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Steven ERLANGER

Doug is known to many of you, but he has been in and out of governments, an Asia scholar, now at the Carnegie Endowment for International Peace, let us use the word peace.

Douglas PAAL

It is always hopeful if you talk about peace. At this wonderful conference there have been lots of valuable thoughts expressed and I think that most of the things I know about have been well-covered. I think people walk away from this conference quite well-informed. Yesterday at lunch, Kevin Rudd presented the Chinese priorities in ways with which I cannot quarrel. I think it was a tour de force in describing things in China.

As I begin my remarks today, I would like to remind you that Asia is far more diverse than Europe and other regions. We tend to forget that and if you are far away from Asia you sort of lump it all together, but it is a very diverse region, less disposed to coalitions than most. For a long time, the United States in the post-war world managed relations in the Asia-Pacific quite successfully, prosperity surged, peace reigned for the most part, except in a couple of wars we were involved in. We used the method called hub and spokes, where the US was the hub and we had spoke relationships with the Republic of Korea, Japan, the Philippines, Thailand and others. We were the unifying force because they were not among themselves so unified. If you take that hub away, then you get a lot of units out there without spokes to bring them together.

My first observation today is on three broad trends in the region, in that the movement of US policy with respect to China from engagement to containment is eroding those spokes and making it difficult for the various countries, each of which has its own relations with China, to sustain a kind of counterbalance that will come if they also try to remain close to the United States. Trade policy is an example of this. The US has not reconciled its trade policy between facilitating business opportunities within China, which by definition would deepen the connection between the two business communities and people and pursuing decoupling, technological suppression, denial of access to hi-technology, parts, semi-conductors and the like. Both are being pursued. On the one hand President Trump seems to be looking for quick gains on the trade front, but he is afraid to probe deeply into a comprehensive trade agreement with China for fears of how to defend such an agreement against opposition in the United States. However, below President Trump there is a very broad consensus within the government to try to dismantle the many ways in which we do cooperate with China, for fear that China will overtake the US technologically, militarily and economically in the decades ahead.

The second observation may draw some distinctions with Professor Aoi's remarks. The administration of Donald Trump has articulated, with the idea originally emerging from Japan, of the Free and Open Indo-Pacific. This is a direct descendent of President Obama's Rebalanced Asia, which was articulated in 2011. I was a consultant on the original Rebalanced Asia as an outside party and I know well that it was designed to help President Obama draw down the expense and the forces in Afghanistan and Iraq, in order to shift the weight of American capability to counterbalance the rise of China. I think everyone in this room knows that we never succeeded in that at that period. Materially you can point to a few technical changes in the American dispositions in the Asia-Pacific, but in fact whatever drawdowns have taken place in South-West Asia MENA, have not been transferred to East Asia. Nonetheless, China has been given a signal that the US intended to contain China, without the US following-up on it. I think the Free and Open Indo-Pacific strategy has, like Obama's, failed to deliver results. In fact, even under Donald Trump we now have forces back in Saudi Arabia that we had taken out a few years ago. The commitment to the Persian Gulf region remains quite strong and new resources have not been made available to the Asia-Pacific to provide the counterbalance to China's rise.



There has been some adjustment within the United States government, a kind of symbolic adjustment for the Free and Open Indo-Pacific. A few offices have been created, a few appointments have been made, but none of this translates back into capabilities in the region. Unfortunately, were we to try to transfer some of these capabilities to the region, we would be stressing relations with alliance partners who, under pressure from China and in deep co-dependency with China economically, maybe reluctant. Mention was just made by Ambassador Kim of the possibility of INF dispositions in the Asia-Pacific. I think that is pretty remote both in time and in principle, but it is a real concern that we may be asking very small, densely populated countries to position weapons systems in their midst. This would be extremely controversial and difficult to achieve under the best of circumstances and we know that China would work very hard to make it painful for anyone to accept them. As US relative strength has declined across the board with the rise of other powers, the US has seen a shift in correlation of forces, and it is demanding more of the allies at a time when it can offer them less. Or, in fact it is demanding more in performance, while also demanding more in support for the hosting of American forces, in Korea, in Japan and elsewhere.

A third broad trend being reflected in Asia I think, is the global Balkanization that has resulted from rapid, expensive globalization and people are pulling back from the forces of globalization, even in the Asia Pacific where people have prospered tremendously from this. Japan and Korea, we have just talked a lot about this with Ambassador Kim, Japan and Korea are pulling apart. I am increasingly of a mind that we are not going to be able to put this back together again someday. Earlier panels discussed how the choice for South Korea is particularly painful because of their very heavy economic reliance on China and the pressure China has put on them with respect to defense measures taken to protect against missiles from North Korea. Myanmar, which a few years ago was seen as emerging from dictatorship and becoming an example of the rise of democracy in the region, has gone into retreat. It is a very sad example. I am in agreement with Ambassador Kim that North Korea is about to embark on provocations in order to press Washington back into talks and into concessions on the UN Security Council sanctions, which are strangling North Korea's industry. North Korea has made do on its commercial economy. It is getting by with some market reforms, but the state-owned enterprises are starved of resources, the people are unemployed, and they are not able to act as a militarized state in their normal way and they are very eager to get this back. Firing a few missiles and maybe a nuclear test would be well within their interests to get the attention of President Trump before he enters the election year in January.

In sum, the great irony is that the US in dealing with a rising China needs its allies and friends more than ever and yet we are making it harder for our friends and allies to work with us more than many, many years. This is going to present a tremendous dilemma not just for the current Trump administration but for whichever administration succeeds it. Thank you.

Steven ERLANGER

Doug, thank you very much. Joining that, I come away with this image of this spinning bicycle wheel, completely spinning apart with the spokes going in all directions.