

Center for Strategic & International Studies

Schieffer Series: Crisis in the East China Sea: Strategic Implications of China's Air Defense Identification Zone

Panelists:

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Co-Chair of the Board, Center for a New American Security (CNAS);
Former Assistant U.S. Secretary of State for East Asian and Pacific Affairs

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Chief Washington Correspondent,
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Michael J. Green,
Senior Vice President for Asia, Center for Strategic and International Studies;
Associate Professor, Georgetown University

Moderator:
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Anchor, “Face the Nation;”
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Introduction:
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H. ANDREW SCHWARTZ: Good evening, everybody, and welcome to the Center for Strategic and International Studies. I'm Andrew Schwartz. It's such a pleasure to welcome you to tonight's Schieffer Series, "Crisis in the East China Sea: Strategic Implications of China's Air Defense Identification Zone."

First I'd like to welcome our chairman, Sam Nunn, who is here this evening. Senator Nunn, I think you're – ah, there you are, sir. Thank you. (Chuckles.) (Applause.) Great. I'm so glad you're here tonight.

Dr. Hamre, our president and CEO, is also here somewhere.

For those of you who don't know it yet, the entire School of Communication at TCU is now known as the Schieffer College of Communication, not just the Schieffer School of Journalism. This is a really wonderful testament to Bob Schieffer, and I hope all of you will join me and TCU in congratulating Bob for this great honor. (Applause.)

And by the way, did you happen to know that "Face the Nation" is the number one show on Sunday? (Laughter.) That's right. (Applause.)

BOB SCHIEFFER: Tell all your neighbors.

MR. SCHWARTZ: I'd also like to offer deep gratitude to the Stavros Niarchos Foundation for their generosity and support, which makes this – tonight's evening and all of our Schieffer Series events possible.

And in just a few minutes you'll see my colleague Dr. Green show off some of our new multimedia that we produce here at CSIS, and that is really made possible by the Andreas Dracopoulos Family Ideas Lab. Andreas is one of our trustees and has just been so generous in helping us achieve this capability.

I hope everybody enjoys this evening. We have a really fantastic panel. Our former colleague Dr. Kurt Campbell is here. And with that, Bob, I'll leave it to you.

MR. SCHIEFFER: OK.

Well, hi, and what a great crowd here. This is one of the largest ones that we've ever had. And we have a great panel here. And I think you know all of them, but you know, Henry Kissinger always said even though you know who he is, he still liked to be introduced. (Laughter.)

MR. SCHWARTZ: Bob, the mic – you've just got to put the mic on.

MR. SCHIEFFER: OK.

MR. SCHWARTZ: It's working.

MR. SCHIEFFER: I'm not sure it's working.

MR. SCHWARTZ: There might be a – (off mic).

MR. SCHIEFFER: Is it working?

KURT CAMPBELL: Yeah, it's working now.

MR. SCHIEFFER: Yeah, it's working.

MR. CAMPBELL: That's how that works in the media field.

MR. SCHIEFFER: Yeah.

MR. CAMPBELL: You know, you got to turn it on. (Laughter.)

MR. SCHIEFFER: Kurt Campbell, chairman, CEO of the Asia Group, well-known to everyone here at CSIS, the author of many books, former diplomat who most recently served as assistant secretary of state for East Asia and Pacific affairs from 2009 to 2013, a key architect of the rebalance, the Asia strategy, co-founded the Center for a New American Security – Washington think tank, of course.

My buddy David Sanger, Washington correspondent of The New York Times, twice been a member of teams at The New York Times that won the Pulitzer, has covered the White House, specialized in the confluence of economic and foreign policy, was in Tokyo for six years, four of those years, I guess, as the Tokyo bureau chief, and then – and so he is an Asia hand too.

MICHAEL J. GREEN: Is your mic on, before you introduce me –

MR. SCHIEFFER: Yes. (Laughter.) I think –

MR. GREEN: Because they're having some difficulties, I want to be sure.

MR. SCHIEFFER: Are you all hearing me?

AUDIENCE MEMBERS: No.

MR. SCHIEFFER: Maybe I'll – maybe I'll just take the hand mic here.

MR. GREEN: We have some mics.

Now you can introduce me.

MR. SCHIEFFER: (Speaking into hand microphone.) Now.

And then Michael Green, who of course is the senior vice president for Asia and the Japan chair at CSIS, associate professor of the School of Foreign Service at Georgetown, served as – on the National Security Council staff from 2001 to 2005, as director of Asian affairs and assistant to the president for national security affairs, senior director for Asia. He has also worked in Japan on the staff of a member of the national Diet. Do I say that right, Diet? (Changing pronunciation.) Diet?

MR. CAMPBELL: Diet.

MR. SCHIEFFER: Diet. OK. Like “diet.” OK.

And Mike, you have put together a little presentation here to kind of tee this all up, so why don’t you just tell us about it.

MR. GREEN: Can you all hear me?

MR. : Yeah.

MR. GREEN: That’s good.

This is just a brief overview of the situation in the East China Sea prepared by our Asia researchers and our ideas lab to give some context and background about the East China Sea and particularly the ADIZ – or Air Defense Identification Zone – issue.

China’s announcement last year of an Air Defense Identification Zone, or ADIZ, covering most of the East China Sea revealed the parameters of a much broader geostrategic challenge looming over the region and over U.S. foreign policy.

Now many nations have announced these ADIZ in the past, requiring that aircraft identify themselves before entering sovereign airspace. China’s ADIZ is problematic and different because it covers disputed territory, including islands and rocks claimed by Japan, South Korea and Taiwan. Moreover, the ADIZ overlaps existing ADIZs.

Finally, China diverged from common practice by requiring that all aircraft identify themselves in this zone, even if they do not intend to enter Chinese airspace. China warned, when announcing ADIZ, that aircraft that do not identify themselves will be subject to emergency defensive measures.

Unsurprisingly, the regional response to China’s ADIZ announcement was negative, though uneven. In Tokyo Japanese Prime Minister Shinzo Abe noted that the measures by the Chinese side have, quote, “no validity whatsoever on Japan” and demanded that China revoke them. After being notified ahead of time, Seoul tried to convince Beijing to redraw the ADIZ north of Ieodo Rock, but Beijing refused, and two weeks later South Korea expanded its own ADIZ to cover the disputed area.

Australian Foreign Minister Julie Bishop expressed Australia's clear, quote, "opposition to any coercive or unilateral actions to change the status quo in the East China Sea."

In Washington the administration expressed opposition to unilateral attempts to change the status quo in the East China Sea and reaffirmed the long-standing U.S. policy that Article 5 of the U.S.-Japan Security Treaty applies to the Senkaku Islands.

And the Pentagon sent a pair of B-52 bombers from Guam through the contested area of the East China Sea without notifying China of the flight in order to reinforce the point that the ADIZ announcement would not change U.S. policy or practices.

So the question is, why have Chinese leaders chosen to engage in these actions? Chinese official strategy documents have suggested that their country's period of, quote, "strategic opportunity" – in other words, the idea that China will enjoy a benign external environment through 2020 – is under stress due to the U.S. so-called rebalance to the Asia Pacific. The ADIZ also appears to be a Chinese attempt to undermine Japan's administrative control over the Senkaku or Diaoyutai Islands, which the United States recognizes and points to – this administrative control – as the basis for the U.S.-Japan Security Treaty applying to the defense of the islands.

Some analysts have predicted that China will announce future ADIZ, perhaps, for example, over the South China Sea, where Beijing last week announced all fishing vessels must receive permission from Chinese authorities to operate in the area. Taken together, these steps increase the potential for mishaps, as illustrated recently when the PLA Navy confronted the USS Cowpens in the region.

From a broader strategic and historical point of view, China's economic and military growth present an age-old challenge. Power transitions, such as the rapid rise of a state to great power status, are typically fraught with danger. History is replete with cases of rising powers seeking to overturn the existing status quo. As a rising continental power, China has a predictable concern about the challenges to its maritime flank, which was the source of foreign invasions for China throughout the 19th century. The ADIZ announcement is therefore not simply a mistaken escalation or a reaction to Japan. It is part of a larger stated strategic goal by the Chinese leadership, reaffirmed in last fall's 18th Party Congress, to, quote, "build China into a maritime power."

Over several administrations the United States has sought to expand cooperation and trust with Beijing while simultaneously safeguarding U.S. interests and commitment to allies. The recent developments in the East China suggest that this task could be increasingly complex in the years ahead.

MR. SCHIEFFER: Very good.

We want to just hear some elaboration on that, but first I want to ask David Sanger about a story that he had on the front page of The New York Times today, because I've had several people ask me about this story.

This was a story that talked about how the NSA now has a way through radio, that basically they can channel into computers in foreign countries and elsewhere and wreck them, I mean, and I would – just wanted to ask you, David, why did The Times – I found the story fascinating, but why did The Times find it necessary to publish that story?

DAVID E. SANGER: It's a good question, Bob.

First, thanks for having me here. It's great to be here with wonderful and old friends, and on a fascinating topic, and great to be in this beautiful new space.

The story today described a technology that the NSA uses when computers are not inside networks, and this actually relates as well to China, because China's a major target, obviously, of the NSA as they try to get at the computer systems that they think will be launching attacks on the United States.

The capability became pretty clear to us during the time that we were reporting on the attack on Iran's nuclear centrifuges, because all of those centrifuges and the computer systems around them were kept off network. A big firewall, basically, was designed, so that nobody could attack them. And they were attacked anyway, and in the course of that, the U.S. and the Israelis, working together, managed to blow something just shy of a thousand centrifuges, and it slowed the Iranian program down. It didn't stop it.

We withheld some details at that time of what we knew about the technology that got into bit, but then the Snowden affair happened, and over time more Snowden documents have come out, and among the Snowden documents that came out was a complete catalog of the NSA's products that transmit this radio wave either through a thumb drive or something else out to at least out as far as 8 miles to a little relay station the NSA stands up.

So our initial rationale for withholding the story, which was to accede to government requests that we not reveal an ongoing technique, was basically eviscerated by the fact that any intelligence agency in the world could get the full documents by doing a Google search.

MR. SCHIEFFER: And –

MR. SANGER: And so we thought at that time that the time had to come to sort of explain why this was.

There's also a very important policy issue that's up here. The president's going to give a big speech on Friday, and he's got some recommendations in front of him, including some that would greatly limit the NSA's ability to get into these systems and take advantage of flaws in them to do the attacks. And we felt it was important to raise the issue now, so that people understood the context of a decision the president's got to make, announce or not make.

MR. SCHIEFFER: Had any other news agency published any of the –

MR. SANGER: Yes, Der Spiegel had published a good number of these documents, and a Dutch newspaper had published a map that showed where a good number of these were. But they're complicated documents, and I think they meant more to us simply because we had done the reporting on the previous stories and we saw how it fit together. So this was not a story where we broke news about new documents. We took documents that were out there and explained them.

MR. SCHIEFFER: But you don't feel that you've revealed anything that enemies of the United States didn't know or wouldn't know?

MR. SANGER: I didn't feel that we revealed anything that enemies of the United States hadn't already obtained. Now you could argue, did the Chinese and the Russians get the documents from Snowden, as many in the intelligence community believe? I don't know whether they did or not. But this set of documents that we wrote from were all out in the public domain over the past two months.

MR. SCHIEFFER: OK. Well, let's back to why we all came here for. I just had so many questions today about that one –

MR. SANGER: I had a few myself. (Chuckles.)

MR. SCHIEFFER: Yeah, I could imagine.

Kurt, what we saw – that was a great teeing-up of this subject we're talking about here tonight. Why did they do it just now? What is your sense? And how – I mean, it's significant, but how dangerous is it?

MR. CAMPBELL: Yeah. Well, let me answer the answer the last part of the question first. I mean, you know, the question that international relations – we never really lied, because what's the most dangerous place on the planet? It's always difficult to make those kinds of judgments.

But unfortunately, now to, you know, questions between, you know, India and Pakistan, lingering potential tensions between China and Taiwan, other problems in the Middle East, you've got to add this area. You have a number of deeply unpredictable factors at play among countries who have a lot of historical tensions. Their militaries don't have a lot of interactions with one another. There are no agreed procedures or protocols about how to handle an incident, should it occur. We'll have more about that later.

But the problem also with these stories is that – I like the way Mike laid this out – but really it began probably on Chapter 30, where in fact this has long, deep historical roots. If you asked, you know, Japan where the story begins, they would have one answer, and if you asked China, a very different one, and Korea would also have a different one.

I think what we have seen over a period of years is as China's military and other vessels – naval, fishing – have extended further into the East China Sea, the South China Sea, they have

rubbed up against existing deployments of the United States. We have always had differences on territorial matters between Japan and China, between Japan and South Korea. What we have – what we have been able to do essentially for the last 40 years is that the leadership of Asia has chosen to overlook most of those problems, to put them by the wayside for the time being and focus on issues that unite Asia: the search for prosperity, the attempt to find common ground.

But increasingly these narrow issues that are incredibly important of sort of nationalist dramas that are playing out in each of these capitals are now surging to the fore. They are the central features in bilateral relationships, as opposed to the large trade and long-standing economic issues, and they are intractable. And so there are certain issues in foreign policy that can only be managed or exported into the future, that cannot really be solved in the here and now. And Mao and Deng Xiaoping and earlier Japanese and Korean and Southeast Asian leaders had the wisdom to understand that certain problems are best addressed by future generations.

This current group of Asian leaders have decided, for better or for worse, to put more focus on it, and I'm afraid we're now living through the consequences: a much higher degree of anxiety throughout Northeast Asia. And frankly, these issues profoundly impact American national security and strategic interests, and I want to just thank CSIS for making sure that there is a robust public debate, because the United States – we not only have sort of a dog in this race, we have a very real interest how these issues are managed, how they are debated, and the conduct of how they will be addressed both in public and in private should be near the top of the list.

MR. SCHIEFFER: Well, Mike, was this something that the Chinese did in response to something that was happening in Japan? Is this something that they did because they wanted to impress people within their own government? What do you think the genesis of it was?

MR. GREEN: Well, I'm sure that domestic pressures were a factor, to some extent. These are issues now because all of these societies are more networked. There are over 500 million Chinese every day going on Weibo, the – their version of Twitter, and much of the discourse is nationalistic, criticizing Japan.

Japan had established an ADIZ previously, but I think – and I think most of the people who follow the region closely see this as part of a concerted, if incremental, strategy by Beijing to assert more control over its near sea, over the waters that lie between Japan and China, the Philippines, Indonesia and so forth. And from a Chinese perspective historically, that makes some sense – as I said in the presentation, threats to China, the opium wars, the invasion by Japan, the containment era of the Cold War came from the sea.

The problem is, for over half a century, this region has been one free from coercion, open for freedom of navigation. Our allies, our friends, China themselves have become used to that more open and benign environment. The vast majority of world trade on the sea passes through this region. And so the element of coercion that's here is new and unsettling and I think is not in reaction to events in Japan or elsewhere but is part of an incremental strategy, not one designed to directly confront or cause conflict, but one to steadily push outward.

MR. SCHIEFFER: I there anything beyond this that we don't know about? I mean, are mineral rights or anything – any of those kinds of things – is that part of it? Or is it just what it appears to be right now?

MR. GREEN: Well, there's gas and oil. There's a lot of fish. A lot of the proximate conflicts are the result of fishing fleets colliding with coast guards. And in part because of climate change, the fishing stock is moving north. So there is this fisheries factor, and there is the expectation there are large deposits of gas and oil.

But I think, at its core, this is about the structure of geopolitics and who has the predominant power in this critical maritime area.

MR. SCHIEFFER: Well, David, what are the problems that this presents for the Obama administration?

MR. SANGER: Well, Bob, I think the first big question that they're asking is, why now? Because if you think back to the earlier days of the Obama administration, when Kurt was in power and everything was going fine – (laughter) – the prediction was at that time that Xi Jinping, when he came in, would take it pretty slowly, focus on the domestic economy, and in fact even in the last days of Hu Jintao's presidency of China, the Obama administration made a lot of the advice of those around President Hu, including Dai Bingguo, the state councilor, and others, who basically were citing Deng Xiaoping and others, saying, bide your time, build up the economy, don't get into confrontations now that could sap your power and energy and turn others against you.

And I think the predictions I was hearing the most – I'd be interested to hear from Kurt and Mike about whether that's what they believed as well – was that Xi would spend the first couple of years really tending to things at home. So I think one of the interesting things that took everybody by surprise was that this all happened in 2013 and then to what degree does it get in the way of the rest of the agenda.

So you can think of the Obama administration as dealing with potential confrontations with China at three or four different levels. One obviously is the economic competition. The second, which we referred to at the beginning, was the cyber competition. A lot of those NSA pieces of software and implants were based on looking at whether the Chinese are attacking and stealing intellectual property from the U.S., a big issue between (sic) the president at his first big summit meeting with President Xi. A third area of course is now this territorial dispute, and then there's the whole North Korea question of the degree to which the Chinese are going to cooperate. And this makes dealing with all of the others that much harder.

MR. SCHIEFFER: So what is – what this is the situation in the Pacific right now, Kurt? I mean, you know, we've got Japan. We – we're seeing what – they're beginning to form a national security plan. We've got the Chinese. They have their own ideas. Is this just two powers trying to decide who's going to shape this whole region? And how does that play into this?

Mr. CAMPBELL: Well, you know, Bob, I would probably put it in an even larger context. If you look over the last several years, the region that has had the biggest increase in defense spending is Asia, not the Middle East. And it's not just China, Japan, South Korea; it's countries in Southeast Asia. This is a region that is arming up to deal with really profound insecurity that doesn't just flow from these issues but from a number of problems: unresolved nuclear tensions in North Korea, issues of historical tensions in Southeast Asia.

And so my general recommendation is that this is really a reminder about the 21st century. And when we write the history of this period, the initial take will be, well, yeah, it'll be on what we're doing in the Middle East and South Asia. It's very important, critical to the United States right now. But when we look back on this period, this is really about the rise of Asia, and this is a reminder that American leadership and American engagement is essential, is critical. In fact, I don't think these issues can be managed effectively without a strong American presence.

MR. SCHIEFFER: How is this going down in Japan?

MR. GREEN: Well, the most recent public opinion polls in Japan demonstrated that almost 90 percent of Japanese say they don't trust China. It's remarkable, because the trade volume between Japan and China is enormous, more than between the U.S. and Japan now. And to the extent –

MR. SCHIEFFER: China is their largest partner, right?

MR. GREEN: Is their largest trading partner. And to the extent we have polling in China, it mirrors the polling in Japan.

So there's this remarkable contradiction today where you have unprecedented levels of trade and interdependence and unprecedented levels of mistrust.

You know, Prime Minister Abe has, after six successive prime ministers, including him, who lasted only a year, has come in, and he's established a strong political base. He'll probably be in power three, maybe six or more years. And he's pushing back. And I think the Japanese public wants that. Sometimes it's – it may be more than we think is necessary, but there's a sense in Japan that they have been kicked around and need to push – need to push back a bit.

The views in Japan towards the U.S. alliance, thanks to your brother, Tom Schieffer, are the highest in history, and the levels of trust between the two peoples are very high, but I'll tell you honestly there's a nervousness in Tokyo about whether the U.S. really has the juice if things get rough in the East China Sea. And it's a story you hear in the Gulf and other parts of the world as well. Part of the bigger story here is the U.S. is still the most powerful country in the world, but it's shaky.

MR. SCHIEFFER: What would we do, what is our obligation under the treaties that we have with Japan?

MR. SANGER: Well, we've got very strong treaties with Japan that give us big obligations to come to Japan's defense if attacked, but almost all the scenarios that you see for the East China Sea and the South China Sea don't actually amount to full attacks. You could imagine conflicts over, as Mike said, fishing. You could imagine disagreements as the Chinese run planes that are not military planes over some of these disputed islands, and you could imagine even coast guards taking shots at each other. But nobody would want the U.S. to come in and sort of regard this to be a full-scale conflict, because everybody would be trying to calm the waters out. And I think that gets to some of the nervousness that Mike refers to.

And you know, what Kurt said before reminded me that a year and a half ago, when I was getting ready to publish a book about the Obama foreign policy during the first term, one of the senior officials I interviewed said to me, you know, for all that we hear about the Middle East and all that we hear about Europe, in the end, 20 years from now, the only thing we may be judged by in the Obama presidency in the foreign affairs area is whether we got China right, whether we found a way to manage the relationship without a conflict breaking out. And I think what we've learned about President Obama is he's not looking for new areas either to get into conflicts or to get overextended militarily. And that's why every place you go in the world everybody thinks our forces must be someplace else. So you go in the Middle East, and they say, well, you're doing the pivot to Asia; all the forces must be in Asia. You go to Asia and they say, well, you're just so tied up in the Middle East. That's why you're not a bigger presence here.

MR. SCHIEFFER: Well – go ahead.

MR. CAMPBELL: Let me try my hand at that one.

Look, the biggest risk, Bob, in these areas is an unintended accident or some unpredictable development: An exhausted fisherman who's just had it decides to charge for another vessel, and then that local incident then creates a crisis.

I think there is virtually no chance of some sort of larger armed conflict, preplanned. It will be some crisis, local crisis, and then how the governments respond to it.

Now I would say what the United States has sought to do over the course of the last several years – we have many people in the audience who've actually been involved in it – is to enlist China in particular in a series of discussions which can best be described as establishing rules of the road, right? So you know, our forces are out there. They're going to be out there. We're going to sail near one another. We need to know how we will operate in close proximity. We have to have protocols in case there is an accident. Mike had that case study a few weeks ago with the USS Cowpens, a guided missile destroyer that almost collided – literally less than a hundred yards from a Chinese vessel that went across its bow.

Now in truth, we've tried now for almost two decades to enlist China in these discussions, and frankly we have to ask ourselves why we had such difficulty. And I would say that there are a number of reasons why.

The first is China still regards the United States military as the gold standard, and they don't want to reveal certain limitations of capabilities, and so they're very careful how they expose us in those interactions.

Second, there is still some tensions between their party and their military, and they do not like their military engaged in diplomacy in the way our four-stars do on a regular basis, right? So they're very careful about exposing military in what they believe is the exclusive domain of senior party officials.

Third, you know, what the Chinese want is for the United States not to operate so regularly and so close to their borders. And so they're worried if that we come up with these agreements, they're like giving, in their view, seatbelts to speeders, right, and so that we will have greater confidence operating near their borders, because then if there were a crisis, we'd have an ability to get out of it. And that's – they don't want us to have that confidence operating near them.

And then, you know, it is also the case these mechanisms were used a lot during the Cold War between the United States and the Soviet Union, and China does not want to trigger in the American political calculus that China is a latter-day Soviet Union. They don't want us hear footsteps, and they don't want us to catalog China in that way.

And lastly, China has a very different concept of deterrence than the United States. Our concept of deterrence is shock and awe. Let's show you what we got, and that'll – that'll dissuade you. For China, it's you're going to have uncertainty about what we have, and so that's going to cause you to be more careful.

So because of all of that – and I'm sorry to go on so long –

MR. SCHIEFFER: No, no.

MR. CAMPBELL: – very deep differences in strategic culture and approach, and that is the challenge of the next 20 years, is to try to find some common ground. And I will tell you the frenetic quality of American diplomacy – we're going to have to really focus on this. At political and military levels we're going to have to work with our allies to get agreement on what the necessary components of an operating system would be.

MR. SCHIEFFER: You know, I think what – to underline what you said about how it could be some untoward, some unexpected thing, I mean, I was just looking at – getting ready for this – I read that the aircraft identification rules do not distinguish between commercial and military aircraft. So this would just increase the possibility, it seems to me, that there could be a miscalculation and you could have something like the Korean airliner that was shot down by the Russians.

MR. GREEN: I think we're – I think we're well away from the Korean airline tragedy, in part because we don't know how Beijing plans on implementing this. For example, one of the

unique aspects of China's ADIZ is that unlike most other countries' ADIZ, it's not just aircraft flying towards Japan, as we mentioned, but aircraft flying parallel to Japan – to China. Excuse me. Well, who flies parallel to China? The U.S. Navy and the U.S. Air Force, these surveillance flights that Kurt's talking about.

So to pick up on Kurt's point, last point, part of – part of this is making us and Japan uncomfortable and operating in this region. I don't think the kind of KAL shoot-down incident is at all likely, but it does marginally increase the tension. I would worry much more about what happens at sea than what happens in the air with this ADIZ.

MR. SCHIEFFER: We have a lot of people here tonight that know a lot about this, so I want to go right to questions from the audience. If you have a question, make yourself known here. Here's one right here.

MR. CAMPBELL: I think – I think we had your microphone here, actually, here. So – (laughter).

MR. GREEN: Yeah. No, no, we're good, Kurt.

MR. SCHIEFFER: Here we are.

Q: Thank you.

MR. CAMPBELL: OK. Sorry. I was trying to be helpful there.

Q: Hi. My name is Gerrit van der Wees. I'm editor of Taiwan Communiqué.

One topic that has not been dealt with too much either in Mike's presentation or in the discussion is the Taiwan angle. When the ADIZ announcement was made, the Kuomintang government reacted rather softly in a sense. They were pretty accommodating, though in the legislature there was quite a bit of opposition of people who wanted to be – Taiwan to be closer to the U.S. position and less close to these Chinese position. So what is your assessment, your angle of what role Taiwan could play, either positively or negatively?

MR. SCHIEFFER: Who'd like to do that?

MR. GREEN: We all do a lot on Taiwan, as you know. Maybe I'll start briefly.

Yeah, yes, Taipei's response was certainly softer than Tokyo or Canberra. And as you know well, there's quite polarized view about cross-straits relations within Taiwan right now. I'd say two things and turn it over to Kurt and David.

One is in our own way of thinking about this problem in the U.S., we should be focusing on this, so – what I showed in the map was the first island chain and the second island chain. These are critical strategic lines, and Taiwan is right in the middle.

And therefore the second thing is, it's not well-known, but President Ma Ying-jeou, Taiwan, had a similar problem with the Philippines when a Philippine fisherman was killed by a patrol vessel from Taiwan. And the Philippines and Taiwan, two democratic societies, had a big uproar, but then they settled it. They reached the kinds of agreements Kurt's talking about – confidence-building. They started talking about avoiding conflicts, sharing resources.

So to answer your question, I think Taiwan in a way has shown how responsible countries deal with these kinds of incidents. Will Beijing follow that? I don't know, but I think it's a model – an example the world should focus on.

MR. CAMPBELL: And – thanks for the question, and by the way, thank you for your publication. It's really helpful for those of us in government also who follow issues associated with Taiwan.

A little commented-on agreement last year actually is probably the most hopeful element in this entire extraordinarily difficult set of circumstances, and that was the agreement that took place between Taiwan and Japan fisheries on how to deal with this fishing area that Mike referred to. And the key to this and the key to both energy issues, fishing and the like that the states involved – and the Philippines is trying this right now with China; Malaysia has done this with Indonesia – is to come to agreements about how to jointly exploit resources in a manner that still does not come down on territoriality, right, so that both sides would be able to take the benefits, either fishing or oil or minerals, in a manner that would still leave the territorial claims unresolved. And those are things that we, the United States government, and others have tried to encourage behind the scenes. I think what Taiwan and Japan were able to do was remarkable and frankly did not get enough credit and should be seen as a model for how other countries deal with some of the competing impulses that drive this nationalist agenda.

MR. SCHIEFFER: Let's see. This side. Yes, right here.

Q: John Zang with CtiTV, Taiwan. The –

MR. SCHIEFFER: We're getting a lot of Taiwan questions here. (Laughter.)

Q: The United States has expressed disappointment at Prime Minister Abe's visit to the shrine. Has the – has his move changed the U.S. position or softened the U.S. support for Japan in any ways? Thank you.

MR. SCHIEFFER: Well, that's – I had that question in my questions here.

Kurt, you want to take a run at that?

MR. CAMPBELL: Well, the administration here expressed disappointment that Prime Minister Abe went to the shrine, and I think that was the right response, because it was unhelpful for U.S. foreign policy and, I think, for Japan's foreign policy.

However, the agenda that we're pursuing with Japan, that began when Tom Schieffer was in Tokyo, in many ways – TPP, modernizing and updating our defense guidelines review and, you know, realigning our bases on Okinawa and a whole host of other issues – it won't change, because it's in the U.S. national interest. That's my view. I don't –

MR. SCHIEFFER: Yeah.

All right. Back here, way in the back.

Q: Daqing Yang of George Washington University.

I want to go back to the question of the genesis of this air defense zone and the identification zone and especially for Mike Green. A few days ago the Asahi Shimbun of Japan had this in-depth article looking at how China came up with this and in particular timing. And according to this article, the nationalization by Japan of that disputed island was a major factor in this timing, although you're also right – there is a kind of incremental move toward it. So I suppose, then, from the Chinese perspective, that's the response to the provocation from Japan. So I just want to hear your take on this.

MR. SCHIEFFER: Kurt?

MR. CAMPBELL: He asked Mike, no –

MR. SCHIEFFER: Or Mike.

MR. GREEN: Well, you know, the – finding – telling the story of how Japan and China came into conflict over the Senkakus is – it is hard. As Kurt was saying, we showed, short of Chapter 30 in the story, you could begin the story back in the 17th century.

As David pointed out, in the '70s and into the '80s, Japan and China called a timeout on this. They had much bigger fish to fry: the Soviet threat, growing the economies. It started coming up again in the early '90s, when China made its claim over the islands more formally. In the – before the nationalization, when Japan bought the larger islands formally from the Japanese landowner, you know, there was a period of dramatic increase in Chinese incursions, and PLA and maritime patrol vessels, you know, challenging Japan's administrative control. And so the tit for tat is hard to pick up. In the '90s it picks up a bit, and then it just – it just takes off and away we – away we go.

So the nationalization by Japan is pointed to by China, but if you – if you ask the Japanese government, they'll have a long list of things that precedes that.

MR. SANGER: You know, as – I was just recalling when Mike and I were living in Japan at the same time and traveling around together, some of it, every once in a while there would be an incident involving fishermen or whatever. Usually there was a moderate amount of alcohol involved in some of these – (laughter) –

MR. GREEN: You're not talking about us traveling around –

MR. SANGER: No, no, no. (Laughter.) First of all, Mike and I never stepped into Roppongi together, and certainly not with Kurt. (Laughter.) But you know, some 25-year-old consular officer would be put in charge of drying out whoever was offending, you know, here, and shipping them back. And both governments went out of their way not to make an issue of it. And right now both governments are in a mood to make an issue of it, and that sort of goes back to why the Yasukuni Shrine, you know, event happened. Tom here probably spent a lot of time as ambassador trying to convince various prime ministers not to show up at the Yasukuni Shrine at various moments.

And so to some degree, as you have each of these political forces playing to the worst elements, in some ways, or the most extremist elements of their own constituencies, that tends to drive that, and that's the dynamic we're in now, and I think that's probably the most dangerous part of it, some ways.

MR. SCHIEFFER: Let me – let me just ask whoever wants to answer to this. I – as I was sitting here listening to this, one of the stories I had, according to a Japanese newspaper, a Japanese government delegation was briefed by senior members of the Chinese military over the decision to establish this Air Defense Identification Zone as early as 2010. And so the question would be, so why is there such surprise? Do either of you know if in fact that happened?

MR. GREEN: The only reference to that I've seen ever was that one article. So I don't know if it's true. On the one hand, as I said earlier, there's a certain – I think this is part of a playbook. About four or five years ago, when Xi Jinping was the vice chairman of the Central Military Commission of the Chinese military, they came up with this broad strategy about projecting more power. So in some ways this comes out of that playbook.

But I'm not aware that this article is the one case – place where I've heard that they were actually told.

MR. SCHIEFFER: I got – OK.

Next question. Are – any women like to ask – oh, there's one right there.

Q: Thank you. Bingru Wang with Hong Kong Phoenix TV.

I just want to follow up on John's question. It was reported last year, Secretary Campbell, you warned Japanese Prime Minister Shinzo Abe not to visit the Yasukuni Shrine. Back then did you have the impression that he would go – he would insist to go anyway? And now, after the visit, are you concerned this may become an annual event? And if so, what's the consequence on U.S.-Japan alliance? Thank you.

MR. CAMPBELL: Thanks. I think I'll leave my, you know, former service in the past. I don't think I'll comment on the particular messages that I carried for the Obama administration.

I would associate myself with Mike Green's comments. I do not believe that the visit helps American foreign policy. I think it hurts us. It puts us in a difficult position. But I think – more importantly, I think it creates substantial challenges for Japan. Right now the tension level, which we've discussed, between Japan and China is very high. But it is also very high between our two closest friends in Asia, between Japan and South Korea. And that causes enormous anxiety in Washington. And we want these two great democratic nations that have had decades, a generation – generations of peace and harmony to be able to overcome some very difficult historical issues and focus more on the future. I think that makes it difficult.

I'm confident that our relationship is strong and that we will work through this. But the real issue is to insist that there is a level of trust and confidence between our two leaderships, and that's the issue that I want to make sure that we're focused on.

MR. SCHIEFFER: Right here.

Q: I'm Larry Nicks from CSIS.

The Abe government several times has rejected a suggestion that Japan propose to China taking the Senkakus dispute to the International Court of Justice. I won't ask you, Kurt, if the Obama administration while you were there had any reaction to this, but let me ask all of you what kind of impact would Japan making such a proposal have, potentially, on this dispute.

The irony, of course, is that Japan makes this kind of proposal to South Korea over the disputed Dokdo/Takeshima Island. South Korea rejects it.

So –

MR. SCHIEFFER: Put your mic up.

Q: So do you think Japan's rejection of this idea is a wise one, or what kind of impact do you think this idea would have if Japan proposed it?

MR. GREEN: You know, in every one of these cases in Asia, the country that has administrative control rejects international arbitration and the country that doesn't actually have administrative control wants it. That's pretty – you know, that's pretty consistent.

My own personal feeling is, A, because this is about larger geostrategic tensions and uncertainty about shifting power, it will not be resolved. So it's a question of how you best manage it.

B, you best manage it perhaps by doing something like what you describe, that Japan could say to the Chinese side, if you – if you – Japan has never officially acknowledged de jure that China has a dispute. So to say if you think you have a dispute, go to the International Court would be a gesture to China that would have some significance. But the last point I make is from a U.S. perspective, I would argue, we don't want Japan to do that under coercion or under pressure. It's going to have to – China's going to have to give Japan space, and right now that's

not happening. The ADIZ but also the volume and the capabilities of the PLA Navy and PLA Air Force and patrol vessels entering and surrounding these waters is intended to press Japan. And responding to coercion by any of these countries is not in our interests.

So you do, Larry, point to what could be a way to lower the temperature, but it has to be – it takes two to tango. It's going to – it's going to have to be in the right context, I'd say.

MR. CAMPBELL: Can I, Bob – Larry, it's a great question, and let me just expand a little bit more. I would say that the two things that are most important in Asia right now and in the immediate future, one – and Mike said it at the outset – is a sense in Asia that the United States is reliable and committed, right? And that requires a bipartisan commitment. That means we pay our bills. That means we go to our meetings. That means we engage closely with our allies and we're committed to strategic engagement with China. So that's very important.

But I would say right up there is that we're at the very beginning phases in Asia of institution building. Now I know that sounds a little wonky, but in truth a similar process began in Europe in the 1970s, at a time where it was inconceivable that France and Germany would have common, you know, approaches to various things.

These institutions are fledgling. There is remarkable concern about sacrificing any national sovereignty. But ultimately if Asia is to be successful economically, politically, strategically, these institutions have to grow, they have to flourish, they have to be embedded with capabilities. And ultimately there will be legal provisions for how to deal with very difficult problems.

I agree with Mike; these are the hardest of the hard, and they're difficult to come up with any formula for solving. But ultimately these – this agreement on sustaining the operating system that has brought this remarkable prosperity to Asia – and the reason that we're all here and that we're concerned by this is that this is not some backwater. This is now the – this is the cockpit of the global economy, right? And so it's extraordinarily important.

And just one last thing, if I – if I can say, I mean, I don't want to go through, you know, how all this came about, the nationalization, but I worked very closely with Japanese diplomats during this period, and I will tell you that they believed they were taking steps that would prevent even worse outcomes in Japan. They were very worried about what another owner would do, and they thought the steps that they were taking and that they tried to explain to China and others were in the best interests of maintaining the status quo and maintaining peace and stability.

Now of course we've seen how that's played out subsequently. And there were a lot of people that were concerned about this, where – how this would play out. But at the same time, I will tell you there was a substantial core of people that very much put a premium on Japan maintaining a cordial, strong relationship with China.

MR. SANGER: I wanted to add one point to Kurt's very good point about institution building in Asia, and it does sound wonky. It is really important. But it's a much trickier thing

to do in Asia than it was in Europe. First of all, in Europe you had the background of the Cold War, which gave something of a unifying concept to all of those in Asia.

Second – in Europe. And secondly, you had roughly status quo powers. Here you've got the exact opposite. You have a rising power in China that believes time is on its side and that to set up these institutions is merely to constrain it. And you have Japan thinking after the past 20 years that time may not be on its side, that it has in fact got a significantly less power and influence in the region than it did when it was the economic juggernaut that we were all concerned about. And that gives less incentive, and it's a bigger risk on both sides to go build those institutions.

MR. CAMPBELL: Can I just – I mean, we have a tendency, when we look back at the Cold War, to say, well, it was much more predictable. I would say that if we lived through that period, we would not describe the Soviet Union as a status quo power. In many respects, there was –

MR. SANGER: No, I was saying within Europe they were a status quo power.

MR. CAMPBELL: Well, yeah, but it is also the case that it is too pat to suggest that China is either a status quo or a revisionist power. In fact, it is both, and that is the drama of global politics, is how we shape a strategy that deals with not only a country that is so large and so dynamic but that has a number of aspirational qualities to its foreign policy.

MR. SCHIEFFER: All right. Somebody at the very back who's been standing. I think those in the standing room only section –

MR. CAMPBELL: Our friend – our friend in the trench coat.

MR. GREEN: Not the guy in the trench coat, please! (Laughter.)

MR. CAMPBELL: Oh, no.

MR. SCHIEFFER: Not him?

MR. CAMPBELL: Yeah, yeah.

Q: Thank you. Standing here paid off. Thank you. My name is Yoichi Kato with Asahi Shimbun, Tokyo, and I'd like to ask about China's new model of major power relationship.

This – the current Obama administration takes a position that the United States operationalize this idea, together with China. Is this a good idea? Because this approach makes some countries in the region nervous, because it looks like United States accept the – China's strategic intention to expand their influence in the region.

And the other question is, is rebalance compatible with this idea, new model, major power relationship? I don't think so, but it seems to me Obama administration does. Thank you.

MR. GREEN: Well, I am not a – well, I was – in Asia there's very acute attention, as you know, to the distribution of power and to what future order will emerge. And there's concern not only in Japan but in other countries that the U.S., because of our stressed international obligations, will tilt towards a bipolar accommodation with China, a kind of – people say G-2, but that's not what Jeff Sachs and Bergsten and others meant; G-2, when they described it, meant managing the global economy and integrating China in economic institutions – but instead a regional bipolar U.S.-China management of the region that has U.S. power in relative terms decline, that's easier for the U.S. to maintain its position, to sort of go past our allies and friends and cut deals with China. That is not – says this former member of the previous administration, that is not the current administration's policy, I'm certain.

However, I think this administration was very careless in using rhetoric about embracing President Xi's model of a new model of great power relations, because that allowed the Chinese side to define what it meant to the region, and what Beijing is telling the region is the U.S. is tilting towards a bipolar accommodation with China.

So in Asia words, face matter enormously, and this is not a strategic mistake or a bad policy by the administration, but I think their declaratory policy, the rhetoric about embracing this new model of great power relations, was not worth it.

MR. SCHIEFFER: Kurt?

MR. CAMPBELL: Let me say that I think – I think what one of the objectives here was, if you look at a series of speeches that Secretary Clinton gave and others over the course of the last couple of years, it was to try to go at this idea that the United States and China were destined for conflict, right, and that it was almost preordained and that every time historically, you know, the great – you know, Thucydides and rising powers, when they face off against established powers, inevitably, inevitably lead to conflict. And I believe one of the efforts that is underway is to try to learn from the lessons of history, the very difficult lessons of history, and to apply different mechanisms and different approaches for how to deal with this extraordinary challenging hegemonic matter that is playing out before our eyes, right?

And the most important contributions that we can make in this, number one, is to not decline, right? One of the – one of the storylines of Asia for 30 years is America's on the verge of decline.

Now we've won a lot of money in those bets, and we are going to continue to win those – money because American power is much more decisive and capable than the naysayers. Our power has historically been occasionally underexamined or not as well appreciated as our staying power should be. That's the first thing.

But the more important lesson, I think, that history teaches us is that rising powers, like Germany before the first world – and Germany before the second world war, felt disrespected in global politics, felt that they were not given their due, they were not given membership in – or a seat at the table.

And I believe what is very different about this particular period in global politics is that if you look at the leading countries – Japan, South Korea, the United States and Europe – we have all insisted that China join the big table, and we've encouraged active Chinese support in the important economic institutions, political and strategic institutions. In fact, if anything, China feels sometimes like they're being dragged into things that they don't want to be involved in, when in fact this is an example of the very face that Mike is suggesting.

So rather than being sort of entwined in these, you know, complex Western institutions, in fact most of these institutions are global institutions now. We want China to play a role in that, and we are trying, through this dialogue with China, to suggest that there is another way out than inevitable conflict.

MR. SCHIEFFER: Well, OK.

One more question, and I'm so fascinated with this that I've let us run over, which I usually don't do, but –

Q: Yeah. Thank you, Mr. – I always listen to your show on C-SPAN Radio. They repeat it on Sunday.

MR. SCHIEFFER: Well, thank you very much. Tell all your neighbors. (Laughter.)

Q: I had the great good fortune – I do; I tell them all.

I had the great good fortune of serving 10 years on the U.S.-China Economic and Security Review Commission, which is a think tank for the Congress, bipartisan, to look how the economic and trade relationship with China affects America's national security interest.

Now here – a quick look. China was the premier power in Asia. Two centuries ago it fell apart. Mao Zedong reunited the country, but he didn't know how to grow the economy. Deng Xiaoping was the genius who said, we need foreign investment, foreign trade, foreign markets and foreign knowhow, and we're going to rebuild our comprehensive national power, upon which we will build our military and political strength. And they've done by growing 10 percent a year for 30 years.

Part of that – at least since China joined WTO, we've run \$3 trillion worth of trade deficit with China. This year we're going to run a \$330 billion trade deficit with China. We're transferring wealth and power, investment, technology to China at a very rapid pace, and we're helping them grow their comprehensive national power.

Don't you think that part and parcel of a strategy – again, not anti-Chinese, but that we're got to rebalance this whole economic relationship with China so that we're not weakening ourselves and strengthening them as this relationship has gone forward?

MR. SCHIEFFER: All right. Final question.

MR. GREEN: Well, I remember, in the late '80s and early '90s, very, very well when there was a robust argument in Washington and much of the country that we needed to have an industrial policy like Japan, we needed to have state protection of our industries, and it was a vote of no confidence in the American worker and American competitiveness. And so I think once again today, as Kurt pointed out, we should have a lot more confidence in our competitive advantages. There are areas – cyberspace, intellectual property rights protection – where the U.S. government has got to be pretty firm in demanding the rights of our workers and companies, but I don't think we need to fundamentally, in my view, rethink the core strength of our open and competitive economy.

And I also would add, just touching on – connecting it to the previous conversation, while I'm a critic of using the phrase that we are going to operationalize the new model of great power relations, I do think President Obama had one of the best descriptions of U.S. interests in China a few years ago when he said China has a lot of economic challenges ahead, and the U.S. has a stake in China's success, and China has a stake in the U.S. economy's success. You know, a weak, economically challenged China is not good for the world, it's not good for us, and a China that grows, in my view, is only going to grow if it addresses some of the problems internally in terms of freedom of information, protection of intellectual property rights.

So we do not have to be on a collision course with China. In fact, we have a – in a way, a destiny where we need to succeed together, as does Japan and the rest of Asia. But we need to stand firm on the rules that Kurt described as we get there.

MR. SCHIEFFER: Yeah.

MR. CAMPBELL: I would – I liked the question, and I commend you for the work that you did with the commission.

I would say that just generally in Asia that friends and others respect strength, and in personal interactions and in national interactions. And so it's just a critical component of anything that we do.

The largest rebalance that needs to happen over the next 20 years – I completely agree with Mike about protections in cyber and the like; we let too much stuff sift out in a way that is not in our strategic interests. But if you – if you look at what is the large story that has to play out between Asia and the United States over the next 20 years, the United States is going to spend less, we're going to save more, and if we want to recover the kinds of jobs that we've lost, much research underscores that the best, perhaps the only way to do that is through exports.

Asia is going to have to consume more, and they're going to have to purchase more of our goods and service. So we save more; they spend more. It will help rebalance the overall relationship between the United States and Asia.

And fundamentally, I think the most important challenge right now is not just how we conduct ourself diplomatically. American companies have to be aggressive, assertive, courageous, and they have to get in there and claim our share of the Asia-Pacific century.

MR. SCHIEFFER: All right. Well, on that note, thank you so much on behalf of CSIS and TCU. (Applause.) Appreciate you coming.

(END)