

Public Symposium

STANFORD KYOTO TRANS-ASIAN DIALOGUE 2010

Regionalism in East Asia and the Asia-Pacific Region: Diverse Perspectives

September 10, 2010

5:00-6:30pm

Kyoto International Community House Event Hall

Kyoto, Japan

<<Moderator>>

- **Dr. Masahiko Aoki**, Professor Emeritus, Stanford University, FSI and Senior Fellow,
Director, Virtual Center for Advanced Studies in Institutions (VCASI), Stanford University, USA

<<Panelists>>

- **Ambassador Michael Armacost**, Former U.S. Ambassador to the Philippines and Japan,
Shorenstein Distinguished Fellow, Stanford University, USA
- **Dr. Andrew MacIntyre**, Dean, College of Asia and the Pacific, Australia National University,
Australia
- **Madame Ton Nu Thi Ninh**, former Vietnamese Ambassador to the European Union
President, Tri Viet University Project, Vietnam
- **Dr. Shi Yinhong**, Director, Center for American Studies, Renmin University, People's Republic
of China
- **Dr. Yoon Young-Kwan**, former Foreign Minister
Professor, Seoul National University, Republic of Korea

<<Remarks>>

- **Dr. Gi Wook Shin**, Director, ARARC, Stanford University, USA

Shin: Good evening. My name is Gi Wook Shin, I am Director of Shorenstein Asia Pacific Research Center at the Stanford University. On behalf of the Center I'd like to welcome all of you to the public symposium. As you know we are having the Stanford Kyoto Trans Pacific Dialogue in the city of Kyoto. As you know we held the first meeting last September, and we talked about the issues on energy, environment, and economic growth in Asia. This year we have been discussing topics on the eastern Asian regionalism. As you may know, former Prime Minister Hatoyama was promoting this idea of the eastern Asian community. So at this dialogue, we had participants from nine Asian countries and the United States. The main intent of this dialogue is to bring the Stanford scholarship to Japan, especially in the city of Kyoto to engage intense discussions with Asian scholars and experts. So I am really happy to say that we had a really successful intense discussion for yesterday and also today. As you know Stanford University, at least in my view, is a pacific university. A major sense on Asia at the Stanford. Our mission is to promote the mutual understanding between Asia and the United States. Our University has a long standing relation with the city of Kyoto. We still maintain a campus in Doshisha University in Kyoto. So we are really happy to be back in Kyoto and to be at the symposium with you from the city. In our center many people from Japan come as a visiting fellow or scholars to study their topics on Asia. I am really happy that the city of Kyoto is playing a really important role in promoting the mutual understanding between Asia and the United States. We are going to have this public symposium to talk about some of the issues that we had talked about in the last two days. I am now going to turn to Professor Masa Aoki who is going to be a chair of this public symposium. So once again, welcome, thank you, and please enjoy the evening. Thank you. Arigato.

Aoki: My name is Masa Aoki from Stanford University. As Professor Shin explained this is the second Stanford Kyoto Trans Pacific Dialogue. The topic this year is "Is the time of the eastern Asian community coming?" I think this topic is quite timely and appropriate. Since I am an economist, I'd like to quote just a few numbers to explain why this is an important subject. As you know it is widely reported that China is going to take over Japan this year in terms of the Gross National

Income. But the emphasis is somewhat misleading in my view in two respects. I'll explain why. Quite recently some comparative statics of Gross National Products was announced by IMF. According to this, China and Japan are competing for the position of the second largest economy. But if we combine, let's say Japan, China, Hong Kong, Taiwan and Korea, this block forms rather big economic region. But still according to the official statistics based upon the official exchange rate, the US and EU are still ahead of Asia a little bit. But as you know, let's say China's the Gross National Product is grossly underestimated, because China's renminbi is under-valued. So if you make the adjustment on this official account by using so-called purchasing power parity, then it is interesting to see that this eastern Asian block is now the largest economic block in the world, surpassing the EU and US. And this is not really the first time in history. Actually 1850, Asian economy including China, Japan and India, the share is estimated to have over 50% of the global production at that time. But then came the rise of Europe, and the rise of US, in the 1950 after the Second World War, the Asian share declined less than the 20%. But now this Asian economy is coming up again. This is the first observation. The second observation is that, as I said, China's GNP is under-estimated. So again, when you make the adjustment on PPP basis, then China's actual Gross National Products is under-estimated by 80%. And actually the China's economy is, in that sense, 80% larger than Japan already. So here is the big impact on the rise of China is being felt in the world. However there is another aspect to this, namely the demographic reasons. In China, the size of population is almost 10 times as large as Japan. So in terms of per capita income, China's performance is still about 20% of Japan. But China is trying to catch up very fast like Japan in 1960's when the world was talking about it as the miracle of Japan. So given this strength, rise of the economic power and influence in the international communities of China, many interesting questions may be arisen. For instances, how the eastern Asian community if going to develop?, do we need a formal institutional apparatus for the development?, or should we approach to the Asian integration in a more ad-hoc, practical method, Asian style rather than the formal approach to Europe?, or is the Asian community is really possible without the involvement or participation of US?, or is the rise of China a threat to neighboring countries and the rest of the world or rather is it an opportunity because there are complementarities between the development of China and the economic agenda of other economies, is there any Asian identity?, do we really need an identity as an Asian, or rather a diversity of nationalities?, and so forth. There are many interesting questions.

So here are our panelists. You could take a look at this leaflet distributed, so I don't need to make a detailed introduction. Some of our panelists have really distinguished diplomatic or political career, but at this moment all of us are affiliated with some universities. This year I am very glad that many of our audiences, you are also from universities as students. In spite of summer vacations you've come to this session, I'd appreciate it very much. And I am very hopeful that we could have very good interactions between us.

Now, I'd like to ask each panelist in this order. So first, Ambassador Michael Armacost, a former ambassador, he was a very prominent ambassador to Japan, and now at this moment he is a distinguished senior fellow at the Institute of International Studies at Stanford.

Armacost: Thank you, Masa. It's wonderful to be back in Kyoto. You've given us a very warm welcome. And that's truly welcome for me because it's been cool in California all summer.

I was asked to say a word about the contributions of regional institutions to the security in Asia. And I would start with a comparative observation. In Europe, shortly after World War II, the leaders in governments, particularly in France and Germany, were determined to avoid the repetition of the war that had devastated the continent twice in the three decades. So they contrived the institution, super national institution, of the *European coal and steel community* which integrated the industries which were most central to war-making. And from that beginning, they revolted the process of the integration of Europe, which has resulted in a genuine security community. Today, in which none of the countries of Western Europe plans for the contingency of being in a war with a neighbor. By contrast, the evolutionary regional institutions in Asia were even before the institutions emergence of economic cooperation, occurred more organically. It wasn't so much the result of the governments' decisions, it was the result of the market. And the appearance of the regional institutions has been more recent. They are varied in their membership, they have relatively limited agendas. And the security has played the relatively modest role in their activities. The reasons for this I think are various. One is that it's difficult to foster the collective security if there are significant numbers of territorial disputes. And there are. Some of them have become more volatile recently because they involve islands under which one finds mineral deposits or oil or gas resources at great value. So they competitively claim. Second, the United States remains the supposedly single most powerful military contributor to the balances of forces in Asia. But it has chosen for the variety of reasons to organize its security policy through a Hub & Spoke's system of bilateral alliances. So it has

postponed a multilateral organization of the sort of NATO represents in Europe. Third the most lively, vibrant regional organization in the area, the ASEAN+3, makes no provision for American membership. So the largest military power is not a part of the single most important regional institution. The most important trans-Pacific institution, APEC has an agenda which is essentially limited to economic privilege. The regional institution that focuses most on the security, the ASEAN Regional Forum, has an extremely modest agenda, confidence building, preventing diplomacy, resolution of conflicts. But it's not really gotten beyond the first item on the item, the confidence building, which it was pursued primarily through efforts to encourage greater transparency in the military budgets, the military Dukka, the military exercises of the countries in the area. Its success, I would say, is limited. The sub regional institution which is focused on the most serious security problem is the Six-Party Talks. It includes the major powers in the region, Japan, China, Russia, the United States, and the two Korean states. Its subjective has been to maintain a non-nuclear Korea. Unfortunately when the Six-Party Talks commenced in 2003, the North Korea may have possessed the undermined amount of officinal material, certainly no nuclear devices, and seven years after those talks commenced it has modest arsenal. It has conducted the tests of long-range missiles. It is now seeking to militarize the weapon's device that can put on top of missiles. And it has acknowledged, the previously denied uranium-enrichment activities. So it's hard to characterize the Six-Party Talks as a great success in the task they had created. In short, while regional institutions have flourished in other rounds, I would say that contribution to the security has been modest. This is not to say that there has been a spill-over effect from the economic cooperation encouraged by regional activity. Annoys it to say that the security conditions in the region are necessarily terrible, because the institutions are not even being involved. I would argue quite to the contrary that the conditions in Asia are reasonably benign. The relations among the great powers are by and large positive. The chance of their going in war with one and another, I think, is remote. They all are perusing what I would characterize as the moderate foreign policy. They've all got major domestic preoccupations which limit the amount of time, tension and resources they devote to external activities. They all are maintaining relations that range from collect to codger but there is no case in which there is deepened tangerism between any of these major powers. The Taiwan straits area is tranquil. Arguably Korea is an exception the ChonAn incident in spring was troubling. But it is in my own feeling that despite the rebato of North Korea, it is essentially a very weak state. Armies

can't operate without food and fuel. North Korea is desperately short of both. The Chinese has been prepared to shield North Korea diplomatically from consequences of its recent misdeeds. I have no doubt that if North Korea embarked on serious military activities, the Chinese would cut off the food and fuel. Their interest is stability in a neighboring country. In south east Asia, the border trouble, island disputes are troubling but I don't think there's a threat of war there. And they regret the assertiveness of, I think it's likely to provoke more unite activities on the part of south east Asian countries. I don't think this is an excessively optimistic view, I know there are other views, less optimistic than mine, but my point in mentioning this consideration is to say that despite the fact the regional institutions have not focused so centrally on security, the security conditions today are in reasonably good shapes. It took Europe fifty years to develop the security community. Most of the regional institutions in this part of the world started within the last twenty years. Who's to say, I don't think it'll look thirty years from now. So I will leave it as an optimistic and hopeful fact for the future.

Aoki: Thank you. Next, I'd like to ask Professor Shi Yinhong to make a comment. He is a Professor of the international relations and also a Director of the Center for American Studies, Renmin University, People's Republic of China. He is, in my view, the academic leader in this area, and he has made many provocative and deep articles on the China's diplomatic policies, which is widely reported and studied in Japanese media and academic society as well. I understand that he visited Keio University this winter and made a lecture. He visited Japan together with his family. So, I would like to ask Professor Shi, to make his comment.

Shi: Thank you very much Professor Aoki. It's my great pleasure and honor to sit here to exchange views with all of you on some most important and frequent economy issues in the regions and in the global society. I would like to talk about three issues. One is two lances' ups and downs between China and the United States, within less than one year, since middle of the last year. Then I would like to survey very briefly on the Japan-China relations, since the Japanese Prime Minister Shinzo Abe visited in October 2006. And finally I would like to talk about the fundamental nature, in my point of view, of China's rise, China's leadership and its foreign policy, in the long historical perspective. The Sino-American relation has changed very dramatically in the past one year, on the two ones of drastic ups and downs. This is, in some sense, unique. The Sino-American relationship is often, almost always in the vicissitude, but I personally never see it in the so drastic vicissitude. Last year

was the year of the global financial crisis and economy recession, also at the beginning of the year, Obama took the power in the White House. I think, in dealing with the global financial crisis and economy recession, China has made a great contribution, and played a great role and was appreciated at the time as one of the leaders. China keeps, against the threat in recession China itself, quite vigorous economic growth continuing. And China also, especially in the financial part, has inclined to make a lot of help to the international society and the United States. President Obama, when he took the power in less than a year, he held a very positive China policy for a year, which brought China's leaders a great relief. And he appreciated very much the China's much increased role in the world economy. He said at that time again and again that the bilateral relation of the United State with China is the most important bilateral relationship for the United States in the 21st century. So, for the year of 2009, there was a rosy picture of the bilateral relation between Beijing and Washington. It heated when Obama visited Beijing in November 2009. But since then, drastically, things turned down. Why? I think one reason is the domestic reaction backfired in the United States. Some forces said that they hated it when Obama was caught up with China. Another reason is that Obama himself debarked quickly his own disaffection against China. Because he thinks he has paid a lot of nice words and nice actions but has not got reward. China still refused to support the United States in Iran nuclear problem. China still keeps its enormous disagreement of North Korea. China is to keep the exchange rates of renminbi, not to "go up" as American demanded and expected again and again. In this context, toward the end of 2009, Chinese behavior, in American eyes, maybe in also European countries' eyes, in Copenhagen Congress for climate change, was quite despised by western countries, especially the United States, although China just increased its commitment to international cooperation for adjusting the climate change. Then quickly, they emerged the almost ugly dispute between China's government and the American corporation Google, and the American government interfered with it. Secretary Hillary Clinton launched a quite hardened line and harsh speech against China's government in this respect. And also China's government suddenly found that earlier this year without any advanced information, Obama agreed to huge project of arms to Taiwan in amount of 6.4 billion US dollars. And he also received Dalai Lama early last year. Secretary Hilary Clinton made a speech in Paris, and the China's posture toward Iran made China isolated within the international community. So these events, especially the issue with Taiwan, and President Obama meeting with Dalai Lama were very

severely protested by the China government. China has taken almost no action to suspend the part of military exchange with the United States. So, drastically, the Sino-American relations have gone to a quite raw point. And China leaders are quite worried about that. So, quickly, in last March and April this year, the China government suddenly made major concessions over Iran to the United States. They agreed to the forced sanction against Iran of UN Security Council which China had resisted for a several months. Also China's President Hu Jintao rushed to Washington DC to take part in the Nuclear Security Summit, in which of course he had a communication with President Obama. Then drastically again, the Sino-American relations went up, were well again. If you look at the Chinese media's reports on the Sino-American strategic and economic in last May, the picture was drawn too perfect almost. But at the same time, the disagreement between Washington and Beijing over North Korea was in fact already suffering an enormous devastating gap. Then ROK government published this investigation report on the Cheonan sunken ship. The Chinese government kept the relationship with the North Korea, they neither accepted nor refused the conclusion of the investigation on their part. Then the United States and ROK launched a joint military maneuver of a larger size in the Sea of Japan and the western sea of Korea, or Yellow Sea, in terms of China. Of course China was not happy with it. Publicly China opposed to this kind of joint military exercises, opposed to the idea of the US strategic weapon system including George Washington Aircraft Carrier to come to so near, 40 minutes' fly from Beijing. I think the Chinese government was quite angry because the Secretary of State Hilary Clinton suddenly said in Hong Kong English newspaper that the ambush to interfere with China's disputes with several subsidiary countries over the sovereignty of some island in the South China Sea. So again the Sino-American gap was out. Last week, including this week, President Obama sent two higher officials to Beijing. All of the top Chinese leaders received them. So today's situation of the Sino-American situation, for the last 3 and half months, has had high tensions but again been improved. So, this kind of story proves two points. One is the Sino-American relation has a great inter-dependence, in economic, financial, and security areas, so close. But at the same time, there also is a structural limitation for the Sino-American relations. The Sino-Japan relations, of course everyone knows that especially in 2004, 2005 and the first half of 2006, were in great tense. But in October 2006, President Hu Jintao received the new Japanese Prime Minister Shinzo Abe to Beijing. Suddenly, there was a great improvement. And both sides, Beijing and Tokyo connected to stabilize the relations, committed not to go back to the quite

dangerous base which existed especially in 2005. Also the both governments launched a very hopeful slogan that this is a strategic and win-win partnership between China and Japan. And up to now, for the four years, the situation is good and the Sino-Japan relation is so stable. But on the other hand, none of the hot disputes have been resolved or have progress in the issue of the East China Sea, or Diao Yu Dao in Chinese, and Senkaku Islands in Japanese. So I think the Sino-Japan relation also has a close inter-dependence, economically, technologically, in some selective areas. But it is also true that the Sino-Japan relation also has its limitation in the strategic nature.

And finally I would like to talk about the fundamental nature of China's rise, political leadership, and the foreign policy in our long historical perspective. China is a very old country. During the most of the long history, there was a prime scene of China. Strong China, weak China. China is strong because first of all, it is huge in land. But sometimes China is weak, because our strategic position in Asia has many problems, and China's inner difficulties are bounced to situations of economical, cultural, or even social fund. Strong China, weak China. During the long China's history, China rose several times and fell several times. The fundamental situations that China's leaders now face are basically the same with the ones faced by the Chinese emperors. The modern China is a continuation of the traditional China. Today's Chinese government is still committed to face to keep China united, and also most importantly, to keep China the domestic house in a reasonably good order. For the foreign policy, especially from the time of Deng Xiaoping, China has come to fully committed to a peaceful development, because we have no other luxury to keep the China's internal situation in a reasonable stable and the progressive context. At the same time, China is also committed to gradually, or in some areas quite quickly, to increase China's value of the international responsibilities. China took the domestic economic proactive actions for so many years to assertive so called economic expansions policy. We searched energy, mined our sources in everywhere almost too distant continents including Latin America, but this is definitely not a strategic expansion. China, strategically speaking, has nothing in terms of expansion up to now. So finally, it proves that the contemporary Chinese leaders are extremely prudent in the domestic possible behavior as to possible international behavior. Generally they are inward looking. The overwhelming concerns about China itself, foreign policy are just an appendage to exact the economic flow, like energy and raw material because of this increasing economy. Also Chinese government already has in all dimensions complicated relations with the United States. We also

have complicated relations with many of our neighbors, including Japan, ROK, North Korea and the south east Asian countries. This is natural, because if you look at the map, look at the China's size and geo-strategic position, we have no luxury to enjoy the easy business both domestic and foreign policy field. But at the same time, China still focuses the concerns itself, still concerns its economic growth. At least 50% of our people are still poor. China could make mistakes. But China is one of the best learners of the world since the time of Deng Xiaoping. This at least could provide some assurance to the United States and our neighbors. Thank you very much.

Aoki: Thank you very much for the balanced view about the nature of China's diplomacy and the diplomatic policy. Next, I would like to introduce another eminent Asian scholar in the international relations, Professor Yoon Young-Kwan from Seoul National University. He was appointed as a Foreign Minister by the President Roh Moo-hyeon. And after serving as a foreign minister, he has now returned to the academic life of teaching.

Yoon: Thank you very much Dr. Aoki. It's my great pleasure to visit Kyoto which is a great city of culture and tradition, and to talk about this important issue of regionalism and regional cooperation.

In the beginning I would like to say that I am a strong supporter of the bilateral alliance between Korea and the United States. I think the alliance system has been successful in preventing wars in north eastern Asia in the last half century. And I think this Hub & Spoke system of security cooperation in the past half century in the regard was fruitful in achieving the security in this region. But I think the situation has changed in the recent years. And because of that change of international situation, we need some kind of supplementing to this Hub & Spoke model existing security cooperative mechanism in coming years. It is right time for us to think about this issue more seriously.

Many people nowadays talk about the rise of Chinese power. If one country rises rapidly in international system, it usually demands greater, more important role in international politics. This is not unique limited to the Chinese case. In the older history, there were so many cases of this like the rising power of Germany, unified Germany after 1870. They demanded a more important role in the 19th century European politics. And actually countries like Great Britain or France in the western European countries failed in dealing with this kind of demands coming from new rising power, and it resulted in the First World War. Of course the situation maybe different nowadays, but one clear thing is that China, as the result of rise of its power, will continue to demand a more important role

in the international politics. And how to respond with this demand from the Chinese side is an important issue in the international politics. From a medium and long term perspective, I think the international competition between the two big countries, the United States and China, will intensify in coming years. Because China has been regarding the east Asia as the sphere of the Chinese influence, and that they may think it's time to for them to expand the Chinese influence in east Asia if not in the global system. I think they tended to regard the United States as an external power and they don't have any legitimate reason for committing themselves to in this region, east Asia. I think that's the reason why many Chinese people or key policy makers in the Chinese government tended to regard the US-Japan alliance and the US-Korea alliance as the outdated legacy of the cold war confrontation. So they really want the US out of this continent from the medium-long perspective. I think this is the essence of their geo-strategic position. Of course they may try to adjust to some extent because they need to continue the economic growth, annual growth of 10% or so. But from the medium and long term perspective, there will be intensification of the competition between the two major powers. On the other hand, the US, even though its economic power and influence have been weakened in recent years, I think it is still the most important and powerful military superpower in global politics. And it will not give up its commitment in east Asia. This kind of different views about the role of the United States in east Asia will probably lead to intensify the competition between the two countries and make a structural environment in east Asia more and more unstable from a medium and long term perspective. This is the reason why I argue that we need to complement or supplement the existing alliance system by trying to strengthen some kind of multilateral security cooperative mechanism. Because if we do not have this kind of multilateral security mechanism, there will be so-called security dilemma problem, which will be more and more rampant in international politics of east Asia. For example, Chinese attitude on the recent global economic crisis, I think they regarded the outbreak of 2008 global economic crisis, as the indication of the weakening of the US power. And they decided to be bolder and more assertive on many important international issues including environmental issues, foreign exchange issues, Dalai Lama issue, or Taiwan and so on. Recently, for example, the Chinese government strongly opposed to the joint military exercises between the United States and South Korea. Both countries did that mainly to send some strong message to North Korea, but Chinese interpreted that as a hostile action against China. This is a typical example of security dilemma. And probably I think there will be more and

more open cases like this. And we need to do something about this.

I think the another aspect of the structural dimension of the east Asian politics is that Korea and Japan too have become more and more dependent on China economically, while they are continuing the dependence on the United States from the strategic perspective. So there is a kind of disconnection between the economic structure and the security structure in this region. And this disconnection makes people in Korea and Japan more concerned about the future. When the US and China confront with each other, we both countries will bear the burden or bear the brunt of that kind of confrontation between the two big powers. That's another reason why we need a kind of institutional forum in which we can talk and discuss all these important issues frankly. If we invite China into this kind of multilateral mechanism and let them keep the values or principles of this kind of multilateral mechanism, I think we'll make our relationship much more stable in the future. From the US point of view, I think this is also a good idea because so far in this kind of Hub & Spoke system of security cooperation, there was no channel, multilateral channels to talk about current issues among "spoke" countries, for example among countries like Korea, Japan, Australia, or even China. So if we build some kind of multilateral institutional mechanism, the United States will be able to exercise its leadership more democratically. And it will add more legitimacy to the American leadership in this region. Also from the economic point of view, it will be more efficient to strengthen this kind of mechanism from the American point of view, because the US government is suffering a huge amount of budget deficit. And China owns 2.5 trillion dollars of foreign reserve, and one third of that is invested in the US treasury bond which is about 800 billion dollars amount. So from now on, they say that it will be difficult to deal with this budget deficit issue in coming 10 years according to American observers. If we build some kind of institutional mechanism, I think the US government will be able to exercise the leadership in this region in a more cost saving way. So I think it is good from the US point of view.

From all of these perspectives, I think we need to complement or supplement the existing the security cooperative mechanism in this region. I do not mean that we should replace this existing Hub & Spoke model with the multilateral mechanism. Margaret Thatcher once said that "We should not destroy our old house before we can build a new house." So the timing is important. We need to try to begin to build this kind of mechanism in preparation for a more stable international order in coming years. There are not many reasons for not trying to this kind of efforts from now on. Thank

you very much.

Aoki: Thank you. I would like to introduce our next speaker, Mme. Ton Nu Thi Ninh. Those of you who attended the last year's public forum must be already familiar with her. She was educated in Europe, in University of Sorbonne and Cambridge, then later she joined the National Liberation Front for South Vietnam. And after the unification of Vietnam, she was quite active in the diplomacy, for example she was the head of the Vietnam's representatives in EU. She is now as I understand very active in establishing a new international university in Vietnam. Mme. Ninh, please.

Ninh: Thank you, Professor Aoki. Good afternoon. I am happy to be again in Kyoto for the second Stanford Trans Asian Kyoto Dialogue.

Vietnam, as a neighbor of China has had ten centuries of experiences of sovereignty of China over Vietnam. So we have a very historical perspective of things. So indeed in today's regional context, Vietnam must be one of those most interested in developing the modus vivendi about how to deal with the rise of China which is a reality together with other south east Asian countries. Well, we would like to do that in the typical pragmatic fashion that Vietnam has always adopted in its dealings with its larger northern neighbor. And that is positive, proactive and pragmatic, taking into due consideration, history and natural demand for enhanced status.

Now that the contemporary China has the economic power and it's now adding the military and security power. So we think that has been mentioned by Professor Yoon, and of course we also acknowledge that. We need to take into the consideration the enormous needs in terms of energy and natural resources of such a huge growing economy. But it seems to me that we should also be aware that while I am sure China is at very rapid rise and growth, it implies many domestic challenges, cultural risks therefore. So we believe that the rise of China to the difference of rise of other powers in previous times takes place against the background of very different world. This is the globalized world but also a world of multiple stakeholders who take their faith into their own hands, who wants to have a say about what happens in the world and what happens to them including at the hands of the major powers. And China has joined the club of the major powers and therefore we care about how China is going to make use of that power. And it is clear that we should emphasize to China that together with the power and provocative, there are responsibilities and obligations they need to take into count, contribution to common good including when it comes to energy and natural resources. Second they need to resist the temptation to overcast the unilateralism. And frankly this

applies to other superpower at the moment. I remember President Clinton's address in the UN general Assembly. He said very straight forwardly because it was really the beginning of the post cold war period. He said "We will act multilaterally when we can, and unilaterally if we must." You can imagine that we are also watching closely at what kind of pronouncements at China is going to make regarding its positioning on the global arena and how it intends to play multilaterally more than unilaterally or even bilaterally. For Vietnam it is very clear bilateral channel can generally put the lesser countries in the less advantage situation. It's very natural for lesser nations to be strong supporters of multilateral arrangements and mechanisms.

And thirdly, any superpower needs to be predictable for the common good. We hope China will always try to be as predictable as the region and the world would like it to be. But this being said, I would like to finish this point on the positive note. We don't look at China as simply as a threat or risk. In fact, this rise of China provides an opportunity to be perceived as a benign global power. But for that of course as I said the number of expectations will have to be met by China. In this respect of course we had a contribution from our friend Korea. We from Vietnam bring a very different perspective when we look at the American role in the region. If it were to say pre '75 I wouldn't be talking as I would be today. Vietnam had no relays with the US for 15years now. It's expanding the bilateral relation in many respects including militarily, although very cautiously I must say. But my interpretation of that is that Vietnam would like a region where the Hub & Spoke of previous years is not replaced by too Hub and Spoke. So what the future should look alike, I am not quite sure. But from our discussions during this dialogue, I would like to use an Asian image. I think in Asia there are the notion of water is very important especially in Vietnam. We are a rice cultivation country. So, fluidity is important. And we shouldn't rush too fast to develop to set the structure and architecture. Allow some fluidity and allow thing to settle. Give time to time. I would be on this cooler saying, let's have various arrangements. There was once being spoken by Professor Fingar "ad hoc-caly", I don't know whether that's the best word. But at least, we are at the moment of flux where the things are being re-calibrated, re-arranged, including the reality of perception of the US power. The affirmation and the shaping of the Chinese power, we the lesser countries do hope that there will be a way for the major powers to engage together with other countries and regions in the manner that is the most democratic and constructive and pragmatic possible.

I would now like to turn to our second issue which was discussed during our dialogue and that is to

say the question of culture and identity. My point is that culture and identity may seem adaptable but are made more prominent, more salient by the trend of globalization, and by the economic growth and the enhancement of global and regional trade. It enhances the identity awareness, we would all not agree on that of course, there was a younger speaker from south east Asia who seemed to say, “well, it is globalized age, identity will no longer matter”, but I was of good belief that identity still matters just that how you define identity in the 21st century. And to me, the identity is, let’s say, is a reality in the making constantly. It is the composite reality. We believe that identity is not to be confessed with openness or diversity on the contrary too complimentary. Precisely this complementarity between strong affirmation of roots and identity and the reality of openness to this globalized world, I think I detect the affinities between Vietnam and Japan. Japan to me is a very interesting land of contrast where you have the at-most in terms of modernity but also the at-most in terms of attachment to long-held traditions, to history and so on. In Vietnam, you will find, not identical but let’s say comparable combination of identity and attachment to ones’ roots and history and openness and assimilation integration of what we call the best of what the world has to offer. I was told by one visitor to Vietnam that he found that he found of all the south east Asian countries he perceived Vietnam as the most open to western culture and ideas. The western or no I would add now, because we engage so much with the near region open to the outside world. These are the two issues I wanted to share with you. I hope I can benefit from your comments and questions later. Thank you.

Aoki: Finally I would like to introduce Professor Andrew MacIntyre. He is a Dean at College of Asia and the Pacific at Australia National University. Australia may not literally a part of the east Asia, but evidently Australia is a very important neighbor to us. Please make a remark on our common issues.

MacIntyre: Masa, thank you very much. I, like my fellow panelists, am very pleased, very honored to be here as the part of this Stanford Dialogue, especially to be here in Kyoto.

For the last several decades, we’ve been living through a period of prolonged peace and prosperity in this part of the world. And this prolonged period peace and prosperity has stimulated enormous economic and social transformations in one country one after another around Asia. One result of those transformations is that there is now far more trade investment and just human inter-connectivity with people moving around much more connected around Asia. Australia is

deeply deeply interested in what happens in all the countries of Asia. It's the primary focus of our foreign policy like Japan, our economy has all sorts of commercial ties to other economies around the Asian region. You might be surprised to know that there is no economy either inside the Asia or anywhere else in the world that has a higher share of its exports going to other economies in Asia than in Australia. It matters enormously to us. We now young people look to go outside their own country and travelling overwhelmingly the first part of the world that they go to is Asia, travelling to Japan, travelling to China, travelling to India, travelling to Indonesia, travelling to Vietnam. One country after another this is the way young Australians go. Because Asia is so important to us, as I said it's the same to our foreign policy thinking. All of our political leaders, it doesn't matter which party they come from, sooner or later, they all focus on the question on how Australia can help to contribute extending and preserving peace and prosperity in this part of the world. A widely held view in Australia is that the prospects for maintaining the peaceful and prosperous region will be held if we have a situation where all the countries of the region are able to routinely talk with each other at a high level. But all the policy issues ranging from economics to security, which was the essence of the idea that former Australian Prime Minister Kevin Rudd has been pushing in recent years. And thanks to some recent decisions of ASEAN countries, Association of South East Asian Nations, it looks like something along those lines will soon come to pass. Now we should not be so naïve, we should not be deluded into thinking just getting leaders together to talk to each other on multilateral basis. We'll ensure that we have extended peace and prosperity in the region. As almost all of my colleagues have emphasized in the end all the countries must tend to their highest priorities themselves, or perhaps in some dimensions bilaterally through some alliances or other sorts of arrangements. Nevertheless like many of my colleagues in this panel, I believe that some improvement, some broadening of the multilateral frameworks will enable all major leaders to some at a high level discussion would help us. What specifically might they do? What might they talk about? I think this sort of issues, the policy agenda is crowded with issues that would benefit from focused high level discussions. These kinds of issues of the economic nature ranging from taking precautionary majors to guard against future financial instability through quite mandated issues like sorting out the mechanisms handling commercial disputes through to infrastructural issues. Some of these are boring issues but are important. All sorts of economic issues, all sorts of health issues, environmental issues, law order issues, and also foreign policy issues. We don't currently have a

framework that enables that to happen to bring together countries as far as the field is India in the west to the United States in the east, Japan in the north Australia in the south. We don't currently have a framework that enables that to happen. And I think this region would be better for it if there was a framework that enables that to happen at least once a year for the leaders to get together and talk about whatever concerns they had.

Let me finish with some comments about Japan. Let me pitch this comment particularly to the students in the audience. I think many of Japan's friends say that Japan's voice in Asia in recent years has been reduced, has been diminished. We don't hear from Japan as much as we used to. I think most people would say that Japan is not just the very wealthy society, but it's also a very peaceful society, it's very creative, innovative, highly sophisticated society. But in recent years, for prolonged number of years, you've been consumed with internal issues, and that part includes lots of leadership turnover. Why have you been consumed with these internal issues? Asia has been changing and the frameworks for the regional engagements are changing. I think Japan's many friends would say we need hear once again from Japan, we would need once again to see Japan full engaged. So the full creativity of the Japanese society is once again engaged with discussions about how collectively we try to shape the future of this region. And I think Japan's many friends are starting to look increasingly to the generation of students in this room to drive Japan's full active, creative reengagement with the dialogues of the region. We are waiting to hear from you. Thank you.

Aoki: Thank you. I really appreciate your encouraging message particularly to the students of Japan.

Professor Shi Yinhong spoke about US-China relationship in detail, and that this bilateral relationship is not only important for these two countries but also neighboring countries obviously. What is the reaction from you, Mike?, to what Professor Shi said?, from the American side, or rather from your deep and long diplomatic experiences.

Armstrong: I can only speak for myself, but as I listened Professor Shi, I might slightly put some different spun on the current difficulties. I agree with him fully on his general characterization of our relationship, which is strong structurally even at the atmospheres are not as good as they might be. And the structure is very clear. For China the United States represents the market of the last resort. For the United States China is most significant creditor. The division of labor is one from which we benefit hugely. We do the consuming, we do the borrowing, we do the importing, China does the

saving, it does the lending, and it does exporting. The benefits of this complementarity is huge even though we are not necessarily satisfied with China, it's the division of the labor. Probably we should both change somewhat with China consuming more, we saving more. That's happening inevitably as the result of the financial crisis. There are some in America who worry about the Chinese threat, they regard them as the distinct minority. And their basis for thinking China may become a threat is based largely on the supposition on new power emerged on the scene. The conflict is more or less inevitable. When I am asked the question "Do you regard China as a threat?", my answer is "No". I don't know how China will eventually use the power it's rapidly accumulating, but for me in my seeable future, there are four reasons why I wouldn't regard China as a threat. One is, despite the huge economic advances, in per-capita terms China is relatively poor country. We spend 8-10times as much per year on defense, and we are not standing still. I wish we spend less, but I don't think it's likely. Secondly, China yawns for the respects, but I don't sense in their objectors the pretention of an empire. They don't have any external counties to maintain, they are not galacing satellites states. Their objectors tend to be more defensive, tending Tibet or Taiwan. When I look at China, the most noting problem is, maybe of almost every country when you think of that, tens of, hundreds of, millions of who now live in the country side will be moving into cities. Imagine the jobs which must be created, the infrastructure they must be built, the social tension that must be managed. Those require some single minded focus if there'd be. Predicate for that kind of single minded concentration on domestic issues is peace on the border. China has 14 countries on the border. They are consequential countries. Russian have the second largest nuclear arsenal, Japan has the second most sophisticated economy, and India will shortly surpass China even in the population. Chinese know that Vietnamese and Koreans are no pushovers, they are strong independent countries. And therefore China understandably causes approaching directly on the interests of its neighbors, which will cause the alarm bell to ring throughout the area. So these are the reasons which persuade me for the indefinite future that, I don't know how long that is, I'm 73years old so I don't have as long future as most of you, but I am content that China understands that reasons for prudence and self-restraint. And I recognize that the utility in that connection still retaining our own solid relationship for the countries in the area, and believe that alliance with the United States remains not just something valued to us and Japan but public good. When difficulties emerged there like Futenma issue last year, we heard from a number of south east Asian countries that they were

troubled by this because they regard the alliances crucial to the stability and well-being of their countries. I think frankly China recognize that too, and doesn't regard the alliances as a threat but something helpful. I think we'll manage our relationship that goes to fundamental and sound that'll be recognized by the people around the world.

Aoki: Mike used the word "complementarity". This word became rather important keyword during our dialogue last couple of days. When we talk about the globalization of the financial markets a very powerful emphasis was more on the competitions. Any social, cultural or traditional institution is the barrier to leveling a playing field and so forth. As an economist of course, I think a healthy economic competition is very important. But at the same time there also is an importance on complementarity because each economy, not only that of the east Asia but globally, has differences in resources, environment, demographic composition, strength in industries and many others. Suppose one country tries to resolve its own developmental or economic or social agenda, while other countries are also trying to resolve their own social agenda. If these two economies, or multi economy in the case, if they successfully proceed in pursuing their own agenda, then there is a mutual effect, maybe the success, advantage or merit and also ability to solve one problem in one country helps the other countries as well. This is a sort of economic concept of complementarity. But I think in the east Asia, there is quite bit of an element of this complementarity. We talk about, let's say, Japanese and Korean economy on China. But at the same time there is a reciprocal relation. China has started this very rapid economic development process in last thirty years. 30 years ago, 85% of Chinese population were still in the rural are and engaged in agriculture particularly. In the 30 years, because of this very remarkable development, more than two hundred million people left agriculture and put themselves in the urban environment or engaged in the industrial. This process has to continue for China to sustain the per-capita income growth. And within China, there also is difference in the development between the coastal area and inland area. It is estimated that the inland area is ragging behind the urban area. If you just visit Beijing or Shanghai you might be struck with the rapid growth, which is becoming really comparable to other cities in Asia, but there also are still developing inland area in China. In the process of this urbanization, environmental problem arose, as well as the problem on how to manage the cities in terms of transportations and public health, and also how to provide more universal public services to the country side, how to provide social security and so forth. In that sense, Japan, Korea and others faced these problems a

little bit before, and have coped with the problems to some extent. But at the same time, Japanese population is aging. We have to rely upon countries like China for more labor efficient manufacturing and market. And China needs this knowledge from Japan on the social technology like urban management or environment. So there is mutual sort of dependence. From an economic point of view too, we should not regard this rise of China as threat but there is a quite bit of an opportunity of mutual dependence.

I'm sorry I spoke too much although I am a chairman. We've had a very fruitful presentation. Now actually we are planning to have a reception after this. All of our participants are invited. Mayor will arrive in 10 minutes. So I would like to end up this discussion in 10 minutes time. But I would like to invite a few questions, brief questions, comments from the floor. Anybody wants to raise a question?

Questioner: Thank you for giving us very pleasant discussion. My name is Dai Kuroda, I am a student in the University of Osaka. I want to ask you just one question which...

Aoki: Who do you want to ask the question particularly, just anybody? Okay.

Questioner: We are talking about regionalism. Exactly what kind of role can Japan play in this regional institution, not like EU, but in some kind development like our APEC or something if that can be achieved? And what kind of role can we play?

Aoki: That is a good question. Anybody? Andrew?

MacIntyre: Sustaining engagement. I would say the part we've been missing of Japan is that the tension has not been sustained. It's not consistently high level that we saw in earlier decades from Japan. Just bring in all the range of interests that your society has to the table, and engaging in a sustained way would make a big difference.

Aoki: Professor Yoon, would you like to comment?

Yoon: I think Japan's position on this issue, regionalism, is somewhat similar to Korea's position. We are located between two big countries, China and the United States. We face some common concerns. We are adjoined to China, in that sense we feel more urgency about the need of peace and cooperation in the region than the Americans may feel. So as Professor MacIntyre has already stated, I think the Japanese government or the Japanese people may propose, may continue to engage in this issue and give some imaginative proposal on this issue. How to strengthen our institutional cooperation in one way or another. I think it's a unique role that both Japan and

Korea can do, maybe even Australia too.

Aoki: Any other question?

Ninh: May I add something? I think Japan should make more of the strength it has in the region. For example, after all, regardless of the rise of Chinese economy, Japan is one of the main investors in the region. It's one of the top ODA donors. So, at Japan at the national level, the respective countries of south east Asia for example is very present. Or you could play a leading role in environmental technology, as you did in Kyoto Protocol on the issues of the climate change. So I would rejoin my colleague here, we were mentioning during our discussion, that in the past few years it seems that the major powers have been plagued by domestic issues that have constrained their ability to project more consistent, clear, effective message and role. So perhaps Japan should try to put its house in order a little bit, because you are rich enough that you can save some energy and resources to make sure that your external message, projection and actions are consistent and clearly perceived. I believe Japan, at least today, if it were more proactive, nobody would object on the contrary. Ball is in your court, I'm afraid.

Armacost: I would echo that too. While Japan has made a difference in ASEAN+3, has been three year financial strength. You took the Chiang Mai swap arrangements. You took the lead on the creation of the ace in the bond in the history of the region. So I would think that it's interesting that China has taken the lead in the trade issues which has a huge internal market. If Japan is promoting monetary measures, despite your public finances you're still strong relative to others, in a way there is a competition for leadership in Asian regional organization. But the competition might face the development of those institutions.

Shi: I think I have to emphasize Japan is playing a prominent role in very important issues, for example addressing the climate change. And we Chinese fully believe that Japan is playing a quite important role in appealing global nuclear disarmament. Japan is traditionally playing a quite important role in the past decades in APEC. But of course I hope, I suppose Chinese leaders also hope that Japan can play more role, more active role in the regional security issues. Japan should play more role in collective efforts to deal with North Korea's nuclear program, despite of the obstacles, because of application of Japanese citizens by North Korea. Japan should explain more of its experiences at least to China on energy saving, environmental protection, and other creative technologies. But one thing is that Japan sometimes for different reasons has troubles with Asian neighbors, China, ROK,

and so on. So I think this generally creates quite a diversion to connect Japan to ineffective in international role. And also if you compare with American allies in Europe, compare with Germany or France, I think Mr. Hatoyama's aspiration for a little more equal relation with the United States, a little more independent foreign policy is really reasonable, and can promote Japan in future to have more important role which is worth for Japan.

Aoki: Thank you. You raised a very important question and succeeded in listing active responses from all the participants. I would like to continue this kind of dialogue more, but I was told that I have to conclude this panel minutes sharp, so the time has come unfortunately. But as I said in the beginning, Stanford, as an academic institution, would really like to develop communications with younger generations, students like you. Our panels here are all now professors or fellows at universities, although some of them have distinguished career in public life. We are very much looking forward to continue this kind of discussions. So next year, about the same time, I would like to meet with you again, and I request you to talk about this event to your friends and bring them back here next year. I hope to see you again next year.

And all the participants are invited to a reception in another building. Mayor of Kyoto is also coming. Although we didn't have time to communicate in this place, you have an opportunity to engage in a communication and discussion with any of the panelists. Also there are many others who participated in this Stanford Kyoto Dialogue. All of them have this name tag, so please feel free to talk to them to have a fruitful discussion. So thank you very much for your participation, and see you again.