

**CENTER FOR
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**2010 GLOBAL SECURITY FORUM:
HOW SHOULD WE ADDRESS THE PERCEPTION OF
WANING U.S. POWER IN ASIA?**

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MICHAEL GREEN: Thank you, everyone, for joining us for this breakout session on Asia. I'm Michael Green, senior advisor and Japan chair at CSIS and professor at Georgetown University. We will speak initially from this podium and then have a conversation on the comfortable chairs.

And we have lured you in here under slightly false pretenses. The title of this session is, "How to Deal with the Perception of American Decline in Asia," and in various ways I think we will each challenge that premise now that we've lured you in here. But there are certainly enormous challenges we face as a nation in Asia, and enormous opportunities, and we hope in this format we'll be able to address those and engage you all in a conversation as well.

The perception of American decline in Asia is something that's not always borne out in the opinion polling, including polling that we've done at CSIS. The Chicago Council on Global Affairs did a poll two years ago and asked, in the major Asian nations, which country has the most soft power in Asia, and the answer came back everywhere, the United States. They asked, what country's influence has increased over the past decade in Asia, and the answer in every Asian nation from the public opinion poll came back, the United States' influence has increased.

There were only two countries where the respondents did not – a majority of the respondents did not think American influence in Asia had increased. One was China, where the respondents argued that Chinese influence had increased – not the view of Japan, Korea, Indonesia. The other was the United States, where the American public was convinced that American influence in Asia had been on the wane.

So the perception of a declining influence is not necessarily borne out in the polling, nor is there a Beijing consensus or alternate political or economic model that necessarily is more attractive. If anything, Asia is a region where the advance of democratic norms has been incremental but quite important with the democratization of Korea, Taiwan, Indonesia.

But, that said, we do face enormous challenges. Since the beginning of British preeminence and the neo-liberal order in the early 19th century, the Anglo-American combination has faced three rising powers. The British faced the rise of the United States at the end of the 19th century and managed it quite well, but collectively the United States and Britain did not manage the rise of either Japan or Germany well. So our track record as we look at a re-rise, if you will, of Chinese power, a reassertion of China's centrality in Asia and the rise of Asia generally, our track record historically is one for three.

We also made a bet with the rise of China some 30 years ago that by integrating China and engaging China in the international system we would build patterns of cooperation and strong ties and gradually see change in China before China's power grew to the point where China was changing the system. And a number of authors recently have challenged that assumption, challenged that bet. Jim Mann, in the book "China Fantasy" says we're wrong;

we're not socializing China. We face a China that's increasingly assertive that has different priorities from our own.

These challenges, these complications are what we want to get to today. I certainly don't want to suggest that we face, with the rise of Chinese power, a revisionist power that is challenging the system and challenging the U.S. in an explicit way. If anything, Hu Jintao is a classic Dengist, a follower of the strategic philosophy of Deng Xiaoping of lying low and building your economic strength and not challenging Western leadership and not challenging the international system.

And all indications are that Xi Jinping and the leadership that will take the helm in 2012 is of similar view, but we do face enormous shifts in the balance of power. We face security challenges with the proliferation on the Korean Peninsula and increasing Chinese capabilities for access denial.

And the economic crisis and our own fiscal challenges have limited our resources, the size of our Navy, and our most important friends in the region, including Japan, face similar constraints. So it's a region in flux, a region where we have some good stories to tell about American foreign policy and American standing, but one that's on the move and one that is presenting us new challenges as well as opportunities every day.

Our panel today includes Richard Armitage who is, I am certain, known to everyone in this room – former deputy secretary of state and one of the principal architects of American strategy towards Asia over the last three decades.

We'll hear from Rich, and then Ernie Bower, my new colleague at CSIS, director of our Southeast Asia program, a former head of the U.S. ASEAN Business Council, the preeminent business organization dealing with Southeast Asia. And Ernie, as you will see, is both encyclopedic and strategic in thinking about our position in Southeast Asia.

So I'll turn the mike over to Rich. We'll then hear from Ernie. And then we're going to open it up for your questions and discussion for the rest of the period. Thank you.

RICHARD ARMITAGE: Thank you, Mike. (Applause.) Well, Mike, thanks so much. I can't tell you what a thrill it is for an unemployed Republican to be invited out to lunch. (Laughter.) So this is great. It's nice to be with all of you. I saw Ron Fogleman, former chief of staff of the Air Force; Tim Keating, former combatant commander in the Pacific here, along with a friend from across the pond, Kevin Tebbit, who is, for some reason, seated alone. Does this mean the special relationship has gone awry?

MR. : (Off mike.)

MR. ARMITAGE: (Chuckles.) Got it. At any rate, great national servant for Great Britain and a great colleague for those of us on the U.S. side who were able to work with him.

The question of waning U.S. influence – is U.S. influence on the wane in Asia is, I guess, a relevant one. The answer is, relatively yes. The re-rise of China on the world stage has relatively changed the balance. The clear, I think, consensus view is the United States is still going to remain the strongest and the preeminent power for well over two more decades and probably a lot longer than that.

Guys like the three who are seated here – or one standing, two seated – on the podium have dedicated their lives to the proposition that we want to prolong and preserve our preeminence as a force for good as long as humanly possible. And I pledge, again, that as long as I'm drawing breath on this mortal soil that's going to be my *raison d'être*.

Make no mistake about it, however; we're in a tremendous competition in Asia, and the competition is very simple. The competition is whether the United States or China will come out of this present economic doldrums in better shape for the long run. If China comes out not only faster but in better shape in the long run, then her model of a relatively command economy and a driven government, non-democratic government, will have an attraction for many people in Asia and beyond.

If, on the other hand, the United States comes out in the long run in better shape economically, then our model of democratic governance and relatively free economy – no one is free anymore, and the president of the United States being the head of a car company, for heaven's sake – so nobody goes without interference in the marketplace these days, but our model will still have an attraction.

Now, look, we've got to change the way we're doing business in Asia. The old way – notwithstanding the excellent poll numbers that Dr. Green cited, if we're going to stay relevant in Asia we've got to change the way we're doing business.

And this is not a partisan point. This is, I think, a practical one. If we want to play in Asia, you've got to approach the game like one would approach a poker game. If you go to Las Vegas and play cards, you've got to have jacks or better to open, right, if you play poker. Well, if you're going to play in Asia, you better have a trade policy. If you don't have a trade policy, you haven't got openers, and until we get that squared away in this administration, it's going to be more and more difficult for us to take a meaningful role in the lives of our Asian friends.

Now, a TPP is a good start. A better start would be to take advantage of the little momentum that now exists for the KORUS Free Trade Agreement with Korea and, laterally, Colombia and Panama, but we have to break this stranglehold of fear that exists primarily in the Democratic Party over discussions of trade issues and things of that nature.

The second thing we have to do if we're going to really dissolve this image of our wane in Asia is to really energize our ambassadors. I have been astonished by the alacrity, the speed, the agility, the dexterity of Chinese diplomats in Asia. And we're still doing business the old way and they're out running around taking pages out of our old book.

No longer are they promoted for party purity or seniority; they're promoted for ability, and they're doing a hell of a fine job for their nation, and we have to do the same. We've got to really put a priority on our diplomats.

And let's face it; we start from behind the eight ball, and the reason we start from behind the eight ball is because these days we all live in Fort Apaches. If you go to a U.S. embassy it's hard to get in. It's even hard to get out. And if you go to – if you go to Singapore, for instance, and you look at the British high commissioner or the U.S. embassy, it is Fort Apache. Then you go by the Chinese embassy in Singapore, it's right on the main street; just walk right in.

Now, we do have security concerns and we're not the same as the Chinese, but we've got to break, again, another stranglehold on our – that is the fear of getting out and mixing it up in the marketplace.

And, finally, if we're going to be relevant in Asia, we're going to have to assure that everyone realizes that we realize that this is primarily a naval service theater, and although soft power is respected in most parts of the world, hard power still has a place in Asia, and unless we demonstrate that we realize this a naval service theater and use our assets and position our assets accordingly, then it's going to add to the perception that our power is somewhat on the wane.

Now, real quickly on how to deal with nations. My own view is we got off on the wrong foot in dealing with China. I'm one of those, like Mike and Ernie; we've spent a lot of our lives trying to bring China into the mainstream, dedicated to the proposition that she had a rightful place in the world.

But this had to be balanced because we brought China forward with being consistent with our traditional values, and to give China a break on human rights, to give China a break on human freedoms is going to feed the perception that China is inevitably the coming power and we're a little fearful of standing up for those things we have traditionally stood up for.

So if we're going to play in this game and make a point to all the nations of Asia, we're going to have to make sure we protect our ideals across the board in our discussions with China. There are many areas we'll cooperate, environment and energy probably being two, but there are many areas in which we're going to have disagreements.

Right now we've got a wonderful relationship with the Republic of Korea – certainly the best in Northeast Asia and maybe the best outside of Australia that we enjoy in Asia. And we take no comfort out of the fact that they've suffered a recent ship sinking, which appears to be directed by North Korea. This will all come out on the 19th of May Lee makes his announcement.

But I really appreciate the way that President Lee has very thoughtfully moved forward on this. He's under some nationalistic pressure but he's engaged with this issue with a great deal of commonsense and he deserves all the support that the United States can muster. And by the way, if you look at the comments from the United States and every other state in Asia and

contrast them with the comments of China, you'll see that China is trying to take a pass on this and not even alluding very strongly to this sinking, or this accident as they call it.

I'll leave my distinguished colleague, Ernie, to talk about ASEAN. Just look; 600 million-people-plus, \$2 trillion, maybe as much of an economy, this is an area that we have – and strategically located – that we've got an unbelievably large interest in. I'm not sure we always demonstrate it. Right now both Indonesia and Malaysia – Malaysia has come out of their shadow. They again want to engage the United States. Well, Asia used to be our fifth-largest trading partner and they would like to come on back a little bit and we've got to seize this opportunity very quickly.

I won't mention Thailand other than to say that I think for the United States the best thing we can do is to obey the Hippocratic Oath and try to do no harm in a situation that is a little difficult to understand and even more difficult to understand how it's going to come out.

And, finally, a question about Australia. Now, look, we couldn't have a better ally, someone who is serious, always approaches the issues seriously, is making great strides in defense right now and realizes that the future is one in which the United States, Australia, India and hopefully Japan will have to have a very major role in concert with one another.

And, finally, I couldn't leave the podium without speaking about Japan. I frankly don't know how this is going to come out. We've long speculated that the prime minister of Japan, Hatoyama-san, may not resolve the Futenma issue by the end of May, and that will have its own dynamic in Japan and in the political process.

My own view is we've got to take a little longer view on this. It would not be good if we can't resolve the Futenma issue. We have stayed in place for eight months. We've done nothing meaningful with our Japanese friends. And if you stay in one place in Asia you lose ground because everybody else is moving ahead.

And that's the situation in which we find ourselves – an entirely self-inflicted wound by our Japanese allies – apparently not accepting the Futenma relocation plan simply because it happened to be a plan of the previous government, and not having a plan B in mind when you announce you don't want to take plan A is a little bit irresponsible, in my view.

But if we take the long view, we realize that we're going to have a relationship with Japan, if for no other reason than history points us in that direction. And therefore, I would hope that our administration will be taking advantage of this relatively quiet – unfortunately quiet time to be speaking with the Japanese about the future – the future of roles and missions, the future of Chinese involvement in the area.

You may have noticed a 10-ship flotilla of China, including two submarines, being very active in the Miyako Straits for the first time in that size. They're humiliating Japan right now. They're making the point they can go where they want and do what they want. They've done the same thing to Indonesia and Malaysia, and unless we can engage our Japanese friends in a

discussion of these issues and wither Chinese blue-water capabilities, and to what end, then we'll fall farther and farther behind.

I think in the bureaucracy and in the military we have a very witting, open-minded group to sit down and have these discussions. We just have to keep chipping away at the policy apparatus and the political apparatus in Japan.

So Mike, with your permission I'll seat myself and invite our distinguished colleague to the podium. Thank you.

ERNEST BOWER: Thanks.

(Off-side conversation.)

Mike, Secretary Armitage, thank you very much. It's good to be here today. I'd like to just carry on the theme of my two colleagues and talk for a minute about American interests and our position in Southeast Asia.

As Secretary Armitage mentioned, American interests in Southeast Asia are big ones. We are one of the largest investors in the region. We have 10 times what we have invested in India in ASEAN. We have almost four times what we have invested in China in ASEAN. There's two treaty allies there, and as the secretary mentioned, the key naval routes – a lot of the key naval routes run through this region.

American interests in the region are very strong and we should capitalize on those. I think today the administration seems to have good instincts about engaging Southeast Asia, and President Obama got off to a good start with the first ever ASEAN-U.S. summit where he sat down with the 10 leaders of the region.

Kurt Campbell has been doing yeoman's work. He's been to the region regularly. He just got out of – as you know, out of Burma and he went into Thailand where it is very difficult for an American diplomat to operate right now, but I think he did the right thing by showing up in Bangkok and meeting all parties and indicating to the Thai people, if not to the two parties – or more than two parties but – a very complicated situation – but to the individual sides who are really locked into sort of a death clench right now, unfortunately, and it's not going well, as you probably know.

This morning – this evening in Bangkok there is – a general was shot in the head while he was being interviewed by the International Herald Tribune, so the situation in Thailand is not good. But I think American policy toward the region has pretty good instincts, but we've got to do more, and I think what's needed is a real cold-hearted look at what our interests in Southeast Asia are and then what are we going to do about it to compete with these extremely agile Chinese diplomats and the new Chinese approach to Southeast Asia?

I would echo the secretary's comments. And I was trying to figure out the other day what happened – what happened in Beijing during the financial crisis – the Asian financial crisis

because, I'll tell you, I've been working in Southeast Asia for 25 years, and up until the Asian financial crisis, the Chinese were sort of cloddy ideological table-pounders, and they weren't getting a lot of traction in Southeast Asia.

After that crisis I think the perception of America sort of focusing on its own interests and not being as engaged in Southeast Asia really hit us hard, and the Chinese took advantage of that in such a way and so quickly that I think it really merits a little more study. I don't know where this new class of diplomats came from, but they've done a great job. They're leading with their ears in Southeast Asia. They're out working the channels.

And, as the secretary said, we tend to – the perception of America suffered during the Middle East conflicts that we had that we're still engaged in, but this security-first focus sort of cost us in Southeast Asia and it needn't have, and I think we can do more.

There's two important questions on the table, I think, from the Southeast Asian's point of view. One is, are the Americans going to be engaged and will they stay with us consistently? And I think we've got to answer that question without any doubt.

And one way to do that is regional architecture. There has been a lot of discussions among the think-tank crowd over the last year-and-a-half about Asian regional architecture, but there are two things we really ought to look for, and one is trade policy, which Secretary Armitage mentioned. We need to have a trade policy.

The TPP is a fair start but we've got to go beyond that and be much more aggressive with our trade policy. I think passing the KORUS this year is absolutely fundamental to our credibility in Asia, and then working to bring other ASEAN members into the TPP, if that's going to be our structure, is very important.

The second is on the security side, and I think the core – the core there is this ASEAN defense ministers meeting that just took place in Hanoi, the ASEAN plus eight – or 10 plus eight. You can call it the East Asian Summit – Expanded East Asian Summit or ASEAN plus eight. There are some find differences there. If any friends from Singapore are in the crowd, they'll be sure to point that out for me in the question-and-answer period, I'm sure.

But America needs to be part of the regional security architecture that's being formed in Southeast Asia right now, and we've got to be very clear about our interests there. I think it sends really bad signals to Southeast Asia when they look down at our treaty relationship with Australia, for instance, and we can't pass a U.S.-Australia Defense Cooperation Technology Treaty.

That's not a good signal, and I don't know who's holding that up on the Hill. I guess I do know who's holding that up on the Hill, but that ought to be passed. And our relationship with New Zealand is another example of a logical friendship that we need to be emphasizing and take advantage of it.

In Southeast Asia we've got two treaty allies. The ties are going to be in a mess, I think, for several years now. But we can take advantage of the new president in the Philippines, Noyon Aquino. He's got American DNA in his blood and I think his instincts are to do more with the United States. We should get in there early on and cement those treaty relationships.

And I like the instincts of the administration to work hard on the Indonesia relationship and the Vietnam relationship. Vietnam is really focused on strengthening relations with the United States and we should take their hand and go further with that.

I think I will stop there, but I would say this in summary: The United States has tremendous interests in Southeast Asia. We are not a waning power in Southeast Asia; we just have to put our money where our mouth is and follow through, and then it will be very clear to Southeast Asia – who would welcome us to be unequivocal in this area – that we are there to stay and we're there to balance a rising China, and that's only good for them.

China is a big country whose influence in Southeast Asia I believe will be limited by its size and its proximity. You don't want a great, big neighbor who is that close to be running the table in terms of influence. And that's not in Southeast Asia's interest, that's not in our interest, so we've got a great opportunity here. Thank you very much. (Applause.)

MR. GREEN: Thank you, Ernie. We'll continue the discussion from here so as to avoid further broken crockery.

MR. BOWER: Sorry about that.

MR. GREEN: And let me just put an exclamation point on a few of the observations to end this initial presentation.

First, we've talked a lot about China, and I think that Rich and Ernie would agree; we're not in a simplistic world where a containment strategy or an engagement strategy are binary choices. We face a complicated relationship with China, strategically unlike anything we've faced before in the history of our nation, where we are trying to shape Chinese choices and encourage China to be a responsible stakeholder, and frankly hedging against the possibility it won't be.

But at the same time, there are enormous opportunities to transform some of the major challenges we face if we can build patterns of cooperation with China, whether it's climate change, proliferation, Iran, North Korea.

It's so complicated that think tanks have struggled for years to come up with the right phrase to describe this. The closest probably is "congagement." Comedians have proposed that we just call China our "frienemies." It's complicated intellectually. It is both 19th century balance of power logic and 21st century complex interdependence logic at the same time.

But I think my colleagues would agree that where this is all leading us, if we do it right, is a much more productive relationship with China, for us and for the Chinese people. And an

important element of that is shaping the strategic environment, which is why we've talked a lot about Southeast Asia and Japan and Korea.

We touched briefly on India. Maybe we can get into that more in the discussion. India – the aspect of maintaining a favorable strategic equilibrium in Asia should not be forgotten. Our friends in Delhi are complaining a bit that we've lost that focus and it's something we need to consider.

And at the end of the day we come back to the same kinds of tools in American statecraft in Asia that we have relied on for over a hundred years – naval power, trade and values. And in the case of values, an incremental strategy in Asia has seen the steady growth of democratic norms, and the most recent and most successful example is Indonesia, but there are setbacks, as we see now in Thailand. Mongolia has had its challenges. But these are the three pillars, I would argue, that make for a successful strategy.

We are in violent agreement on this panel. Sometimes these panels are designed to provoke a fight on the podium. I don't think you're going to necessarily get one. So we encourage you all to provoke one with your questions.

I saw Adm. Keating earlier. I don't know if he's in the room now, the former Pacific commander. I see Mike McDevitt and others who have spent careers building our Asia strategy, so I encourage you all to – if you're not in the discussion about robots right now and if you're in here and I can't see you with these bright lights, please weigh in as well.

So I would like to open it up. And I believe we have microphones. Yes, there they are. And if you raise your hand and then identify yourself briefly before your question, comment or intervention, we would appreciate it. Thanks. The floor is open. Yeah, Jeff (sp). I think that's Jeff.

Q: Drew Thompson with the – director of China Studies at the Nixon Center. No one has mentioned Taiwan. It's kind of unusual to come to an event talking about Asia and not talk about Taiwan. I also get a good sense of irony. They're in the midst of forming a trade relationship with China and cementing it with a treaty and we can't sign one with them yet we provide them with security assurances. So where does Taiwan fit into this? How do we leverage that better? Why isn't that a little more forward in our thinking?

And I also want to weigh in on Vietnam. I think, as Ernie mentioned, Vietnam is a tremendous opportunity. Burma is an opportunity I think we've just lost. We didn't invest enough. We didn't communicate effectively. Kurt Campbell, as you said, did yeoman's work but didn't have a whole lot backing him and supporting him. I think we'd have to really – to get Secretary Armitage's comments – we really have to build on our ability to engage more effectively and more efficiently and more sensitively.

MR. ARMITAGE: Well, I'll take the first part on the question of Taiwan.

First of all, U.S. policy – Democratic, Republican policy – has been extraordinarily consistent that our overwhelming concern was that whatever solution was arrived at was both peaceful and met the wishes of the majority of the Taiwanese people. That's the first thing.

Second, during the time of – thus far in the presidency of Ma Ying-jeou there has been tremendous strides between China and Taiwan in terms of economy, and that's going to continue for a while but I'm sensing right now the beginning of some moon walking on behalf of our Taiwanese friends. They've got an election coming up in a couple of years and I saw Ma Ying-jeou put the brakes on a little bit by saying publicly that there are limits for our engagement with China, and to our relationship, and I think that's preparatory to having a pretty tough fight with the DPP.

But, as I say, if you ask me, is it in our interest – U.S. interest or Japan or anyone's interest if Taiwan became part of China, I would have to say, no, it wouldn't be in our strategic interest, but our overwhelming interest has always been peaceful resolution that meets the wishes of the majority of the Taiwanese citizens.

Ernie?

MR. BOWER: Yeah, on Vietnam – Drew, I appreciate your point. I think the Vietnamese joined ASEAN because they wanted a legitimate lever, a bulwark against a rising China. And the Vietnamese have good reason to fear Chinese imperialism. I mean, they've had wars over thousands of years and they know what they're looking at.

The current issue is the South China Sea, the one that really makes them – you know, keeps the Vietnamese up at night and, you know, that's also an American interest and it's also a Southeast Asian interest.

So I agree that we have a very strong interest in strengthening the relationship with the Vietnamese. I think we should do it in a broad way. I think we should emphasize the trade relationship, the security relationship. People-to-people ties is a great opportunity with Vietnam and it's one that I think we have the vehicles to do this – the Vietnam Education Fund and some others. We should really emphasize that.

And, lo and behold, the Vietnamese also have a lot of common interests with us on transnational issues. You know, Prime Minister Dung really cares about climate change, and the Mekong is a big issue, you know, and Hillary Clinton at the State Department has recognized that. And I think one of the best things we've done in terms of engagement in Southeast Asia is this Mekong Initiative that Secretary Clinton has kicked off. And that's a good core opportunity for U.S.-Vietnam engagement.

Mike, do you want to comment on Burma at all?

MR. GREEN: Sure. Thank you, Drew, for the questions. I know you went to Burma recently and did a report, which I read, which was interesting. I was quite shocked at the

statement our good friend Kurt Campbell made when he came out of his meetings with the SBDC in Burma.

Rarely in diplomacy do you see someone come out of a negotiation and say, we've got nothing, which is essentially what he said, and quite honestly so. And it suggests to me that the administration went in, recognizing how hard it would be for this isolated military junta to make big changes, but hoping for some incremental progress that would allow them to build political capital back here and in the region for further engagement on other areas and eventually addressing sanctions and things like that.

And I think what happened was they didn't even get incremental; they got nothing. And if you parse the statement you can see that on outreach to the NLD or the ethnic groups, they got nothing. On trying to work with the regime to cut off the arms relationship with North Korea – I was struck that they actually mentioned that; it's a sensitive issue – they got nothing.

And then on the army in Burma preparing major military offensives against the Kachin and Shan and other minorities, they've got nothing and they're clearly very concerned that there is going to be, in the preparation for this supposed election, a major military crackdown against the ethnic groups. It's not necessarily the last chapter in an engagement on Burma but I think it's pretty clear that they're going to have to take a different approach.

On Taiwan I would only add it's quiet. It's eerily quiet in a way. I think the administration, by announcing what I would call the easier arms sales package to Taiwan earlier this year, sent a signal to Beijing that in the wake of the financial crisis and after a change of government in the U.S., things aren't going to be all that different in terms of the American commitment – as Rich said, the bipartisan commitment to the Taiwan Relations Act.

You saw a lot of press about retaliation which didn't materialize from Beijing, but you also saw a very clear signal that the Chinese side would be really unhappy about so-called sophisticated arms sales, which means F-16s.

So you won't be disappointed because I think later in the year Taiwan will be back in the news and this tough issue – and, by the way, I think we should go ahead with that sale because the delta, the gap in air capabilities is just growing at an alarming rate, and to dissuade Beijing from considering force as an option, I think we need to provide the necessary equipment to Taiwan. But I'm not in the government so what I care doesn't matter. It's going to come up. I think you're going to see Taiwan back in the press quite a bit towards the end of the year, I would bet.

Good questions. Thank you.

MR. ARMITAGE: It goes without – I guess without saying that one of the priorities for the Chinese seem to have changed, where maybe a year ago we would be talking about Taiwan being top on their hit list. Xingjian and Tibet have kind of displaced Taiwan temporarily and Taiwan has moved down a little bit on the worry list of China. So I think to some extent that's responsible for some of the eerie silence that Mike referred to.

MR. GREEN: Mike, yeah.

Q: Thank you. I too am in violent agreement with what you said, so let me ask a couple of questions and press you a little bit about the future.

First, on the eerie silence with regard to Taiwan, one of the things that has troubled me anyway is the growing sense that I have that at least somewhere in parts of – within China, certainly in the PLA, there is a growing sense of impatience, that now that all of a sudden we don't have to worry about stopping independence anymore, now the agenda is shifting back toward reunification. And so you're hearing lots of statements that say we cannot wait forever and that Ma Ying-jeou is doing nothing but talking about peaceful separation.

And so, I wonder what you think about the end of this eerie silence where Chinese impatience, perhaps, with a growing sense that their military capabilities are increasingly effective might lead to a miscalculation.

The second question has to do with – let me draw out Ernie a little bit on Indonesia. Obviously the president, because of his youthful experience living there in Indonesia and what have you, has a – we have a great opening there, and we're talking about some sort of a strategic partnership, but it's hard for me to discern what the flesh on those bones of strategic partnership – what they might be.

So could I ask you to think about U.S.-Indonesian relations five years from now and how might this partnership have evolved?

MR. ARMITAGE: Admiral, thank you. On the question of impatience, I would have used a slightly different term, probably gets to the same spot. I've come to the view that the citizens of China are actually slightly more nationalistic than their government and that they are deciding they've had a couple of bad centuries and it's time to be viewed a little differently. So to that extent I think I'm in agreement with you.

I don't see, under present circumstances, violence being used yet. And I think it's also fair to say that the U.S. has a policy toward Taiwan, China has a policy toward Taiwan, Japan has a policy to Taiwan, but Taiwan does not have a policy for any of the three of us. I think this is a new feature of President Ma Ying-jeou. He actually lacks a U.S. policy, a Japanese policy, and to some extent he's kind of drifting into the China policy.

So this is something we haven't faced, whether we liked the policy of Taiwan or not in the past, they had one, and I think this is a great lack right now.

MR. BOWER: On Indonesia, we have a great opportunity here. It's clear that this administration sees Indonesia as the equivalent of what India was to the Bush administration. It's the big country – it should be one of the BRIC countries, really – fourth-largest country in the world, a big country that you could get right.

I think that's the president's gut on this. And he's a president, by the way, who knows how to pronounce the names of the Indonesian cabinet, and he knows who these guys are, and that's a pretty amazing opportunity.

And I think we've got to go ahead and, just to extend the analogy, you know, break some glass a little bit on the Indonesia relationship because we've been very careful with Indonesia, and I think the Indonesians have wanted us to be careful. But like other Southeast Asian countries, they've moved through this sort of post-colonial great man phase into sort of their new democratic structure, and it's messy.

Institutions all around Southeast Asia, and particularly in Indonesia, have been undercut by, you know, years of Suharto's leadership, central power, and institutions weren't important and now they are.

And this is an area, if you ask me, that the United States could really play a much more significant role. We've been too careful, I think, trying to understand, you know, how Javanese the Indonesians are. And I think it's time to be a little more confident in American policy in Indonesia, to be honest with you.

I will use, as an example, our military – mil-to-mil policy. We have been mincing around having the tail wag the dog on our Indonesia relationship for over a decade over the East Timor and the Aceh issues, and we have got to normalize our mil-to-mil relationship with Indonesia, and I think somebody has got to go up and look Sen. Leahy straight in the eye.

I know he's got the appropriations lever on the State Department but we should really have a White House-driven strategy to go up there and say, for national security purposes, this is a relationship that's really important to us, and we can get it right.

This is a window of opportunity, and getting that right will help our relations, I think, in the long term with countries like China because a strong U.S.-Indonesia relationship that's based not only on expanded trade and investment but also on now finally a solid security platform will really help the Australians and will help let the Chinese know that we are seriously committed to Southeast Asia.

I think a lot of the friction and a lot of the tension and the anxiety that we're addressing in this panel and why they named this panel what they did is because we have not been clear. We have got to be clear about our interests in Asia, and Indonesia is, to me, probably the best example of that. And President Obama being the president of the United States and commander in chief to me is a unique window of opportunity to get that one right.

MR. GREEN: Ernie, I agree with what you said, and frankly I was the senior director for Asia at the NSC and I couldn't pronounce the Indonesian cabinet members names. So the president's personal history and interest is important and I absolutely agree with you on the military-to-military relationship as being critical to a more enduring Indonesian-U.S. relationship.

But let me push you a little bit on how much we can expect. In the case of India, you know, the Indians came to this with a strategic culture, both from their own history and from the British colonial period of looking at Central Asia, looking at Southwest Asia, looking at Southeast Asia and the Crozonian (ph) grand strategic sense, and ambitions to shape regional and global political affairs, whereas Indonesia, in terms of its strategic culture, is ambitious compared to recent history –

MR. BOWER: Right.

MR. GREEN: – but not necessarily poised or traditionally in that kind of role. So what should we – how much can we expect from this Indonesian relationship? Is there a danger that the administration will invest a lot of effort and it will disappear into a big black hole and things will sort of be there like we never tried? And it's an important relationship – I completely endorse what you said on the effort – but is there a limitation to what we should be expecting? Are expectations too high?

MR. BOWER: Those are very good questions, and I think Indonesia is at a phase where confidence injected might return investment. And so you've got to try, when the cards are in your favor – to extend the secretary's poker analogy – you better play your hand, and we better play it now. If Indonesia is every going to step up and play a role, we ought to take them at their word that they're very happy to be a member of the G-20, that they consider themselves equivalent to a fellow traveler with the BRIC countries.

They want to play a role on the world stage. They've asked about how they can help in the Middle East, for instance, and with the Islamic world. We ought to take them up on that. And I think even if it returned nothing, the effort on our part to actually send some expectations their way and try to build the confidence of President Yudhoyono and an Indonesia that feels like maybe it can are good.

And historically there is precedence for this. Indonesia was quietly the anchor of ASEAN. Suharto, if you talk to any of the ASEAN former heads of state and the ASEAN diplomats, Suharto used to run ASEAN with a nod of the head and body language. And, you know, Southeast Asia respects Indonesia's view, and I think if Indonesia was more clear on what its view was, they could really have an incredible influence on the region.

MR. GREEN: And the region would notice our engagement and effort.

MR. BOWER: Yeah, they would.

MR. ARMITAGE: I think we need to take a minute and just think through how marvelous it is to be sitting here talking about a leading role for Indonesia, that they're an example of democracy in Southeast Asia. Just think about that. If we would have had this conference in 2002, 2003 and spoke like that, you guys would have been rolling. But we're doing this; no one is smiling; everyone accepts it. It's pretty amazing.

MR. BOWER: Yeah, that's true.

MR. GREEN: Good. Thank you. Sir?

Q: Bill Springer (sp), retired DIA, South Asia – (inaudible, off mike). I would like to turn to India now and our relations – the possibility of relations – (inaudible).

MR. GREEN: Is your mike on?

Q: In light of Indian sensitivities –

MR. GREEN: Sorry; your mike might not be on. Okay.

Q: In light of Indian sensitivities, particularly under this administration – (inaudible, off mike) – the Bush administration, about U.S. efforts to improve relations with Pakistan and especially with China, and realizing that once upon a time we thought we had all gone beyond a zero-sum game. Given these straits, I guess, as we call them, how do you see the real outlook for improving relations between – (inaudible)?

MR. GREEN: Could everyone hear that in the back?

MR. BOWER: You might just rephrase it.

MR. GREEN: Forgive me for the shorthand version of the question, since my mike is working better, but the question was, given Indian sensitivities about the U.S. relationship with Pakistan and so forth, how far can we go with the relationship with India? How much can we expect? So sort of the Indian version of the question I asked earlier about Indonesia.

MR. ARMITAGE: Well, when the administration tried to take the hyphen out of Indo-Pak, we explained it to both sides pretty well, I think, and we were successful on both sides of the border to develop relationships because we did it transparently.

Furthermore, one of the new – at least to my way of thinking, one of the new developments is something Mike referred to, and that is from our Indian friends' point of view, they were very comfortable when the relationship was being developed for balance of power – traditional balance of power reasons.

And the question they have – and they've been putting it to all of us, I'm sure, in various ways now – is whether this administration and the United States views India through a balance-of-power lens or rather just a functional lens of climate change and environment and things of that nature, given the fact that from their point of view, India looks 360 degrees – Nepal, Burma, Sri Lanka, Pakistan, Tibet – and sees China.

But there is a wild card. You notice the Indians and the Pakistanis are speaking again at high levels – it's a good thing – but every day Indians, Pakistanis and Americans live with the fear that the Kashmir group, LeT, is liable to do another big strike on Mumbai or Delhi or somewhere and then we'll be off to the races. My personal view is that's a ticking time bomb.

So while the relationship is slowly edging its way to a better place and you don't hear as often the cry from the Pakistani military that Kashmir is in our blood, and you don't hear the same cries from India, we're all hanging on whatever LET does, and that's not a good position to be in.

MR. BOWER: I just wanted to comment from my view on Southeast Asia. Southeast Asia to me is sort of the strong core muscles of Asian regionalism. You get Southeast Asia right, you would bring in India. And I would like to erase the line that's stuck in our bureaucracy between East Asia and Southeast Asia and South Asia because, as a Southeast Asian guy, that's a lot of crap, you know?

MR. ARMITAGE: What do you really mean? (Laughter.)

MR. BOWER: Well, I mean, you know – I mean what I said. Southeast Asia has been influenced as much by India in language, culture, trading, people-to-people ties as it has by China. But somehow everybody assumes that China is the one who's sort of taking over with the "charm offensive" in Southeast Asia.

And I think, generally and right now, that's true because the Chinese are sort of projecting themselves. And inside of China you've got these two groups. It seems like the young guys who are saying, what can China do, and looking at let's – you know, let's project. And then I think probably the more experienced guys inside of China are saying, what should China do? And that's a group we want to, you know, focus on and a dynamic we want to focus on.

But in India, I think, you know, the business – it's more like the United States. The business leaders are all over Southeast Asia. The government leaders are sort of engaged, but it's a big country and they've got other priorities – China and domestic issues. But I believe in 10 years India will have really found Southeast Asia, and if we are a part of that, I think we could really use – we could really use that dynamic; you know, China on the one hand and India on the other, and the Americas emphasizing their major interests in Southeast Asia. It gives a nice sort of tripod balance, and a strategic balance, in my view.

MR. ARMITAGE: Well, the topping on that cake is that India itself has the stated policy – a look East policy.

MR. GREEN: You know, the bureaucratic structure of foreign policy establishments really reflects a strategic world view. We didn't have, in the U.S. State Department, a Far East Bureau until the 20th century.

When I was in government, my office at NSC, I was responsible from the Pakistan-Afghanistan border all the way to East Asia, but the Pacific Command stopped at the India-Pakistan border and then turned the rest over to the CENTCOM. And the State Department of course had a South Asia and then an East Asia Bureau. USGR was different. CIA was different.

And we've never quite figured those lines out and they've all shifted several times since I was in government with Rich.

It creates a reality in how you pursue a strategy, and one of the problems now, I would argue, in the U.S.-India relationship is that there is no senior official – meaning undersecretary above – who owns this relationship and is dedicated to it the way Nick Burns and others were when this transformation of the relationship happened a few years back, and we're suffering for that.

But I do think, as an East Asia expert who then, you know, was put on the South Asia count. I do think – and, interestingly, a lot of Chinese strategic observers play this back to me – that the long-term trend in the U.S.-India relationship is going to be a growth trend in terms of closer ties, for a host of reasons. There is a structural reason – the rise of Chinese power, the security threats that India faces around its perimeter that we, in many ways, share in common with them.

I think India is coming more and more to value its democratic identity in terms of the competition for ideas and international relations. I don't want to overstate this but it's interesting how often Manmohan Singh, the prime minister, points to Indian democracy as part of their brand, part of their model, not alignment, not Fabian socialism.

The Indian-American community is incredibly important. After APEC, the India-America caucus is the largest in Congress. And I see in my own students at Georgetown the current generation of Indian-Americans going to school. They want to play in foreign policy and economic policy and make these ties even stronger.

So there are a lot of reasons why this is moving in the right direction, but we also have – as you no doubt know from your careers – so many difficulties bureaucratically and historically. And unless you have someone driving this relentlessly from the top in U.S. government, you bump up against these things and don't move forward.

I had a question over here and then I'll turn it back – oh, we actually have an Internet question but let me turn over here to this gentleman.

Q: Hi, my name is Zahari Madi (ph) of the Soo-Yun (ph) Media. If I could take the panel talks to Western Asia for a little while, we have seen – since 9/11 we've seen – or the people of the area in the Middle East have seen the American efforts focused mostly in their countries, in their cities, on the reinforcement of embassies and military issues and stuff like that.

But in the meantime, we have seen China moving in and taking the previous role of the United States, supporting social infrastructure projects in that area. Now, in order to gain back the influence of America, the civil influence or the peaceful influence in the area, there has been some talk about President Obama has such an appeal with the Indonesians.

But I believe he has also similar, if not more, appeal within the Middle Eastern people and the shortest cut or the streamlined policies that could succeed in the area, as we all know, is his ability to bring peace to the Middle East.

Now, how could he be helped here within the United States to accomplish that goal for the United States that has a great potential – economic potential in the area should the peace take place there and should Israel take advantage of the Arab initiative, who is open to recognizing Israel, having a good relationship with Israel? And how could the United States get to that goal and have the cooperation between the Republicans and the Democrats in that effort?

MR. GREEN: My expertise ends at the Durand Line. (Laughter.)

MR. BOWER: What?

MR. GREEN: How can we make progress basically on the Middle East peace process, build bipartisan consensus here and create opportunities for a new relationship economically. That's my short summary.

MR. ARMITAGE: Well, if we're going to build a consensus here on Middle East policy, frankly it's got to start with the president, who is a little bit more – a little bit more respected in Israel.

Typically people want the United States to apply pressure to Israel to get them to come to the table, and oftentimes American presidents do, with varying success. But when a president has a very low approval rating in Jerusalem and in Tel Aviv, which President Obama has, it makes it very difficult to be able to push our Israeli friends.

Second of all, if the United States is going to make progress, then we have to be willing to use the full range of our capability. For instance – for instance, if the United States says that Israel must not build anymore settlements – this is an impediment to peace – and Israel does, what is our response? Are we going to cut off security assistance to Israel? No. No American president would ever do that. But should we cut off loan guarantees that actually subsidize these settlements? Probably.

So we have to be able to use all the levers, and generally it saps so much strength politically, domestically here to do that that presidents are loathe to get very deeply involved. The exception, of course, was Bill Clinton, who spent an amazing bit of time at the end of his administration trying to really bring to closure – and was that close and unfortunately Mr. Arafat couldn't quite accept yes for an answer.

My personal view – so right now there's speculation in Washington about the so-called Middle East peace process, and the debate is whether you have an incremental inch-by-inch approach, which has been sort of traditional for the U.S., or whether we throw the long ball; that is, put down an American plan and said that's it. I'm opposed to putting down an American plan because I don't know what plan B is. If one side or the other says no, we look stupid.

So I argue that starting with these indirect talks, if a president and an administration are willing to use pluses and minuses, we can inch the two together a little bit, and that's my preferred way to go.

MR. GREEN: You're not going to – you don't want to go –

MR. BOWER: No, thanks, I'm not going to –

MR. GREEN: We have a question for Secretary Armitage from our cyber audience. I don't know if this is the robot room or people watching online. "Secretary Armitage, what can and should the United States do to persuade China to follow our lead in dealing with Iran and its nuclear weapons program?"

MR. ARMITAGE: Well, I would have probably put the emphasis on the North Korean program first from China. Now, look, given China's energy needs, it seems to me that there is a certain way we could push China, primarily by isolating her in the international community to get some cooperation on the pressure on Iran.

For instance, in the Security Council discussions of Iranian sanctions, when the Russians made it clear that they were going to play, this made the Chinese very uncomfortable because they were left out there being seen as the one that is not willing to stand up for peace and for security. So I think that's the method we have to use.

There are limits, however, given China's energy needs, beyond which she won't go until she can be absolutely assured that her energy needs are going to be met, and I don't personally think that that trust and confidence exists in China today – that is, let's make a deal: You be tough on Iran and just trust us; we'll make sure that there is access to energy.

So I think that the idea – the best idea is to try to keep China isolated on this and use the weight of global opinion to try to force her into some sort of sanctions regime. But at the end of the day, my personal belief is the sanctions that will come out of the U.N. will bite a little bit, not very much, but the coalition of the willing, which I'm sure President Obama will put together following that, will have a much more directed and bigger bite at Iran, but China probably won't play.

MR. GREEN: You don't think – this is not a rhetorical question, but is it possible for us to convince Beijing of its interests in using its assets of national power to stop Iran or at least slow Iran from its pursuit of nuclear weapons, because the outcome of that will be an irredentist Iran that is supporting movements like Hezbollah and Hamas and so forth that ultimately will bite China, both in terms of its energy interests in the Gulf and its own Xingjian and western frontier.

MR. ARMITAGE: It is certainly possible to persuade China to help us slow down the program, but the fact – the answer to the question is not in Beijing; it's in Tehran. And to the extent our friends in Tehran believe that nuclear weapons are a key to the world stage, then this is going to be a very difficult proposition.

I lived in Iran for a year and I was a naval and Special Forces advisor, and it's one of the few places I've lived where I was uncomfortable. I wasn't uncomfortable because of any security threat. I wasn't uncomfortable because Iranians weren't cultured, educated and generous to a fault; they were and they are.

But where the discomfort came in is when I would meet with Iranian friends – two or three or four or five together – and all of a sudden I saw a degree of ethnocentrism and nationalism, the likes of which I've never seen in any other country in the world.

I used to kid my – I lived in a team house and I loved to kid my mates who were there that, you know, I believe if you cut these fellows, they bleed Persepolis – (laughter) – which for us was 2,500 years ago but for them seemed to be yesterday. And so ultimately the answer lies in Tehran, and that's where the difficult part is.

MR. GREEN: Yes, sir.

Q: Ed Burger (sp). If I may, let me question one of the assertions that one of you made and I think, by inference, all of you agree to, which is it would be not in the U.S. interest to see the amalgamation or even the unification between Taiwan and the PRC.

And the second question is, nobody has mentioned the Shanghai Cooperation Organization, an amalgam that, from time to time, has appeared to be important and maybe increasingly important in security and economic security in the Central Asian Republics, China and Russia.

MR. GREEN: Well, then I'll take maybe a first crack at this.

You know, if you look at the geostrategic position of Taiwan and Japan's – (unintelligible) – and so forth, it is historically not a territory that the United States would want anyone with any hostile intentions to us to hold. And that goes back to 1853. There were American commissioners in China writing in the 1850s that someday this island called Formosa is going to be strategically critical. We ought to take it now. We ought to create a democratic republic here now. This is back in the 1850s.

So if you look at it in a geostrategic sense, there would be – I think it would be a fundamental blow to U.S. national interests. However, what kind of unification or amalgamation are we talking about? Are we talking about a unification where the mainland looks like Taiwan in terms of its democratic institutions and so forth? Then I think the threat to U.S. interests personally goes considerably down.

But you can go to Japan and you can go to Asia where people would argue, no, historically even if it's a democratic China with transparency and rule of law, we still don't want unification. But from my perspective, it depends on the kind of China you're talking about and the kind of unification and whether it's based on an open and politically liberal rule of law government or done under coercion, either military or economic.

On the SCO, the Shanghai Cooperation Organization – the Chinese, the Russians and a number of the Central Asian nations – it's been fashionable in academia and in some quarters to say we're moving towards an Asian architecture where, you know, on the one hand you'll have these Chinese or Beijing-dominated institutions like SCO, and then on the other hand you'll increasingly have either U.S., Australian, Korea and democratic maritime alignments. We're pretty far away from that.

The reality is that Asia is economically moving towards unprecedented economic interdependence. Intraregional trade in Asia is about 55, 56 percent of all trade. In NAFTA it's 47, 48 percent. So a lot of that is intermediate trade that goes on to the U.S. or Europe, but there enormous economic integration in Asia, no doubt about it.

But then you look at the diversity of political systems, you look at the diversity of values, you look at the threat perception and it's a mess. It's incredibly complex. And so I think for some time we're going to have institutions arising in Asia, some of which are Pan-Asian like APEC, that include us and include China and so forth; some of which are Asian only, like the SCO, which may be, you know, less favorably disposed towards our presence.

Some of them will be small, like-minded organizations and groupings we form with Korea and Japan, like the so-called Trilateral Coordination and Oversight Group, or that Rich started in government with Australia, the U.S.-Japan-Australia Strategic Dialogue. It's going to be a mix because everybody will be trying to emphasize cooperation and integration but they will be hedging and looking for influence through groupings that favor their values and their economic and security interests.

The big complication for us is we only have one president and one secretary of state, and it's a 13- or 14-hour flight, so engaging in all of these different institutions is going to be a scheduling challenge for us. And how we decide which ones matter and which ones don't will be important, and it's one reason why getting these free trade agreements set and pushing free trade will give us a lot more leverage to make trans-Pacific groupings like APEC significant.

But I don't view the SCO as a major threat. It occasionally causes us some disadvantage but it is, in my view, not the wave of the future, at least as things lie for the foreseeable future.

MR. ARMITAGE: It's interesting, Mike, that you note that we have only one secretary of state. Generally a secretary of state knows that we have 535 of them. That's the problem.

The SCO historically, when it came into being I was in government, and the Russians actually came to us in a counterterrorism working group which I co-chaired and asked if we would like to be an observer, to which we responded, hell, yeah; we'd love to. Of course, the Chinese didn't like that.

And then over time the Russians realized that they had dodged a bullet because they really didn't like it either because the original intent of the SCO was to nudge us out of Central

Asia, which they have been, except for Kazakhstan, fairly successful at up to date. Kyrgyzstan is in play but it's not a pretty place for Americans these days.

So I kind of agree with Mike. To a large degree it's accomplished much of what it wanted to do, which was negative towards the United States, and I don't think it's got long legs.

MR. GREEN: Perhaps you have done this, sir, but when you start looking at the SCOs and the meetings, what looks at first glance like an example of Sino-Russian entente and strategic cooperation, when you look at little closer reveals how much tension there is between these two Eurasian giants. I'm used to saying there are 8 million Russians in the Far East; I actually think it's 7 million now.

MR. ARMITAGE: Yeah, they're dropping.

MR. GREEN: Next to 1.3 billion Chinese – you know, that incredibly thin and vulnerable communications supply line to the European part of Russia. They are, in many ways, in competition in Central Asia. And when the Russians when to the Chinese and the SCO to get backing after the attack on Georgia, the Chinese very publicly said no. When the Chinese went to the Russians to get an explicit statement on Taiwan, the Russians wouldn't go there.

So it has caused us problems in Central Asia, especially with respect to basing, and that's a problem, but it also reveals how much tension there is between these two giants on the Asian land mass.

MR. BOWER: But if I could just comment – and the amazing insight and facts of both my colleagues notwithstanding, I would be concerned about it because if trade is a leader – and I think the Chinese have generally seen that leading with trade is the way to go for regional influence, particularly in Asia – they have made inroads that will eventually – and could eventually undercut American interests.

And I would point to the 10-plus-3 model that China dominates, and that is a leader on economic integration in Asia, which our companies who are invested there can use, but our small and medium-sized companies that want to export into that huge market cannot. And what's more important than tariffs is that the Chinese are starting to drive standards, harmonization of customs.

These things are things that, once established, you get a first-mover advantage that never goes away, and you can't redo, you can't go back and say, well, let's change that and have it be – have these standards be aligned with American standards. That doesn't work that way.

And I think on the military side, these precursor organizations to me are toes in the water, testing how far the Chinese can start to push on political and security relationships, and we better be heads up and on top of it. And that's why I think – my comments earlier about Asia regional architecture on the security front is fundamental to our interests and we've got to be part of the first move, not following later.

MR. GREEN: That's an important point. Our ability to influence this architecture depends on us having, as we started with, a trade strategy. And there are over a hundred – I see Matthew Goodman from State Department. He probably knows exactly how many – 150, depends on how you count – free trade agreements in Asia.

The ones that represent real economic liberalization – the reduction not only of tariffs but of non-tariff barriers – that really trigger significant integration are mostly ours with Australia, with Singapore and potentially with Korea. These other hundred-some are light – lots of exceptions. The Chinese say, you don't want to do ag, we won't do ag, and they're more political.

They don't yet, I think, cause major trade displacement but they will –

MR. BOWER: Yeah, they will.

MR. GREEN: And, as Ernie says, for the first-mover reasons. And my sense is we have a little bit of time before we start losing that, but not much – not much. That's why people are focused on KORUS.

Yes?

Q: Natalie Lio (ph) with Voice of America.

MR. GREEN: Can you wait for the mike, Natalie? Thanks.

Q: There's a mike. Natalie Lio with Voice of America. Secretary Armitage earlier mentioned it's not a good idea to give China a break on Human Rights. Has China recently been given a break on human rights? And any comments on the U.S.-China human rights dialogue?

And a question for Mike as well. Mike, you mentioned naval power, trade and values as the three pillars or elements or ingredients to a successful Asia strategy. How do you address the inherent tension among those three ingredients? Thank you.

MR. ARMITAGE: First of all, on the question of human rights, from my point of view and a historical point, every president of the United States, with the exception, I think, of John Quincy Adams, has held the view that the world is more safe and more humane by an America which is engaged across the board with the defense of human freedoms and human rights. So that's just sort of – and certainly every post-war president has embraced this very deeply and dearly.

When we give a break to China on human rights, we allow her to think that we'll overlook things for the, quote, "greater good." My own view is the greater good is always standing up for those things in which you believe and which are representative of your national values.

And by doing so I think we continue to be the idea-maker, which I think Mike referred to in his opening comments about polls. To the extent we're seen as hiding from human rights or democratic values, then it gives an image that China is larger than she really is, and I think it hurts us – it ultimately hurts China because she'll, I think, misplay her hand.

MR. GREEN: There has always been some tension between the different tools of American influence and statecraft in Asia. It goes back centuries. I'll try not to bore you; I'm writing a book on this now and I'm very interested in this sort of evolution and origins of American strategic thought in Asia.

And I'm finding transcripts of messages sent back by naval officers in the 1830s, '40s and '50s saying, we need to promote Asian counterparts with strong domestic political institutions because it's in our real politic interest to make sure these states are strong enough to withstand European or other encroachment that closes off trade for us.

And so, from very early on I think people who have thought hard about our position in Asia, even in the 1830s and '40s, have seen you need all three elements, and that creates a more stable world and ultimately is attractive, as we've seen with Indonesia and Korea ultimately, to the citizens of the region themselves.

But there are hard trade-offs. And I sense Secretary Clinton I think is quite committed on human rights, but you can see in her rhetorical policy the difficulties she's had sometimes trying to frame how human rights, Tibet and those issues fit in overall American policy. My sense is the administration has generally found the balance. They struggled a bit but there will always be questions of timing, priority and so forth.

Of the three, I'm most worried about naval, to be honest. The QDR says we should have 300 and I think 13 combatant vessels. At the current – as I understand it; Rich would know better – at the current building rate we're aiming, in 10, 20 years we'll have 200-something, 210. So that's the piece of the three – we can do trade. If we have the political will we can do it. We can see progress in the debate of ideas in Asia.

Naval power is the one where there is a sort of physical and budgetary limitation that's going to force us to think pretty hard about allied capacity, priorities. You can see, even in the Navy – the Department of the Navy, the new maritime strategy says we're going to focus on Southwest Asia and East Asia. So those are the kind of strategic choices we're going to have to make.

Matthew, good.

Q: Not as good as you think. I'm not going to make any news on trade or human rights other than say I agree with all of the above.

I have a question about Japan. What would you advise us to do vis-à-vis Japan, beyond Futenma and kind of specific frictions and tensions that we have now, as the DPJ finds its feet, if indeed that's what the future holds. What would you advise our posture to be and what should

we focus on? And particularly, how can we better leverage the areas of cooperation on, you know, everything from transnational issues, climate change, development issues, whatever, that we have so much in common with Japan?

I know Mike has written about this recently so I'll let him pronounce, but, Secretary Armitage, I would be interested in your views too. Thanks.

MR. GREEN: You're referring to – I did a – you can find it on the CSIS website. We did a report on a 12-step program for recovering – (laughter) – the U.S.-Japan alliance. I won't go through all 12 steps.

Suffice it to say that, in my view, and I think Secretary Armitage would agree, getting Futenma right was not an a la carte optional issue. The credibility of the alliance cannot rest on the cooperation on transnational challenges like climate change or diplomatic coordination alone.

The 1960s Security Treaty had, in Article V and Article VI, the meat and potatoes of this alliance, which is provision and bases to the U.S. for the security of the Far East and the United States' defense of Japan. And if we can't get those basic pillars or foundations right, no matter what edifice or structure we build on top of it or on other areas, it's going to be very shaky.

So I think the administration was – I'm in the minority, I think, among Japan hands in arguing this, but I think the administration was right to try to press the case and get this Futenma issue resolved. But at some point we cannot let base issues, as fundamental as they are, continue sucking the oxygen and energy out of the much broader and critically important agenda we do have with Japan.

And we need, I think at some point, to transition to a broader strategic dialogue about what we do about the rise of China, as Rich suggested, about overseas development assistance where together the U.S. and Japan, with other new OECD DAC member states like Korea really should be shaping the rules of how you do good foreign aid at a time when China is pumping tons of money and undermining the traditional approaches of overseas development assistance. We should be pooling our resources and efforts.

In climate change, Japan is the most energy efficient country in the world, and our discussion to date has been about capping greenhouse gas emissions. And Prime Minister Hatoyama's ambitious, frankly unrealistic targets don't do it. If you're talking about numerical promises, it's about China and India. But if you're talking about technological solutions, you can't get there without Japan.

So we need to think about how we frame cooperation and Japan needs to think about what real comparative advantage it brings to these challenges, and it brings a lot, much better if that's built on a security relationship and a basing arrangement that is enduring, that shows the alliance is going to continue playing the fundamental role it plays in Asian security.

MR. ARMITAGE: I think, first of all, we have to recognize where we are. Mike used the term sucking the oxygen out of everything, the Futenma discussion. He's absolutely right.

That's what I was referring to. We've stayed in the same place and everybody else has moved forward.

But the fact of the matter is we cannot want this security relationship with Japan more than they want it. We can't. We can't sustain that. The present Prime Minister Hatoyama is being beaten around the head and shoulders for a lot of things, not the least of which is alliance management.

We ought to be spending our time now just having quiet discussions, I think, with the Minshu part of the Democratic Party of Japan, as well as with the LDP. There is going to be a tomorrow. Now, tomorrow may look a little ugly at first, but since 1853, one thing has been consistent: Except for our really four war years with Japan, we have shared interests.

President Roosevelt used to say – Teddy Roosevelt – “They're playing our game in the Pacific,” and I think that still endures and will endure for some time to come. We're going to have this government for three more years; that's for sure. We're going to have to work with them.

I think that the Department of State and others have been right in being relatively quiet publicly about this. Let Mr. Hatoyama make his own bed. And already we have seen those who would pretend to be the next prime minister moderating their public statements. So I think there will be a tomorrow. We just have to get there, and getting there is going to be a little messy.

Ultimately, if the Marines had to be removed – and I think it's a terrible thing; that hurts the defense of Japan more than anything else – our overall interest in Asia continues to be the naval and the air assets, which allow us to conduct security cooperation in all of Asia because of the tyranny of time and distance. We couldn't do it without those bases.

MR. GREEN: I think we are at the end. Is that what “end” in the poster means?

MR. : Yeah.

MR. GREEN: Okay. (Laughter.) Well, this has been terrific. Thank you. For me it's always a wonderful experience to be on the stage with these gentlemen. And we, I think, have managed to have a pretty good, interactive discussion and draw the expertise out of the audience, so thank you all very much. And with that, Rich, Ernie, thanks, and thank you all for joining us. (Applause.)

(END)