first time, China is kind of welcoming that role, but not using those terms. We want to shape that. We want to try to grab as much of that and diminish as much of the threat side of that as we can. I think, conceptually, we ought to take a departure from this so-called Indo-Pacific strategy, which is really an effort to put some kind of muscle into Barack Obama's pivot to, or rebalance to Asia. For me, that was an example of NATO and the old-fashioned joke term, 'No Action, Talk Only'. The US never really did anything in the pivot and in fact, the pivot provided a pretext for the Chinese to do some things that they thought were countering what the US was doing, and we ended up with a net deficit in our position in the Asia-Pacific region. The South China Sea would certainly be a very good example of that.

Just to cut to the chase, I think that the United States ought to be coming forward with a policy of co-optation of China's new desire to be a more responsible stakeholder in the world. We ought to be adjusting our positions and instead of opposing, literally, the Belt and Road Initiative as a threat to us, or as in the Obama administration, opposing the formation of the Asia Infrastructure Investment Bank. Not only would it be cutting our losses, since we uniquely opposed the AIIB; I think the count now is 57 countries to one against us on that. More importantly, to try to refresh the Bretton Woods instruments and bring them up-to-date. Where it was originally based on the victors in World War II, and then the G7 had a bigger role, the ADB was added over time, I think it is time for another round of examination of the Bretton Woods institutions, so that they are more representative of the countries' shares of GDP around the world.

The G20 might be the basis for that model of re-examining it. We also want to draw China and others to agree that the Asia Investment Bank and the Belt and Road initiative should properly be brought into the value systems that we have under the Bretton Woods system. We can learn lessons from the mistakes of the past, as AIIB has done in breaking away from some of the rigidities of the World Bank loan approval programmes or board running mechanisms, etc. Take lessons from that and try to update that.

We also ought to have concepts of regional security. Asia is not a place that is ripe for a comprehensive regional security mechanism, because of the various characteristics of the states and historical rivalries. However, there are constant impulses to try to find regional security mechanisms and values. I think the US really needs to be much more vocal in putting forward our values on those of our allies, in trying to identify what we want to achieve with regional security proposals and tackle specific problems, of which North Korea would be one and the South China Sea would be another.

There are subordinate ideas that could be brought in this broad package of initiatives. For example, the South China Sea, where the counter-claims have led to excessive fishing. China has been consuming the fish everywhere it can, because it has a growing middle class with a high appetite for marine proteins. Other countries are pillaging what they can, when they can. We do not even know what the scientific basis for fisheries on the coast of Asia is, and we could put together a multilateral effort to establish a scientific basis and see where that takes us in terms of sustaining species, and in terms of working out quotas for various countries. This is a way of taking away the fuel for the disputes on territory that would be almost impossible to resolve in the absence of a conflict.

We need ideas at a macro level and down to the micro level. There are many more positives in addressing the challenge that China presents to the long-term American presence in the region. Thank you.

PARK In-kook

Thank you, Doug. You made a very good suggestion on the five stages. If we have time later, I'd like you to elaborate on the reintroduction of tactical nuclear weapons and its relationship with the future of the INF treaty.