



AMERICA'S CHALLENGE: ENGAGING A RISING CHINA IN THE TWENTY-FIRST CENTURY

WEDNESDAY, NOVEMBER 30, 2011
WASHINGTON, D.C.

WELCOME/MODERATOR:

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SPEAKERS:

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Transcript by Federal News Service
Washington, D.C.

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GEOFF DYER: Well, good morning, everyone. I'm hoping you've had a chance to have some breakfast. I hope you can all hear us OK from the – from the – from the table, that the speakers are working OK. I see no one complaining so that – I hope that means everything's fine.

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My name is Geoff Dyer. I work for the Financial Times here in Washington writing about foreign policy. I'm a very new arrival here in Washington, having just arrived from spending the last six years in China, which is – I presume why I've been asked to come on this morning. And I just want to thank Carnegie for giving me the chance to take part today. It's a great honor to be on a – the panel with two such distinguished speakers.

In my brief time in Washington, I'm quickly beginning to understand that there are, in some ways, more interesting conversations about China happening here, than there are in China – at least the sorts of conversations that foreign journalists can get to listen into. And we have, hopefully, a great panel for you this morning with two of the best minds in this time about China, two of the best informed and most distinguished China hands in Washington.

The sort of format we're going to have, there'll be plenty of time for questions for you later on. But we're going to start with the two speakers. Michael Swaine will start with a short remarks, and then David Lampton will respond to those, and then we'll open it up to questions. So obviously, the main event today is to hear from Michael Swaine and his new book, "America's Challenge," which has just been published. And I'm sure he's very familiar to all of you here – think 12 years now at Carnegie, before that at RAND, and one of America's very best experts on Chinese issues and in particular on Chinese security issues.

As I understand it, Michael started out trying to write a short chapter about U.S.-China relations for a monograph. And he just kept writing and writing and writing. And, so you know, we have – 675 pages later – (laughter) – we have "America's Challenge." So clearly this is a subject he has done an awful, awful lot of thinking and reading and talking about. This is the wonderful distillation of all those thoughts. And it's not just a book about military issues and the balance of power in Asia, although there are some very powerful, insightful chapters on those issues. But it also covers the full range about climate change and human rights and multilateral institutions – really, the full gamut of U.S.-China relations.

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I'm sad to say, it's actually the book that I wish I'd read in my first week in China, rather than when I just left China, but –

MICHAEL SWAINE: That's all right.

MR. DYER: – there you go. That's the way things are.

So anyway, with no further ado, if I could please hand over to our main guest speaker for this morning, Michael Swaine.

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MR. SWAINE: Thank you very much, Geoff. Well, as Geoff says, I started this book with somewhat more modest ambitions, and really not thinking of it as a book. But I wanted very much to try and, I guess, work in my own mind out some issues about U.S. policy. I mean, it's very much a book about U.S. policy, although there's a good amount in there on China and Chinese views and Chinese policies, in part to try and evaluate what U.S. policy is and to what extent it's been successful in achieving the kind of goals that the U.S. government has sought to achieve with China.

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And so what I'd like to do is give you really a gist of what I think are some of the most important aspects that are covered in the book, and focus on a few series of – a few recommendations that I offer at the end of the book as part of the analysis. And I should say just initially that what I – what I wanted to do in looking at policies here was not just examine the literature and look at the statements and the actions of the U.S. government and U.S. policy in these – there are seven areas I cover in the – in the book to cover the main areas of U.S. policy.

But I also wanted to get a clearer sense from U.S. policy practitioners how they look at China and specifically what they think works best in dealing with China – and “works best” defined as achieves Chinese – pardon me – achieves U.S. objectives in their interactions with the Chinese. And a lot of that is more tactical than it is strategic. But it was a very illuminating experience for me. I interviewed about 50 current and former U.S. officials who – not all of whom were Asia or China experts, some of whom were national security people who dealt with the China issue in various administrations. And so I try to address their views in this – in this book.

So let me start. As you all know, the U.S.-China relationship is really critical. And to my view, it's the most important bilateral relationship in the world, and certainly has enormous stakes for the United States in getting U.S. policy right with China. And I argue in the book that the U.S.-China relationship has in many ways changed very fundamentally from what it used to be in the '70s, in the '80s, and even in much of the '90s.

It's become a much more complicated relationship. It's one that engages much more with multilateral and global issues that impinge on both countries. And both countries have to agree upon or at least establish some basis for dealing with these larger problems in order to really address these problems, but their interaction is not sufficient to address them – like climate change, terrorism, proliferation issues, et cetera.

They have to – their ability to work together is a necessary if not sufficient condition for addressing these larger global problems and issues. And that's become a much bigger challenge than it used to be when China was much less powerful and was not as deeply involved in the international system.

Now, U.S. policy towards China has been – for a long time consisted of two balanced kind of elements, or two wings, which people generally call engagement and hedging, for lack of a better word. But that's kind of a little bit misleading, because engagement includes in it elements of hedging to be effective. And so they're very closely related – it's not a sort of either/or. It's very much they're bound together.

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But the question is whether or not they are pursued in the appropriate way with the appropriate balance using the appropriate means. And I argue that the changing dynamics between the two countries have really made it much more difficult to get this balance right. And indeed, I say that the way in which it's being conducted at present now is really not sustainable over the long term, at least in its current form.

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And so the main problem that I point to is really in Asia. U.S.-China relations is not, in my view, a major security concern for the United States on a global level. It's really a much greater concern in Asia and in the western Pacific in particular. And what happens there will have enormous ramifications in other parts of the world and across other issue – and across a range of policy areas that I discuss in the book.

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And the primary difficulty in the security area – well, let me pull back a little bit and say, the fact that China's power and influence is growing, particularly in Asia, and the fact that the United States has played a historical role in Asia as the primary security guarantor in maritime Asia, these two phenomena are coming increasingly into conflict in the region. And what I – what I – how I describe this is, views on the basic distribution of power, and how they operate to sustain stability and prosperity in the region, is one major question that remains unresolved between China and the United States. The two countries have very different views about what sustains prosperity and stability, I think – particularly in Asia – over the long term.

And the second – and so there needs to be some understanding or, if not agreement, between the U.S. and China that addresses both countries' most vital interests in how they look at the distribution of power and how that's expressed in their policies so that there's enough overlap there that the two can coexist within Asia. And we're seeing this problem worked out in a variety of ways currently, most recently and most pointedly in the issue of the South China Sea, the issue of the East China Sea and other maritime issues and Taiwan.

The other big issue that the U.S and China are grappling with, and that U.S. policy has to grapple with, is the issue of values and norms in dealing with the international system. And here we have a series of basic issues that the two countries have to have at least some understanding about in order to avoid increasing strategic rivalry: free trade and open access to resources; various principles that govern international agreements on issues ranging from WMD proliferation all the way to some aspects of human rights, even; the definition of state sovereignty and humanitarian intervention in the internal affairs of sovereign states; the legal principles required to adjudicate various inter-state disputes; definitions of relevant social, and in some cases political even, rights; and proper levels of voting power within international bodies between developing and developed states, democracies and non-democratic governments.

And so these are all issues that really impinge very much on – that really affect the ability of the U.S. to have policies in the region, and more broadly globally, that will sustain prosperity globally, that will sustain stability and will avoid, as I said, a growing strategic rivalry.

And what I – maybe I should move to the – what I draw as recommendations from a lot of – from this assessment: My basic sense is that the U.S. is pursuing policies now that are designed to sustain its predominance in the western Pacific, particularly as a maritime power, that it views that – it views stability in that region as based upon American predominance. U.S. officials don't like to refer to this very much. And in my interviews they didn't really like to sort of say, well, predominance. That sounds a little excessive. And I said, well, what would you call it?

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And they would give me various characterizations. But they – but they usually say a variation of freedom of action. They say freedom of action. And freedom of action means if there's a real concern or a threat to American interests in the region, you want to make sure that the U.S. will prevail. And they say, yeah, that's right. Sounds like predominance to me.

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So that very concept is basic, I think, to U.S. policy. And the other dimension to it, of course, is to offer a set of incentives to the region and to the Chinese that will lead them to accept that role – or at least acquiesce in it, or support it in some cases – because of the benefits that you get from cooperation with the United States, particularly in the western Pacific.

And so, again, striking that balance is very important. And my sense is that the United States, in reacting to what the Chinese have been doing in some areas – which has been, I think, heavy-handed and misplayed in several ways, and particularly over these maritime issues that I've been – that I mentioned – that the U.S. is – somewhat inadvertently is furthering the emphasis on hedging, furthering the emphasis on strengthening its predominance in the region either unilaterally or in tandem with allies, and in the process is moving the region more towards polarization than I think is necessary under current conditions.

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And one big question mark is, of course, whether or not the U.S. is able to maintain this level of predominance over time given what is going on in Asia, given the fact that global power is diffusing. The days where the United States, and the West even, are going to be predominant economic powers globally, in the view of many individuals, are over. You're going to have an increasingly complex and very diffuse power structure globally and even in Asia. And the U.S. is going to not be able to exert the kind of leverage that it's been able to exert in the past.

So what are the implications of that for a U.S. strategy that is based on predominance, is the key question of my book which I don't really answer. (Laughter.) I'll be very honest about it. I mean, I struggled with it a lot. I lay out certain alternatives. None of them are particularly good: What's called off-shore balancing – U.S. removes itself from a forward presence, but engages in very sophisticated diplomacy, of the sort we saw in Europe in the 19th century and in other areas, in order to maintain stability within the region; selective engagement, drawing – this is exactly what the U.S. is doing now – is drawing down in other areas, or attempting to do, in order to shift resources to Asia to sustain predominance. That's another one.

And another one, of course, is backing cooperative security measures, cooperative security mechanisms, to get the Chinese to buy into a system in which the U.S. and China are restrained – mutually restrained in certain ways, with certain understandings. And they use that as a basis for establishing a more equal balanced or multipolar security system in the region. I mean, this also has obvious problems. And I discuss all of these.

So it's a question of – and the big issue is the question of transition. How do you transition and do an alternative to what you currently see? And that – I mean, I raise some issues that – I raise some initial steps of what's needed to get to that position. And that's really – in the recommendations, I say we really have to, I think, focus on how to strengthen incentives for cooperation beyond what we're doing now with the Chinese.

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And I think that involves a really hard thinking about the most critical security question for the Chinese, which is their maritime periphery and the relationship – the U.S. policy towards maritime issues, towards Taiwan and towards Northeast Asia – particularly the Korean peninsula. I think these areas – there needs to be greater thought given to long-term U.S. interests, what the United States wants to see happen in these areas, what it thinks is an irreducible position that it does not want to compromise on, and how it's going to deal with any Chinese reactions if it – if the Chinese don't accept it, and what kind of quid pro quos you can establish.

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You know, the word accommodation is a dirty word now in many circles. It's sort of equated to appeasement, which at one time was not a dirty word at all in international politics. But some measure of mutual accommodation on these most critical security issues, I think, is going to be increasingly important for the United States to contemplate in order to establish the kind of long-term stability in Asia that the U.S. and China both seek. And I offer some suggestions about how that should occur in various areas, including Taiwan policy, which I've written about before.

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So rather than going down through all these various issues, maybe I should stop here because it's already been at least 15 or 20 minutes. And then I can – we can have a Q&A. Thank you.

MR. DYER: Michael, thank you very much. Now, I'm going to open the floor to our second speaker, not exactly to rebut, but to comment on what we've just heard. David Lampton is the head of China studies across the road at my old alma mater SAIS; the former head of the National Committee on U.S.-China Relations; and he's also the author of a very important book on the rise of China, which came out, I think, three, maybe four years ago – “The Three Faces of Chinese Power: Might, Money and Minds.” Can I open the floor, please, to David.

DAVID LAMPTON: Well, thank you, Geoff. And it's good to see another SAIS graduate that did so well and has helped all of us understand Asia better. I want to thank Carnegie for providing Michael the opportunity to write a really brave and important book. I think this is – as he said, he doesn't answer the central question. I think that will be answered in the unfoldment of time. But he raises the right questions, and I think points us in some directions that – and certainly not everybody's going to agree about, but are the right things to be debating.

I guess I would look – if I were you, to get an idea of the book – look at the last page of the text. Now, the footnotes are pretty long. But at the last sentence of the book is: ‘The status quo will not suffice. And I think that could have been the first sentence of the book as well. And it's really about how the equilibrium of the attempt to both hedge and engage is an unstable equilibrium. And the book is really about: What are the key areas we have to reach a new consensus with China about? Or, alternatively, we can't, and we're going to have an increasingly unstable relationship.

So I think the first sentence could be – or the last sentence could be the first sentence. And I think that's really the right question. We have an unstable equilibrium between the – related, and you said bound together, but also intention, hedging and engagement, cooperation and friction in our relationship. And in Michael's view, and I would agree, we're in an unstable equilibrium and we're seeing just, I think, unfolding before our eyes the degree to – of which this may be unstable.

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So the question really is, is how do you reestablish as some kind of stable equilibrium in the face of the three major dynamic forces he describes, which are essentially China's growing power, globalization and this development of trans-national policy issues that require at least our cooperation to address, if not solve – just the two of us. So these forces are pushing towards – for the need for cooperation, but in fact we're finding it very difficult.

Now, the question is, what are the key areas that need to be negotiated between China and the United States? And Michael and I haven't talked about – that I'm glad to see, at least, that I read the book that you were talking about. So we're on the same wavelength here. But it seems to me that he identifies three major areas where we are going

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to have to negotiate with the Chinese or move to higher levels of conflict and friction in the future. And none of these areas of negotiation are going to be very easy for either party, but particularly, I would say, the United States.

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The first area that we have to work on is the whole area of the U.S. security relationship with Taiwan and the cross-strait relationship. And Michael, when he has a chance, can, you know, modulate my conclusions. But it seems to me that he has a set of very controversial propositions there – ones with which I'm personally in sympathy, but they will be very controversial. And I'll come back to them.

Second set of whole issues is what he was talking about, are the norms. Norms in – what you can see with China's growing power is it's moving into spaces – literally outer space, maritime space, economic space, development assistance space – but China's growth and going-out policy is bringing (it ?) into zones that have traditionally been dominated or in which the United States played a very great role. And just the mere act of filling those prior sort of vacuums or areas where the U.S. was is creating some friction. And we need to develop norms. In all of these areas it's not going to be very easy to necessarily develop these norms. And I'll come back to that in a minute.

And then finally, and perhaps I think most importantly, I think if you want to get a sense of where dominance – predominance fits in American strategy, look at the American space strategy. There's actually a document on the American strategy in space. And it's unabashedly in U.S. dominance in that area. But dominance or predominance is very much core, I think, to under – the foundation, really, of American power, I think, globally but certainly in Asia.

And I think we all have to come to terms with, is our comprehensive national power – that is America's capacity – do we have or will we have the capacity to fulfill that ambition? As much as we may wish to have it, if you think we're not, then it's a – you're obliged to think about what set of commitments can our power sustain. And I think Michael thinks that our relative slice of the global power pie is going to be diminished – not necessarily absolutely, but in relative terms. And therefore, our capacity to dictate outcomes is going to be less. And therefore, we're going to have to accommodate. That's certainly where the – I think, the argument leads.

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Now, these three areas of negotiation, then, raise a lot of challenges to what you might call the touchstones of – and decision structures in the United States. For instance, the idea of dominance – is the United States going to be willing to reduce surveillance along the Chinese coast and move from 12 miles out, say, to 200 (miles)? This is going to be a practical issue – in fact, is a practical issue. So certainly we have that set of interests.

Is the United States going to be willing to move away from the six assurances that Ronald Reagan gave Taiwan that, in effect, we would never negotiate with the PRC about force levels and security commitments cross-straits? Is that realistic in the 21st century? This is certainly an implication. He also suggests that democracy and human rights, I'll just quote – and I quote it from the standpoint I think he's probably right. So I'm not disagreeing. But he said – but it's going to be controversial: Transforming China into a democracy should not be the first strategic objective of the United States. In other words, the key strategic objective of the U.S. towards China does not require the destruction of the – or the fundamental transformation of the Chinese regime.

Now, we have a lot of structures in this town, not to mention this society, that are dedicated to somewhat different proposition than that. And so that is certainly going to be a major area.

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So each of the key areas where he thinks we need to renegotiate are really going to be very difficult, some might say impossible, for us to do. So then this raises several questions in my view. Well, first of all – and Michael touched on it – but of course we are – I think it's fair to say we are changing our Asia policy. And if I am correct in that and say, what are the main lines of those change? They are quite contrary to what Michael's recommending here. So certainly a question: To what degree are we moving in the direction he suggests, and is that good, bad, and what do we do about it – are a set of questions that come.

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Second, is it even possible to negotiate a stable equilibrium with China? I say that for two reasons. One, if China continues to grow at anything like its 9 percent of the last 30 years, it's very difficult to create an equilibrium with something that big moving that fast. And conversely, if the U.S. is on – I wouldn't say on a decline, because I think our absolute numbers will maintain our standard of living in all probability – but certainly our share of the global power pie is going to be going down.

And so with the Chinese becoming a bigger piece of that pie and us a relatively smaller part, those are two big dynamic pieces moving in opposite directions and continuing to do so. So it's going to be very difficult to renegotiate anything if both of the power positions of the two major negotiators is changing very rapidly.

Certainly another set of questions is, will U.S. domestic politics permit the adjustments that Michael's talked about? And I mean, there – I mean, this town is pretty familiar what some of the issues are, but just to ask simple questions like, is the U.S. Navy and in fact the Defense Department under siege – for budgetary reasons, going to be inclined to accept a diminished kind of definition of what's acceptable in this region, or are they going to find it desirable to have an expansive definition for budgetary politics?

Will the United States be able to accept anything but dominance in space? I'm always struck by – we could cooperate with the Soviet Union, at the height of the Cold War, in space, but we can't with China. I find that to be interesting. But certainly, if we can't get control over the space domain, it's going to be very hard to, I think, have a stable equilibrium.

Will Congress agree to a fundamental change in their view of the proper role of the United States vis-à-vis Taiwan and these negotiations? Michael is essentially saying, and I would agree, we have to take a more active role – leave it aside what “active” means, and that's pretty controversial. And also, as China's building up its force and our forces are vulnerable, we have some stakes now that perhaps we didn't have before. But is Congress going to go along with that? This Congress? Any Congress we can foresee?

How would the allies react to this? If the U.S. has a new policy of less dominance in the region, is the ROK going to reconsider its strategic programs that were going in the '70s? What's Taiwan's strategy going to be? And we've twice dealt with a nuclear issue – that I'm aware of – with Taiwan. So yes, we can realistically look at less dominance, but this is going to have a set of knock-on effects that are going to be very undesirable from our – from our both traditional and, I think, our future definition of our interests.

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A whole 'nother interesting part of the book is the organization of the U.S. government and the National Security Council role, which Michael, as I would, would put to be very important. But how capable are we going to be able to coordinate our own bureaucracy? I just look at the last trip and it seems to me Secretary Clinton had some

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remarks that weren't exactly in phase with what I would take to be the core of even our new policy. If you wonder what I mean, think about her remarks in the Philippines.

So you have that. Then we have change in China. And the story of change in China, I think, over the last 30 years really is, weaker leaders in China and stronger society. Is China going to be able to control itself? And can it implement the deals it makes? I hope so, but I'm not sure that that's true.

And then, finally, we've got third-party loose cannons all over the place in this region. And I just call your attention to what would – what would be the situation of deteriorating – if that's the way to put it – U.S.-China relations, and the DPP gets re-elected in Taiwan? I think we'd have a different situation than we've had for the last four years – leave it aside how different would depend on the policies of a new government.

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So I think Michael's identified the key issues. I even agree what the realistic direction of movement would be for our long-term interests. But are we capable of doing it? And/or, could we reach consensus to do it? And some people would say we shouldn't reach consensus to do it; it's the wrong policy. But I really want to thank him, because these are the issues we ought to be talking about.

MR. DYER: David, thank you very much. We are going to open up to questions from the audience, but if you'll permit me, I'll try and get a little bit of a debate, discussion going on some of these issues. If I could start, Michael, by just taking a couple of points that David made, the first one being – just describe the current situation of American policy. Are we actually witnessing a big shift in policy at the moment? What does the pivot really mean?

President Obama's trip to Asia just two weeks ago, putting troops into Australia, Secretary Clinton's back in the region again now, in Burma, which some people are describing as some kind of anti-China hedge as well – are we actually shifting a big shift in the context of American policy, where hedging has become much, much more important than engagement?

MR. SWAINE: As I said in my remarks, I do think that the hedging dimensions of the policy are more in prominence, or more prominent than they have been. But I don't think this is seen by U.S. policymakers as a major change in strategy.

It's really – it's really an effort to try to sustain the historic position of the United States by devoting more attention and more resources to that region because there's been a perception that the U.S. has not been as active, and in some ways, to use that word that's much bandied-about, as assertive as it needs to be to sustain predominance in the region and to sustain stability in the region. So I don't see it as a real, fundamental change in strategy.

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But I do see it, in the way it's being played out, as involving, as I say, too much of the, kind of, balancing. I mean, there's a perception in some areas in the U.S. government that the, sort of, conception of this move – this pivot to Asia – is all about China, and is furthering the – and is part of this counter-balancing effort.

And all the media sort of play – and the media has played this theme, so there's a lot of, sort of – well, the media's really hyping this issue because, you know, that's what the media does. And my view is, well, you know, I don't think the media is just completely out there in the stratosphere. I mean, not to – (laughter) – not just because you're on the panel.

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MR. DYER: David, whatever you – (inaudible). Don't worry about hurting my feelings, please.

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MR. SWAINE: Some media. Some media might be. But there is some – I mean, people are talking to people, obviously, and it's not – oh, the other thing that you hear is that, well, we're doing this – “we,” U.S. officials – we're doing this because the region demands it. The region has said, very unambiguously, we want – and the phrase is “American leadership.”

And then the question becomes, yeah, well, what exactly does that mean? Within the region, I think there's a lot of differences. I think many countries do want to see a more active role. But they're also somewhat – some of them, at least – somewhat nervous about what is happening. So my sense is, is it's not a change in strategy.

It's really an effort to try and sustain a longstanding policy, but doing it by working more with other countries in the region, getting them to move closer to the United States in some ways – particularly on these maritime issues – and showing very clearly that the U.S. is going to increase its capabilities in the region as China increases its capabilities.

So the challenge, of course, obviously, then is, how do you sustain a belief, in China and in other places, that this process is not going to lead to greater polarization? And you will have a zero-sum game in the region. And I'm not trying to put all this on the U.S., because it's not all on the U.S. I mean, the Chinese system itself has much to fault – to be faulted with. Their interpretation of what the U.S. does is always put through this prism of the grand strategic conspiracy, in many areas.

I mean, you hear a lot of nice talk from some officials in the Chinese government, but there is this, I think, this underlying theme that is very strong in certain circles, particularly in the military in China, that the U.S. is very clearly involved in an effort to – is indeed involved in an effort to contain China, which I don't think is an accurate description of U.S. policy. But there's a need for the Chinese to push back against this. And we have more capability now, so we should exercise that capability in doing that.

So the Chinese themselves are playing into this, and that's equally worrisome.

MR. DYER: David, do you want to pick up on that? Are we seeing a significant shift in American strategy, and how is this being received in the region? Is it being universally welcomed, or actually, is it causing a lot of anxiety?

MR. LAMPTON: Well, first of all, let me say I agree with the way Michael just put it. What I had said is I think you're seeing a new policy, not a new strategy. And the new policy is to reinforce the old predominance, so I think we're on the same – I don't think I used the word strategy. That would be the first thing.

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Secondly, I would say it's different not only in the hedge, but another way to put it is, we're less concerned to reassure China. And then you filter it through that – what the Chinese would call containment or encirclement – siege mentality, and with a strategy of less reassurance going through that filter, I think we have to ask ourselves, what kind of behavior do we think this will elicit? Now, there's one line of thinking that says less reassurance – higher cost for misbehavior – will translate into better Chinese behavior.

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I fervently hope, incidentally, that's true. I've just dealt with the Chinese for 40 years, and I don't – I don't have high confidence that's going to be the reaction. That's the gentlest way I can put it. But we have to – we have to care how the Chinese react. I mean, our motives and our interests and our desires are one thing, but China's a very big player. And so, objectively speaking, we have to care how they react. And that's where I would have (a problem ?).

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The only other thing I would say is I worry a little about our future credibility, in the sense that – I mean, if you look at our budgetary politics, is it a realistic promise to the region that we're not going to be forced to cut our coercive resources in that area? Maybe we'll cut it less than everywhere else, maybe we'll strip bare the rest of the world to meet that commitment, but somehow, I don't think the politics of budget's going to work exactly that way.

So I'm just kind of worried: Are we making a set of implied promises that are going to affect our credibility when we may or may not be able to meet them?

MR. DYER: Right. Both of you talked –

MR. SWAINE: There's too much agreement between us. (Laughter.)

MR. DYER: Yes. I'll see if I – see if I can try and sort that out. You both talked about how ultimately, you know, maritime issues in Northeast Asia are going to be the big stumbling block that the U.S. and China are going to have to overcome. And both talked specifically about Taiwan as being the, sort of, centerpiece of that.

Michael, maybe you could start by just describing – I mean, when you said the U.S. has to really think very hard of what its bottom lines are in Taiwan. Could you extend that point a bit, tell us exactly what you think they are, and how – if that does imply a big shift in American policy, how would you negotiate that in American domestic politics, where, as David mentioned, there would be a lot of backlash in Congress – to put it politely – against some of the things that you're beginning to suggest?

MR. LAMPTON: Well, I mean, Mike laid out – these are all the critical questions, and that's why, you know, I asked them and didn't answer them – because they are very difficult and they involve huge issues that are not just questions of what is the most rational policy for the U.S. to undertake toward China. They base themselves on assumptions that are longstanding in U.S. policy and in Chinese policy as well.

[00:42:57]

I guess my bottom line is that the U.S. needs to – needs to be able to defuse these security issues along China's periphery going forward, if we assume that China is going to continue to grow, and if the U.S. is going to continue to confront problems in the – and if the world is going to defuse its power. And how do you – how do you deal with that, that issue of these maritime concerns?

Taiwan is front and center in this. What I say in the book is the U.S. needs to really think hard about what kind of a quid pro quo it can establish with the Chinese as a first step in the defense situation, the military situation across the Taiwan Strait.

I think the U.S. should seriously consider dealing directly with the Chinese about certain things that the U.S. is willing to do in the area of arms sales and other military assistance to Taiwan in return for certain assurances from

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the Chinese about behavior and about their own military deployments, and do this in the context of movement towards some kind of confidence-building measure that has real teeth to it – and see that as a prelude to opening discussions between China and Taiwan over the status of Taiwan.

[00:44:42]

I mean, that's a big thing. And right now, there is absolutely no receptivity to this within the U.S. government. There's a kind of "it ain't broken, so don't fix it" attitude. And my concern about this is driven by the assumptions about trend lines and growth, an assumption that it's going to be very hard, if not impossible, for Taipei and Beijing, on their own, to reach a modus vivendi that allows for this kind of a military drawdown, and the fact that the Chinese are unlikely on their own, unilaterally, to withdraw or draw down their military across from Taiwan.

And so the U.S. will, over time, be compelled to sell increasingly more significant weaponry to Taiwan, and the Chinese will be increasingly less inclined to tolerate it. And they will look for ways to retaliate or deter against it – and that that dynamic could become very messy.

So, I mean, the first step is really to talk about what can be reached with the Chinese, and to not do it in the – I mean, the biggest obstacle to this, in my view – I mean, there are some – there are some real obstacles about the dynamics of an understanding in itself. I mean, it would be a problem in several ways, and I discuss that in the book.

But the biggest problem, I think, is political. I mean, it really relates to perceptions of Taiwan in the U.S. body politic, at least among elites – not among the population in general. The population in general barely knows what Taiwan is, right, and certainly is not that concerned about Taiwan. And I would dare to say, not many U.S. ordinary citizens would be willing to go to war with China over Taiwan. But we could end up backing into such a conflict.

And so my view is that there really has to be a serious reconsideration of the Six Assurances that have been given to Taiwan. And there has to be a really serious consideration of what it is we would want to see from the Chinese for anything that we would give to them – but that we would be willing to deal with this.

MR. DYER: David, is Michael right that the U.S. should be dealing directly with the Chinese over this issue? And what about the point that I presume the American government would make – that, as Michael said, they would probably say that it isn't broken, so why meddle in this?

We've had a period of a couple of big arms transactions in the last few years, which caused a lot of fuss and a lot of diplomatic stress between the U.S. and China, but at the same time, this has been a period of considerable rapprochement between Beijing and Taipei. So doesn't that also suggest that maybe things aren't quite as unstable as Michael's suggesting – potentially unstable?

MR. LAMPTON: Well, I think there's both a practical reality and a tactical suggestion I would make. Certainly, we couldn't make any such move in our own election season, and certainly, the outcome in Taiwan – I wouldn't be recommending talking too much about this, and certainly until after the election.

[00:48:04]

If we see a Ma Ying-jeou regime re-elected, then I think the dynamic's been quite satisfactory, actually, in the last four or so years. And I'd be more hesitant to change; then, the "isn't broke, don't fix it" would weigh heavily. If, on the other hand, we get a new DPP government, and it doesn't find itself able, for whatever set of reasons, to at

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least pretty much keep the status quo, then I think the U.S. will see a set of entanglement dangers that will motivate us to say, well, maybe it's going to be broke pretty fast here if we don't do something. So I think it's a little more contingent, and that's why I mentioned the election in Taiwan. I actually think that's very important for our interests. .

As to the U.S., you know, the U.S. government, I just think, you know, nobody wants to get tarred with the idea of somehow diminishing support for a democracy in the face of a government with the governing characteristics of China. And I don't know what you do about that.

[00:49:16]

And a lot of people would say you don't – that's the appropriate priority. So, you know, I don't think the U.S. government – I think it's probably going to take a rather dangerous situation to get us to reassess what our relative interests, values are.

MR. DYER: OK, we're going to start opening up to the audience for questions, please. If you could raise your hands, and when I call on you, if you could just briefly introduce yourselves. Do we have a microphone? We do have a microphone, yes. If we could start with this gentleman in the white shirt in the front, please.

Q: Hi, my name is Matthew Robertson. I write for the Epoch Times newspaper. I have two questions. One of them is what you both think the Chinese regime's ultimate strategic objectives in Asia are; and then, secondly, what your opinion is on whether it is a priority, or it should be a priority, for the U.S. to defend Taiwan, in light of its democracy and the nature of the Chinese regime.

Mr. Lampton said that that's the attitude in Washington, but what are your opinions? And can you explain them?

MR. LAMPTON: Sure.

MR. DYER: Mike, would you want to start?

MR. SWAINE: Yeah, OK. Two (main ?) questions: I think China's – when we talk about ultimate strategic objectives in contemplating China's situation, it always makes me a little nervous. Because I'm not sure China has an ultimate strategic objective that is clearly defined beyond the general guidelines that the Chinese have laid out, which is to be a – the way they describe it is, a significant mid-range power by the middle of the century.

[00:51:07]

But I think what that means, to most Chinese, is we want to have enough power, enough influence to be able to establish long-term domestic order and stability, and to have enough influence over issues in the international system that we care about, such that people can't ignore our view. They have to take it into account. And within the region, that means more influence over their – over the nearby countries on issues that matter most to the Chinese.

Now, yeah, that's a pretty vague definition, but I think it's – it's one that the Chinese are struggling with, in terms of how do you do that? How do you do that? And there are different – there are different assessments within China about how to do this. One assessment is, China is increasingly integrating into the international system and into the Asia-Pacific. That trend is – if we reverse it, it will be at our peril. It will undermine our capacity to develop into a

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wealthier country and to sustain stability. We have no alternative but to deepen our engagement in the international system.

[00:52:36]

I think that's a very strong belief among a lot of Chinese leaders. So the question then becomes, how do we manage that deepening in ways that really do protect and advance our interests? And there, there's a lot of debate about, for example, the strategic posture of the Chinese military, beyond the defense against independence of Taiwan, beyond the loss of territories claimed in the South China Sea or East China Sea – beyond that.

I think the issue of what China does with its military, and how that relates to a broader strategy, is very much still under debate within China. So it's – because of that, it can be influenced, I think. So it's a much – you know, it's a somewhat contingent situation, if you measure, you know, a strategic objective in terms of – do the Chinese want preeminence in Asia? I mean, that's a common theme – that people always say, well, it's very clear. The Chinese are after preeminence in Asia.

Well, to me, it's just not that clear that that's what – they certainly want to be able to defend their interests, as any country does, when they feel they're most threatened. But they don't want to alienate the region, because they understand that overly aggressive or assertive policies, even when they're stronger, are not going to necessarily serve their interests. They have to be more accommodating – and not just because of the blowback, but because they feel long-term commitments to building greater trust in the region.

But there are other points of view that really say, we've been pushed around too long. We've got too much – the U.S. has been too dominant in the region. The region is not well served by the existing alliance relationships the U.S. promotes, and its predominance. It doesn't serve our interests, and we don't think it serves the region's interests, long-term. And so we need to weaken the ability of the U.S. to exercise that role. And that is what is a source of a lot of debate, I think, in some circles, at least, in China.

The second question – what should the U.S. do to defend – my view on Taiwan is that I don't think for a minute that the U.S. can or should give up its commitment to the peaceful relationship across the strait and to Taiwan having a very high level of capability to defend its autonomy, if not its full, sovereign independence – and that the U.S. should be a major force in deterring any direct use of coercion against Taiwan.

So that means if the Chinese decide that they don't like what U.S. policy is, and they're fed up waiting around, and they want to invoke the Anti-Secession Law – the clause that says Taiwan can't prevaricate indefinitely – and move, the U.S. should stop that. And I think that will prevail for a long time. But the whole point of my argument is to say, I want to get to a situation where the U.S. and China can more effectively deal with this problem so that you don't ever get to that point.

[00:56:18]

MR. DYER: David, is there anything you wanted to come up – take up under those questions?

MR. LAMPTON: I guess I'd just add two things, but I agree with both. If I were to just try to describe China's minimalist strategic objective – is to be in a power position in the region whereby it can prevent the adoption of policies by any other group of powers that are highly inimical to their core national interests.

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My worry here is, of course, as your power increases, sometimes your definition of your core interests increases. And so I think China is subject to that – that the capabilities define the interests sometimes, so I'm, in fact, worried about that. But I think for the next considerable period of time, China's more interested in defending its core interests that, I think, we basically do understand and probably can live with.

[00:57:11]

On the Taiwan issue, I guess, I would see the core requirements for the United States – and I agree with the way Michael put it, but I guess the way I would put it – that preserves the way of life of Taiwan people in a peaceful environment. And it seems to me that time is not working in the favor of Taiwan, and so to encourage some kind of development of a stable, interim, long-term framework – security across the strait – is in the interest of all the parties there.

And so I would like to see us play a little more active role, but how we do that without so – creating such anxiety on Taiwan, and therefore, a set of reactions that might be very unhelpful to everybody, I think, is a problem.

MR. DYER: Next question, please. There's a question from the gentleman with the pink tie in the second row, please.

Q: Yes. My name is Mark Botsford of Botsford Global. I was just wondering: You all have been focusing on Taiwan.

And I was wondering: If you believe that U.S. policymakers believe in the inexorable rise of China, you know, continuing into the future – I have my doubts that U.S. policymakers have that feeling – how do you feel about the other regional allies to China, and the fact that – and how the United States can, you know, leverage or position their fears about the rise of China to, you know, push our own self – our own national interest? Thank you. I'm thinking specifically about South Korea, Singapore, and Japan.

MR. SWAINE: Well, I think U.S. policymakers – I mean, I don't know for sure, but I think U.S. policymakers believe that – they don't assume that China is going to continue its upward trajectory at the same rate at which we have seen it for the last 30-plus years.

I think there is a growing belief, certainly in outside quarters – outside the government, among quite a few economists – that the Chinese are facing some major, major decisions in continuing to sustain levels of growth that will be required to maintain production, expanding levels of living, employment and ability to devote resources to its necessary areas. And so that's a sort of open question.

And because that's an open question, I think there is a belief that China's ability to exercise its leverage over time may not be nearly as great as we think it is. And therefore, the U.S. is doing the right thing now, because it's basically – it's basically going to be able to pull this off. It's going to be able to sustain its position, the U.S. is, because the Chinese are not going to be able to really acquire the kind of capabilities that would be required to really challenge the U.S.

[01:00:55]

I'm not saying that that's – you know, that they think that, you know, the Chinese can't and won't be able to do that necessarily, but they think it's highly – you know, there's a highly contingent aspect to this. So it works, in effect, to sustain the underlying assumptions under which I think American decision-makers operate in looking at China. But

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in the near to medium term, of course, they can't assume that the Chinese are going to collapse or level out (at area ?). They have to keep assuming that Chinese growth and influence is going to expand, at least short- to medium-term, and are interacting with them on that basis.

And certainly – I mean, I was (at ?) a discussion not long ago about the future of the global system with a lot of very heavy hitters on the economic side. And they laid out in a very convincing way this diffusion of power that I talked about earlier. I mean, there was no – there was no real fundamental difference of opinion in a whole list of indicators as to how you're going to see this much greater diffusion of global economic power in the next 30 years.

[01:02:08]

But there are – but where they did differ was whether or not the Chinese have the political capacity to do what will be necessary for them to maximize, you know – (inaudible) – to get the major benefit out of this process to be able to really sustain their economy in significant ways. But they did say they don't have to keep 8 percent growth rates. They can – they can continue to be very successful at lower growth rates, largely because their number of employable people is going to drop by 55 million over the longer term. So it's – I think is – you know, that sort of – it's still very much an open question longer-term.

Now, in terms of dealing with other countries in the region, I mean, I argue that – I mean, in Northeast Asia, the basic problems that we face with China have to do with a combination, I think, of the strategic differences that the Chinese have in their conception of what's best for that region long-term, and the difficulties that we have in interacting with our allies. Those two issues I think are critical in determining the future.

And what I mean by difficulties with our allies is, is not – I mean, we don't have particularly bad relations with either South Korea or Japan right now; in fact, they're quite good. But I think it's highly problematic that the Japanese government is going to align its policies longer-term with policies that would involve a greater level of – a continuously greater level of confrontation with the Chinese, for example. I mean, I'm not saying that's what the U.S. is trying to do now, but the U.S. would certainly like to see Japan more in lockstep with itself in dealing with China.

But the Japanese are very ambivalent about this, in my view. I mean, many people sort of associate that ambivalence with the Hatoyama government in the early DPP (sic) period, and that's all over with now, and the Japanese all are – you know, it's all – it's all warm and fuzzy with Washington. But I don't think that's necessarily the case. China's – Japan's economic stake in dealing with China is enormous and growing. And I think that will have an effect on Japan's calculations.

[01:04:38]

And the – and the other issue is, South Korea-Japanese relationship is always difficult under the best of circumstances, and I don't think it's going to necessarily get better. And South Korea, again, by the same token, is not necessarily fully in the same position as the United States. It also has ambivalence about dealing with China longer-term. It certainly wants U.S. support now, and it's agreed to a series of different adjustments in the U.S.-South Korean defense relationship, for example, that are largely precipitated by concerns about Chinese behavior and North Korean behavior with China's involvement.

But I think that there is nonetheless a level of ambivalence there that means that the U.S. has to really coordinate much more effectively the relationship between Japan and South Korea, and part of that is not to do it by saying, we have this alliance against the Chinese, but really trying to work out ways where we can engage the Chinese with

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their – with our two allies much more effectively, in moving, for example, to a multilateral security – a type of – a more important multilateral security-type of mechanism in Northeast Asia that comes out of the six-party talks or something like that.

MR. DYER: David, do you have any thoughts on this, on China's ability to turn economic power into political power, and what this means for other countries in the region – maybe not just Japan, South Korea, but maybe some of the other – (inaudible) – countries?

[01:06:07]

MR. LAMPTON: Yes. First of all, just on – I thought that was an excellent question about the – sort of, what are the implications of the assumption China's going to inexorably grow? What if that isn't the case? Of course, a lot changes. I mean, the whole analysis was built on the probability that China's share of the pie is – the pie's getting bigger, and China's share is getting bigger. And if that's wrong or proves not to be the case in the unfoldment of history, maybe some of our policy dilemmas that we see here would be lessened – or our policy now more appropriate.

Everybody – I would agree with Michael, everybody pretty much that I've talked to in the economics area sees, at least for the next two decades, a high enough rate of Chinese growth to essentially move in the direction that Michael presumes – and that, in fact, I do.

Now, all of us who have spent our time looking at China just wonder how the Chinese leaders have the courage to get up in the morning, given all the problems they have, you know – just pollution, water, energy, migration, urbanization, middle-class expectations, Internet – I mean, just go on and on. So we're all aware of that, and I think we'd all admit we're not certain that instability and decline couldn't – could be in China's future.

I think a question we think too little about – we tend to spend our time thinking about, what are the downsides for the Americans of this continually growing behemoth? That's sort of the preoccupation. But would we really prefer a world in which China was unable to solve its core problems? And I'm quite frankly more afraid of instability in China than I am the problems of dealing with a successful China. And I think that's more likely, at least for the next 20 years.

So I think most of the people I've talked to in the U.S. government probably make the working assumption that Chinese power, at least for the next couple of decades, is going to move in the direction that I – that's been hypothesized here.

I just want to raise one issue, though. We were talking a little about alliances, but we're building, as we can see with Secretary in Myanmar – Burma – today and Vietnam and the Philippines – and I would just offer a little caution here. Each of those countries – and I'm thinking most of Vietnam and the Philippines, of course – have their own agendas. And quite frankly, it's in the interest of these little countries on – littler countries – on the periphery of China to involve us on behalf of their national interests. And all I would say is, it's not self-evident to me that all of the ways in which the Philippines or Vietnam or Burma might define their national interest vis-à-vis China is not necessarily in our interest to line up with them. I think if – do we really want to get involved in every reef and atoll that's at dispute here and so forth?

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So I think some of these countries that we're moving towards, we need more sophistication about what their agenda is and how that might be not fully compatible with ours. I get nervous, for instance, when we start seeing the smaller countries with claims in, let us say, disputed areas, bring in American multinationals. What happens when something goes wrong here? So I'm not only thinking about the allies, but I'm thinking about the broader range of actors that we are dealing with.

And sometimes we romanticize the other actor in the – you know, I have in mind India. I mean, if you look at Indian policy in Iran, it's not clear it's preferable to Chinese policy in Iran. If you look for a long time at Indian policy vis-à-vis Burma, not clear it was superior – well, certainly not in the direction that the U.S. wanted. So I think at the – in our search for partners out there, we don't need to either demonize China or romanticize the people we're dealing with.

MR. DYER: Could I just – (off mic) –

MR. : No, go ahead, go ahead, that's all right. I talk too much.

[01:10:19]

MR. DYER: Lady in the third row, please?

Q: Thank you. Molly Williamson, American Academy of Diplomacy. I value the analysis you've shared this morning. Thank you very much.

I would welcome your views, and – including yours, Geoff Dyer – on two global issues where the United States and China might have room for cooperation. One is North Korea and its nuclear manipulations, and the other is on energy, where we and China are the number-one and number-two consumers. How do we see room to play in the sandbox together?

MR. DYER: Michael, do you want to start with that?

MR. SWAINE: I guess, you know, I'll try to be – I'll try to be briefer.

Well, the U.S. and China's interactions over North Korea are – it's a long and complex history. And in recent years, there has been a fair amount of – I don't want to say coordination, but a fair amount of overlap in what the two countries have been trying to do in order to avoid a crisis on the peninsula. And the Chinese have established for themselves a kind of a role in moving forward the effort of the – all the parties, including North Korea, to keep going on this denuclearization issue and to keep trying to reach some kind of an understanding that will lead to a more stable outcome. The United States has depended on the Chinese in doing this to a significant degree.

But, that said, the problems have really emerged because of the dynamics of North Korean provocations and how to deal with those, and fears about, you know, what kind of measures – or concerns over what kind of measures have the most effect on North Korea in getting it to maintain that process, that negotiating process without resorting to these provocations, which are really part of the negotiating process from the North Korean point of view.

[01:13:05]

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And there you have some real differences, at least in terms of suspicions or perceptions, if not in actual reality in terms of the actual policy. But perceptions can be the reality, and that is that the Chinese, they are very cautious about signing on to behaviors that would put what they regard as undue pressure on the North Korean government, because it could lead to very uncertain outcomes that they don't want to go – they don't want to deal with that. They're thinking long-term. They want to see North Korea evolve in a way that will allow it to accept the kind of policies you see – you've seen in China since the reforms in the late '70s. That's still their desire and their objective. That's their preference. And so that means you have stable transition in North Korea beyond the current leadership. And you don't want to upset that situation.

And the U.S. – and the suspicion there is that the U.S. isn't nearly as much in agreement on that. The U.S. would like to see regime change with a soft landing is the suspicion, and that the U.S., therefore, will push things that the Chinese will feel much more hesitant to push. That dynamic, I think, has deepened in recent years; it hasn't lessened. It's deepened in part because I think the Chinese are even more nervous about North Korean behavior, and I think they – they're more concerned about the transition, the political transition in North Korea. And so they're not going to – I don't think they're going to change their position on this any meaningful way.

[01:14:54]

And the U.S. is certainly – the U.S. tries to bat down the impression that it wants to, you know, collapse the government; that's very much – I mean, it tries to reassure the Chinese on that score. But it still is, I think, very difficult to credibly get the Chinese to agree or think that the U.S. is going to be committed to the same kind of long-term strategy that Beijing holds.

What else? Energy. Maybe – did you want to say something on North Korean?

MR. LAMPTON: Just maybe two things. One is that I think we have to start from the premise that our policy, meaning China's and the U.S., to the degree that it was to have nonproliferation resolved or nonnuclearization of the Korean Peninsula, has failed. And, in fact, it's in the process of continuing to fail in a bad direction. So that's the first thing.

Secondly, I would say that policy's failed in one other respect, in a sense, and that is that I think the South Koreans are now on a more hair trigger in terms of the next, quote, provocation. I don't think the ROK government can stand idly by and see its citizens killed by unprovoked Korean behavior. And I think the U.S. is very worried about how we can lessen the probability of a(n) escalatory sequence that gets out of control. So I see the North Korean policy – or our policy, meaning China and the United States, as a failure in that term.

[01:16:27]

But I do think the Chinese aren't – the nuclear problem isn't the number-one problem on the Korean Peninsula as far as the Chinese are concerned. And so we're cooperating in one sense, but I think we have different, in a sense, strategic priorities. If you look at the top-five priorities, we might have a list, but the order within that five isn't going to be the same, and I think it's a problem there.

MR. SWAINE: I agree.

On the energy issue, that's a – (sighs).

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I'm somebody who believes that the – that the energy problem is in many ways an economic problem. It's not so much a military problem that – and what I mean by that is, there's a lot of talk about the Chinese want to develop a blue-water, long-range, expeditionary-capacity naval force to protect its strategic lines of communication for its energy transits from the Middle East or wherever to China.

[01:17:43]

And I've always had trouble sort of understanding what the logic of that is, because it would involve a huge effort on the part of China to develop the kind of capability to do that to very uncertain ends, because it's very unclear to me how you – I mean, other than contesting sort of choke points. And there is a debate over whether or not the Chinese are animated by the need to have – to deal with what they call – what some call the Malacca dilemma, the Strait of Malacca in Southeast Asia as a choke point – that they need to have the military that can keep that open, even under challenge by the U.S. Navy.

But my question is sort of, to challenge what? I mean, are you – are you going to stop all transit of tankers from the Middle East to Asia? Because you can't identify what's going to China. I mean, the ownership of these tankers and the oil that's on board – not the ownership of the tankers, but the oil that's onboard, the ownership of – changes hands. Where it goes to actually changes over the course of the transit. So it's not something that you can just lay out this – unless you have the notion of a convoy. I'd like to see that. The Chinese convoy and their oil, you know – the capacity to do that would be just absolutely enormous.

So what – so what we have, then, is a – is a competition over – it's not – a competition over pricing – a competition over, to some degree, privileged access. And the Chinese are trying to, in some ways, lock in relationships with governments, because most of the oil, you know, on the planet, is under the control of governments. It's not a freestanding product that you can move anywhere and sell – you know, and have anybody sell it and change the control over it. It's under the control of governments. And so the Chinese are trying to deal with those governments, but that's a very uncertain process that you can guarantee supplies, because governments will base their – a lot of their calculations on pricing, and they'll want to move to a better situation if you can offer more.

And so it's – I think it's much more strategic for the Chinese to think about how do they influence, you know, the international market in some ways or where do they get their leverage from economically in the international oil market, than to think they're going to try and ensure their supplies through military means.

MR. DYER: We have time for one very final question, if someone can make it very pithy. And we got Chris at the front. Short and sweet, please.

[01:20:30]

Q: God, the pressures. Chris Nelson, Nelson Report. Thanks for a wonderful discussion. I'm not sure it is short, but I hope it's pithy.

We have elections coming up, as you noted in passing, in Taiwan, but also South Korea. And there is a very real possibility that today's opposition will be tomorrow's government. There is also a very real possibility there will be some major policy disagreements – disconnects, pick your right word – between current U.S. policy and where we think we need to go and what these new governments may well see, whether it's dealing with North Korea or in dealing with the question of Taiwan identity and how to talk about sovereignty without using that word. In the 36 seconds remaining to us, I'd be fascinated in a little more discussion of the potentially short-term dual set of crises or challenge points for the U.S. policy as it's currently being carried out. Thanks.

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MR. DYER: Michael, do you have a swift answer to that one?

[01:21:38]

MR. SWAINE: (Inaudible.)

I mean, it's good questions, Chris, but I don't – I don't have any crystal ball about how the U.S. is – the U.S. is – I think it's a fair statement to say the U.S. is concerned about – you know, I want to be – I mean, I'm not a U.S. official, so you can just take what I say with a grain of salt or ignore it. But I think it's concerned about a DPP win in Taiwan, because it doesn't quite know where Tsai Ing-wen would go. She hasn't provided enough assurances. And yet, the U.S. doesn't want to be seen as favoring any outcome. I mean, that's U.S. policy. We don't favor any outcome here.

But if Tsai Ing-wen wins, the first – I mean, many people assume Beijing's already put in place a set of assumptions and policies if she wins that they're going to move forward with. But I'm not so – I don't – I mean, they may have certain things they want to do, but I'm not so sure that – I mean, the other transition that you didn't mention is China.

Q: (Off mic.)

MR. SWAINE: (Chuckles.) I mean, the Chinese leadership's going to be radically changed in terms of personnel within the next 18 months. And that could have a big impact on how that win, if it occurs in Taiwan, is viewed, and the legacy of the Taiwan policy in China.

So I think the U.S. is very concerned about it. I think the U.S. will not alter its existing policies on this issue one iota, even if Tsai Ing-wen wins. But they will want to see more reassurances from her. And so there'll be a lot of effort to try and establish a very credible communication line and really be very probing on what it is she intends to do or not do, and by doing that, in part, perhaps, reassure the Chinese that, you know, the worst case is not going to happen here. And then they'll have to see how it plays out.

And I've already talked enough, so maybe you want to talk about the Korea leadership thing.

MR. LAMPTON: I'll just wind up pithily.

[01:23:50]

I guess I'd say two things. One is, of course, many of our friends and allies in the region are democracies, and hallmark of democracy is periodic change in government, which means periodic change in policy. And certainly Australia, over the last few years, has seen some change in its policy as a result of elections and so forth. And I think we need to expect that in the fullness of time with respect to Korea. Japan changes governments frequently. And so even though the environment at the moment seems to demand – I think you – U.S. leadership, that will come and go as governments in the region change, or at least the degree of that. So I think it's wise to remember the current attitudes of governments, and even our allies, will change with respect to this.

On the question of the concern of the U.S. government, I just recall the Financial Times was phoned by the – as I recall, somebody in the national security apparatus, after –

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[01:24:51]

MR. DYER: (Off mic) – impossible to comment on that.

MR. LAMPTON: – yeah – (laughter) – Tsai Ing-wen’s visit, and I think – wasn’t the –

MR. DYER: Don’t – don’t – (off mic).

MR. LAMPTON: – operative phrase “deep concern” – was that the two keywords there? So I think that’s something you could talk about.

MR. DYER: Yeah, I’m afraid I can’t – (laughter) – tell you that. I’ll likely refer you to the relevant article – which brings me to say that we’ve come to end of our time, I’m afraid. I’d like to thank you all for coming along this morning, and to thank our speakers David Lampton and Carnegie’s own Michael Swaine. Thank you very much. (Applause.)

(END)

[01:25:25]