060612 NATIONAL DEFENSE INDUSTRIAL ASSOCIATION, AIR FORCE ASSOCIATION AND RESERVE OFFICERS ASSOCIATION CAPITOL HILL BREAKFAST FORUM WITH CHRISTOPHER FORD, DIRECTOR OF THE CENTER FOR TECHNOLOGY AND GLOBAL SECURITY AT THE HUDSON INSTITUTE; AND BRUCE KLINGNER, SENIOR RESEARCH FELLOW FOR NORTHEAST ASIA AT THE HERITAGE FOUNDATION, ON CHINA, NORTH KOREA, IRAN AND NUCLEAR DETERRENCE (For additional information on NDIA/AFA/ROA seminars contact Peter Huessy at phuessy@afa.org).

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MR. PETER HUESSY: I want to thank you for being here this morning. Let me go through, if I might, we have, including this breakfast, we have seven breakfasts starting today through next Friday. And tomorrow is Congressman Turner, who will discuss with us the HASC markup and the floor consideration of the bill and prospects for conference, as well as some issues having to do with sequestration and the budget. And then Clare Lopez and Gen. McInerney will talk about the connection between Iran as a state sponsor of terrorism and the terror groups and the Islamization threat which we face and how they are connected, and some of the things that would happen if there was military action against Iran, for example against its nuclear sites.

And then next week, I know we have Jim Miller, and I know we have Senator Sessions, and those are the only two I can remember. But there are four next week, so if you would let Sarah know that you’re going to be attending – please let us know so we can make the reservations.

Today we have Bruce Klinger of Heritage and Chris Ford of Hudson. And some people ask me whether I know what my speakers are going to say, or do I tell them what to say? And except for Larry Welch, who I always say put in a good word for Minuteman, the people that I have speaking, I think, are the finest in their business.

And the series is designed to give you not only a broad idea of missile defense and homeland security and nuclear weapons and deterrence, but also specifically issues such as counterproliferation, issues of North Korea, verification, the nuclear weapons tests in North Korea -- ballistic missile tests. And if you read both Bruce and Chris’s material, it is very detailed, often, but it is something we all need to pay attention to.

And this morning I’d like to invite Chris to come up and speak for 15 minutes, and then Bruce. And then we’ll have questions and answers. And please just identify yourself as a courtesy to the speakers when you ask questions. So would you first give a warm welcome to Chris Ford of the Hudson Institute?

(Applause).

MR. CHRISTOPHER FORD: I fear I’m taking advantage of Peter’s hospitality a little bit because not only did he not tell me what to say, I sort of informed him at the last minute that I wanted to talk about something a little different than he had anticipated that I probably would. I hope that’s okay, and
with your indulgence let me say good morning and thank you all for the chance to talk to you. As always, thanks to Peter, thanks to AFA for setting up these events.

What I’d like to talk about today a little bit is China, in fact, rather than the usual Iranian sorts of mischief that I talk about here; and to talk not just about China in itself, but a little bit about its potential future and about our strategic policy in light of those musings. In a book that I published in 2010 called “The Mind of Empire: China’s History of Modern Foreign Relations,” I talked about China’s ancient view of political power as a hierarchical concept, and a phenomenon that is felt to derive from the virtue of political leaders. Traditionally, what I call this virtuocratic conception of authority, I think, has been at the core of China’s Sino-centric world view. In this scheme a truly virtuous rule in one country is thought to produce a world system naturally, by sort of hydraulic pressure, if you will, in which all others in that system turn inevitably in awe-struck deference towards that center.

Now any historian of China will tell you that China, of course, did not always get that kind of deference and acknowledgement from other players in the world around it, and that the empire was not always in a position to administer the kind of chastisements that the failure to give that kind of deference naturally tends to elicit in this scheme. But patience is a virtue and the empire was always willing, if it had to, to grit its teeth and bear such insults for so long as it felt that it had no choice but to do so.

Now what I did in that book is ask the question about what all those attitudes -- which I think to some degree do survive in the present day -- what those attitudes might mean for a future China as its power grows and its wealth and power might be felt to give it more options in the world? How would a strong China behave later in this century, for instance? Would it by that point have internalized Westphalian ideals of separate and co-equal sovereignties, not just in a sort of narrow and juridical sense of every country getting the right to manage its own internal affairs -- that’s something that they’re very insistent upon right now -- but in the broader sense, the more political and moral sense of actually accepting a world system that is not in some sense hierarchic, arranged in some kind of hierarchical status order around a civilizations monopole? Would they have accepted that by the time they are powerful enough to have much more freedom of action on the world stage? Or, would at that time they feel, in fact, free to indulge any lingering predilections towards a kind of Sino-centric traditional conception?

Now that was my book two years ago. And the bad news is I’m not going to answer that question now. I don’t know the answer. No one knows the answer. I’m not a prophet.

But I would like to offer what I hope is a kind of thought provoking case study of how in one particular instance a relatively strong China changed its behavior, just a few years ago, vis-à-vis another country when it came to be perceived that the balance of power between them had shifted in Beijing’s favor; and also at a time when the internal legitimacy needs of the Chinese Communist Party seemed to encourage it to make it necessary for it to turn to a legitimacy narrative that stressed an oppositional foreign other against which hostility and nationalist fervor could be mobilized. And so after giving that
little case study I’d like to speculate a bit on what that case study and what the potential things that it suggests might, in fact, mean for our own strategic planning in the future.

So let me try to be quick. The case study has to do with Japan. Seen from China’s perspective, Japan in the 1980s seemed like a rising economic superpower.

It did to us, too. I remember people smashing radios and things on the floor of our legislature. This was clearly a country at the time that Deng Xiaoping’s newly opening and modernizing China had a lot to learn from as it tried to engineer its own rise back to something more like the status that it felt it deserved in the world.

Significant anti-Japanese sentiments certainly existed in Chinese society, which is in no way surprising given the horrible history they had in the late 19th and through the mid-20th centuries. But nevertheless, in the controlled media environment of modern China, the party and state official narrative subordinated such hostilities to the broader imperative of learning from Japan’s success: the imperatives of engaging with and learning from the advanced and modernized and profitably capitalist country that sat next to them in East Asia. Deng Xiaoping’s famous admonition to his colleagues, to bide your time and hide your capabilities, which I will not try to render in Chinese, counseled non-confrontational circumspection, not just with respect to the U.S., but with respect to Japan and other East Asian neighbors as well.

Economic modernization was felt to be key to China’s future strength. And China’s all-important return to global status required breathing space and continual engagement with countries from which China needed to learn the ways of modern development. And so relations with Japan were fairly modulated. The party and state was willing to suppress anti-Japanese fervor in the name of that kind of progress.

But this balance between these elements shifted, I think, in the 1990s in important ways, or shifted by the mid-1990s, producing a period of intense and what is today ongoing anti-Japanese sentiment and attitudes and approaches in China’s official discourse and in China’s policy. And I think this occurred for three reasons.

First of all, Japan had a miserable 1990s, as we all know. It was a period of stagnation followed by a dramatic credit crunch in 1997. Whereas Japan in the 1980s had been seen as a power that was destined to sort of eat America’s economic lunch, by the mid-1990s, or the late 1990s in particular, Japan didn’t seem much like a model that a reforming, market-oriented China really wanted to emulate quite so much. And as the need for that kind of emulative engagement faded, adversarial Chinese approaches became much more feasible.

Reason number two, I think, is that it’s simply China’s own growth. It enjoyed, by that point, a very different position vis-à-vis Japan than it had in the 1980s when it was just beginning its process of opening up and market reform – a very different vantage point in terms of wealth and power. It wasn’t that China had at that point yet surpassed Japan economically. Indeed, that wasn’t to happen until a couple of years ago, if I recall. But the key thing seems to have been the impression of relative
movement, and the perceived inevitability of the fact that China in fact would leapfrog the Japanese, that helped make a big sort of psychological and political difference. Beijing felt increasingly free to indulge anti-Japanese sentiment because it was feeling ever less in need of a junior partner’s circumspection, with respect to a Japan that China was rapidly overtaking.

The third factor is that in the mid-1990s Beijing, and this is the internal factor in particular, came now to want to indulge anti-Japanese approaches much more than before; not necessarily because there was anything – or not because there was anything worse about what Japan was doing with respect to China -- but in fact because the Chinese Communist Party itself increasingly needed to look, for its own internal reasons, to a legitimacy discourse that stressed nationalism. This is a country that was engaged in market reforms, but after Tiananmen Square in particular, was very concerned to keep a very heavy handed lid on political issues internally. And so having recourse to traditional Marxist legitimacy when you’re rapidly trying to become a more capitalist economy is a bit tenuous from an ideological perspective. And so one needed something. And one of the things that the CCP turned to was a nationalist discourse, looking at some oppositional foreign other as a rallying point to make yourselves seem to be the protector of your country’s best interests and status and that sort of thing against these malevolent others.

But, in the mid-1990s, we didn’t fit that bill very well. I mean it was sort of tempting, I’m sure. But at that point, given our relative positions and the recent collapse of the Soviet Union, our status as the kind of unipolar super-power of the moment, we didn’t really fit that bill very well. Clearly Beijing still felt that it needed a lot of non-confrontational breathing space with respect to Washington, before China’s own economic development made it strong enough to perhaps have other options. So nationalist fervor couldn’t be permitted to focus too much at that point on America lest this imperil the sort of engagement environment that was felt to be imperative that China have for its own development.

But Japan, by that point, fit the bill very nicely. And from 1994 onwards the Communist Party in China indulged a patriotic education campaign that focused increasingly upon whipping up anti-Japanese fervor. And since that time, notably from a sort of behavioral perspective, China has also been increasingly willing to indulge anti-Japanese actions in its approach to Japan; such as in all but openly signaling to its (citizens ?) as it were in 2005, that it’s okay to indulge in anti-Japanese protests at that point. I think it was over history text books. Or, for example, a couple of years ago, imposing its temporary embargo on rare earth metals in response to a dispute over maritime boundaries. So I think the evolution of China’s approach to Japan, from the 1980s to the 1990s, offers an interesting illustration of how a strong China under certain circumstances might behave towards a foreign country as their relative positions of power are felt to shift as a result of A) China’s continued growth and increasing power; B) the other country’s losing its perceived status as a model which China may wish to emulate and learn from, and therefore need to engage with as part of that learning; and C) the Communist Party’s own internal efforts to gain domestic legitimacy by positioning itself as a champion of China’s national interests and moral position vis-à-vis some sort of malevolent foreign opponent.
Now if those three conditions sound familiar to you, it means you’re paying attention. Now don’t get me wrong. I’m not suggesting that comparable conditions are necessarily going to occur with respect to the United States.

They may, but they may not. China’s economy might well falter, or its political system collapse under its own oppressive and heavy handed and corrupt weight. Nor is it a given that we, in fact, will decline, although it’s very fashionable these days to predict that.

But at least the possibility that a strong China will indeed adopt a much more adversarial position vis-à-vis the United States is something that I think – and be more inclined to finally again indulge it’s sort of Sino-centric pretentions of global order – is something that we certainly can’t not be aware of as a possibility, and something against which to some degree we need to plan and to hedge. This does have – such a thing would have real military possibilities and implications.

China’s leaders insist that their country’s rise should be threatening to no one and that China will never seek hegemony in the way that they accuse of having sought for many years. And I hope that’s true. But it’s hard not to worry about the Japan example.

And it is also hard to forget that in traditional Chinese usage, despite all this talk about how we will never be a hegemonist, in traditional Chinese usage molding a global system around the dominance of a supremely virtuous power isn’t hegemony in the first place. That’s simply the meaning of the term as they have used for thousands of years. Hegemony, after all, is what selfish states do when they have power but lack real virtue.

It would not be hegemonic, as the Chinese use the term, for a benevolent giant with a superior civilization to insist upon the status deference and global agenda-setting role that it simply deserves as the natural order of things. That’s not hegemony. Hegemony is bad. This isn’t bad.

So on the off-chance that we ourselves in the United States might not perhaps recognize the behavior of a future truly strong China as indeed being benevolently non-hegemonic, our strategic interests, I would suggest, require us to contemplate a posture that would be useful in the face of such eventualities if, God forbid, they occur. Let me suggest two main points and lessons in this respect before I shut up.

First, we shouldn’t let any remaining disarmament enthusiasm lead us down a path that would leave our own nuclear deterrent inadequate in the face of unwelcome future eventualities, either because we have reduced our numbers to the point where we’ve become vulnerable to or indeed perhaps encouraged a Chinese sprint to parity; or perhaps because we have through inattention or stinginess permitted our infrastructure to decay – our systems to become outdated relative to the threats that we face. Somewhat to my surprise, and no doubt somewhat grudgingly, the Obama administration has indeed proven willing at least to begin the process of modernizing U.S. nuclear delivery systems. But even if our numbers are to be reduced at all further – and actually especially then I should say – this process of modernization must continue and must receive vigorous and continued support. Promises made during the New START ratification process of a serious modernization funding
for our nuclear infrastructure must be kept. Neither the White House nor the Congress can be permitted to drop that ball, though there are some signs that both will.

Nor, I think can we permit political squeamishness to dissuade us from ensuring that our nuclear warheads incorporate state of the art security, safety and reliability features and are capable of no more catastrophically destructive effects than their anticipated potential missions require. Having such devices will frankly do more for our security and for nuclear safety around the world than any amount of diplomatically pleasing fidelity to politically correct ideas of taboos against new designs.

And we must resist also the temptation to try to salvage the ill-judged and ill-fated reset of relations with Russia by restricting development of strategic defenses. Missile defense is not a panacea, to be sure, for strategic challenges. But, it is an indispensable part of the strategic mix, I believe, providing some crisis stability insurance against limited accidental launches or false alarms in great power relations, and providing a very great deal of significant security benefit with regard to proliferators.

So that’s the hawkish side of the responsive agenda here, but I think there’s an engagement side too, and let me outline that quickly as I close. We should, I think, also, in addition to taking all of those fairly robust hedging steps – we should also be uncharacteristic in our pursuit of the kind of arms control engagement that could reduce the need for more hawkish hedging postures by helping to eliminate the worries and uncertainties presented by Beijing’s ongoing buildup. It doesn’t look like there’s much of a future right now for China’s inclusion in numerical arms control, and I certainly wouldn’t suggest it. But I think we can do more to broaden our arms control focus to include Beijing in transparency and confidence-building relationships.

Beijing has so far resisted that sort of thing on the assumption that what we mean by transparency and confidence-building means tell us where all your warheads and missile are and how we can target them. But true CBMs don’t have to be so crude and don’t have to produce those kinds of vulnerabilities. I think there’s a rich vein of practices, as I’ve said elsewhere, that we can turn to in the history of U.S. strategic relations with Russia and the Soviet Union with respect to things like information sharing, interactions on doctrinal and conceptual matters, technical inspection visits, approaches to crisis management, strategic communications and that kind of thing. There is probably a lot that we could do that would help a great deal in this relationship that has nothing to do with just re-indulging in “try again harder” approaches of Cold War style arms control.

So pondering the possibility of a strong China with a potential taste for a Sino-centric world order suggests to me the need for what I call a hedge and engage approach to strategic policy that would, I think on both counts, represent a salutary departure from current Obama administration policy. To my eye, the current administration is both too wobbly on modernization and too fixated on a stale, try again harder, play it again Sam, arms control agenda with Russia to get the mix right with respect to our strategic policy and China. I think we need more emphatic and more robust hedging, and we also need to be more focused and more effectively focused on transparency and confidence-building engagement with Beijing.
Let’s hope we can get those things from somebody, at any rate. I look forward to our discussion, thank you, and I will turn the floor over to Bruce.

(Applause).

MR. BRUCE KLINGER: Well thank you very much. When Peter invited me to speak again I was a bit surprised in that he had me paired again with Chris. I think this is the third year of our dog and pony show. I was a bit surprised because it’s obvious that in the intervening year neither Chris nor I have solved Iran or North Korea. But he was gracious enough to ask us back.

Now Chris jumped out of the box by talking about China instead of Iran. I’m, instead, going to resume plodding the well-trodden path of North Korean intransigence and lack of progress. And really for North Korea watchers, 2011 was a non-year. Virtually nothing happened.

We did have some excitement at the end of the year when Kim Jong-il died, and we’ve had some events in the last couple of months that I can talk about. But to kind of give a sense of this “Play It Again Sam” or whatever analogy you want to use, of dealing with North Korea, let me quote from my last year’s remarks, when I said – and again, this was a year ago – “I was here a year ago,” and that would be 2010, “talking about the North Korean nuclear problem and we haven’t made any progress in the last year. And as I think I’ll make depressingly clear in my talk, we’re not very likely to make progress in the next year.”

So for those of us who work North Korea, we feel like we’re living in the Bill Murray movie “Groundhog Day,” where every day we wake up and it’s the same thing over and over. Then, I had said, if you boiled down my remarks from last year, it’s going to be North Korea is unwilling to change. The U.S. administration right now feels little pressure to change its current policy towards North Korea.

South Korea felt little inclination to change its principled policy towards the North. And China was unwilling to help make North Korea change. So that’s where we are, and that’s again why we’re living in “Groundhog Day.”

And then I concluded with, “I think we’re stuck in neutral and I’ll probably be here next May giving probably the same speech.” Well, it’s June instead of May. But other than that, I think it was pretty prescient because you can never really lower your expectations enough when dealing with North Korea.

(Laughter).

Now Peter and all of you would be pretty disappointed if I simply said, go back, read my transcript from last year, and sat down. So instead let me point out at least a few new events that did occur in the past several months, although none of them brought about the hoped for change. And then I’ll look a bit at how 2012 will play out.

So event number one was the death of Kim Jong-il and the ascension of Kim Jong-eun to the throne of power, or what I refer to as passing the baton from Dr. Evil to Mini Me. So right now, if we
look at the North Korean leadership, the succession appears to be on track. Kim Jong-eun has acquired all the necessary titled of power. He’s acquired the titles of his father or sort of adapted versions of them. And in a uniquely North Korean twist, Kim Il-sung and Kim Jong-il have retained their titles, despite the inconvenience of death, making North Korea the world’s first necropracy (sp), which is defined as a nation ruled by dead people, because Kim Il-sung is still the eternal president and Kim Jong-il is still the eternal chairman of the national defense commission.

(Laughter).

But right now we have no evidence of resistance from leadership elites, even though there had been some expectations of perhaps turmoil with this young 20 year old untested leader. And also right now there is little likelihood of a popular uprising, an Arab Spring, Jasmine Revolution or a Kimchi revolution, if you will. Right now we don’t really see the possibility for that, although there is an increasing amount of information that is getting into and out of North Korea. There’s a growing number of cell phones, although very few of them can actually contact the outside world. But right now, we don’t see it as a possible catalyst for popular uprising from below, although perhaps sometime in the future.

Now that said, even though things seem to be stable, a sudden leadership change remains a very real possibility in North Korea because, as you know, given the opaqueness of North Korea, the factors leading to an overthrow or collapse could be present even now. We could wake up tomorrow to find out there’s been a sudden change in government. Someone has given Kim Jong-eun a 9 millimeter headache, or something else.

And I think even in the intelligence community they will have great trouble predicting. I served 20 years with the CIA and DIA, and North Korea was always the hardest of hard targets. It’s very difficult to get information.

And if there was a regime collapse, it could lead to a number of very dire scenarios of implosion or explosion, civil war, warring factions. Who’s got control of the nukes? Or a new leader trying to assert himself or divert attention from the leadership turmoil, could be tempted to do something – an outward explosion, either at sort of a tactical level, a military provocation, or God forbid, another war.

But even if we have a stable North Korea, as it looks like the case right now, a stable North Korea can act in destabilizing ways. And we may have a new leader, but he’s pursuing the very same dangerous policies of his predecessors. And indeed, Kim Jong-eun may feel compelled or forced by those around him to go even further than his predecessors in seeking to influence Seoul and Washington.

And we’ve seen that with the missile launch in April. The provocations in 2010, was that all driven by a need for Kim Jong-eun to earn his bones, to show his assertiveness, to prove his mettle as a leader? We don’t know.
But one of the problems is that Kim Jong-eun is more likely to miscalculate than Kim Jong-il. And he may stumble across a red line that his father would have known to stop short of. And he may be unaware that South Korea is far more likely to respond militarily to the next provocation or the next attack than they would have in the past. And right now allied policymaking and crisis management is constrained by the fact that we know even less about the North Korean leadership now, and its decision-making process, than we did before. And we’re less certain about how North Korea will behave and we’re less able to predict North Korea’s actions.

The second event of interest was the Leap Day agreement, or the bumpy road back to engagement. Now during last year’s talk I discussed how the Obama administration came into office with euphoric expectations -- not only by itself but many outside experts – that by not being George Bush, by being will to offer an extended hand of dialogue, that it was going to solve not only North Korea but Iran and China and some of Chris Ford’s other problems that he faces in the world.

But once North Korea did a series of provocations in 2009: a nuclear test, a missile test, threatening war, threatening even civilian airliners flying into Inchon airport in South Korea, the Obama administration reversed its policy and adopted a much firmer and more hard-line stance. In essence, it implemented the very policy it had criticized for so long. And the Obama administration then vowed it would maintain pressure on North Korea until the regime implemented its denuclearization pledges. So we really had two years of non-engagement, following this initial offer of an extended hand of dialogue.

And U.S. officials repeatedly emphasized that merely returning to the Six Party Talks was insufficient for Washington to remove its sanctions. Yet by the end of 2011, after as I said a nearly two year hiatus, the Obama administration agreed to resume dialogue with Pyongyang. And there had been a sense that they were increasingly uncomfortable with a total lack of contact with North Korea; and a sense that a lack of dialogue would lead North Korea to adopt another or implement another provocation.

There had been a study done where it laid out the dates that the U.S. and North Korea had actually engaged in dialogue. It also then overlay the dates of North Korean provocations, found out the two didn’t match, and therefore assumed a causal relationship. And not only a causal relationship that, but also in reverse of if the U.S. were to engage with dialogue, then it would prevent North Korea from doing a provocation. Most of the rest of us thought it’s a non-causal relationship. And I think if you even laid out the days that the Washington Redskins actually won a game, and the days that North Korea did provocations, that if they also don’t match up – but again, there’s not a causal relationship.

So the U.S. acquiescence to re-engage with North Korea was based on that premise, that we could sort of trick North Korea into not engaging in provocative behavior if we simply sat at the table with them for a few days. So the bilateral meetings with U.S. and North Korean negotiators began in July. Then we had, a couple of months later, another meeting that eventually lead to the Leap Day agreement on February 29th of this year.

The Obama administration correctly downplayed the significance of the agreement. And they emphasized that it simply enabled additional bilateral meetings, and that during those meetings they’d
fight over the agenda for a possible resumption of the multilateral Six Party Talks. And again they emphasized, to their credit, that even a resumption of the Six Party Talks was not success in itself, but it was really the diplomatic equivalent of returning two weary boxers to round two of a 15 round bout.

But even this limited engagement, this limited agreement, was unsustainable after Pyongyang announced after only two weeks after the agreement, that they would launch another long-range missile, which they eventually did in mid-April. And despite Pyongyang’s attempts to portray this as a peaceful civilian satellite launch, regardless of that, it was a clear violation of the UN resolutions which precluded any ballistic missile activity or any launch using ballistic missile technology. So with this Leap Day agreement, even though the administration had as I said rightly not overplayed it, the administration was also – again, I believe rightly – criticized for not learning the lessons of the past when negotiating with North Korea.

They accepted oral assurances instead of putting it in writing. And they also accepted a vaguely worded text rather than insisting on very specific contract-like or arms control treaty-like language. And actually it wasn’t even an agreement, it was really just parallel press statements.

So the administration then scrambled to defend itself, but it was really a losing cause since the negotiators were pretty much universally derided for their naivete and having the accord so quickly and blatantly blow up in their face. And the launch not only pulled the plug on the bilateral U.S.-North Korea agreement, but also made any return to negotiations, particularly during an election year, extremely unlikely. And because these diplomatic efforts to address the North Korean nuclear missile issues are not on the horizon, Pyongyang will continue expanding and refining those threats to the United States and its allies.

Now all of this is taking place in a broader context of a new focus or a refocus on Asia, the much vaunted Asia pivot, or now it’s being called a rebalancing. So I think overall, though, it’s a good strategy. There should be a stronger focus on Asia. And it is a multifaceted and comprehensive strategy using all the instruments of national power: diplomatic, information, military and economic.

But the problem is there’s less than meets the eye to the strategy. First we have to dispense with the political slogans of the U.S. is back in Asia. The reality, of course, is we never left.

And it’s not a new grand strategy. Much of it is a continuation from previous administrations. And even the new Air-Sea-Battle strategy really is more evolutionary rather than revolutionary. And of course the economic aspects of the Asia pivot, the KORUS FTA, the U.S.-South Korea Free Trade Agreement and the upcoming TPP Treaty, those are also inherited from the Bush administration.

And on the security component of the Asia component, it’s heavy on rhetoric and light on follow through. President Obama and Secretary of Defense Panetta have said that there will not be a penny cut from the Asia defense budget, that we will not only maintain but indeed we will strengthen and augment our forces there. But really there’s no pivot. There’s no rebalancing. The forces being drawn down from Europe and Afghanistan, they’re not moving to the Pacific. So it’s a case of robbing Peter to not pay Paul.
And then when you look in terms of also the overall Defense department cuts, it really raises the question, not only in the minds of people in Washington but certainly in the capitols of our allies, on whether the U.S. will be able to deliver on these much vaunted promises of the Asia pivot. And the adjustments to the overall defense spending levels certainly are going to have an impact on the security in the Pacific. And deterrence is only plausible if we have sufficient resources forthcoming to maintain our commitments in the face of growing challenges, not only from North Korea but also from China.

So despite the perception of a bloated defense budget, the military has already been cut significantly. There have been a number of major weapons programs that have been deferred or cut, and now we have the $486 billion of the current cuts. And then this huge approaching train wreck of sequestration, which both the executive branch and legislative branch just seem to be largely ignoring, assuming it will be solved somehow in a lame duck Congress after the election.

So if we look at the defense budget, then-Secretary of Defense Gates said when it comes to our military modernization accounts the proverbial low-hanging fruit, those weapons and other programs considered most questionable, have not only been plucked, they've been stomped on and crushed. What remains are much needed capabilities. So although with the Asia pivot the forces in the Pacific appear protected, the cuts in the overall defense budget will certainly impact the Pacific in two ways. Because by reducing the overall forces, it reduces the pot of forces that if you have a crisis in the Pacific, that commander of U.S. Forces Pacific would need to rely upon – you need to flow forces from outside the theater to deal with an overall crisis in the Pacific.

And then also in reverse, if you think of a crisis occurring in Europe, in Afghanistan, with Iran, etcetera, we’ll need to augment the forces and you do that two ways. You grow new forces, which are costly and take much time. Or, you look around and lo and behold there you have a very large nice basket of forces in the Pacific which you would end up drawing from.

So politicians can talk about doing more with less, and the rhetoric right now is we’ll have a smaller, more flexible, smarter force. But really, a smaller military is a smaller military. And to turn back to North Korea, in conclusion, engaging North Korea didn’t provide the expected panacea for resolving the nuclear problem.

And simply ignoring North Korea is also problematic. And it allows North Korea to continue to expand and refine its nuclear and missile delivery capabilities. And perhaps even more troubling right now is the administration seems to have no plan B.

Additional provocations, either a nuclear test or perhaps another military clash, are widely expected by most experts this year because as we all know, North Korea doesn’t like to be ignored. And as was mentioned before, South Korea will respond more strongly this time, particularly if they replay the same scenario in the West Sea. And that itself could lead to further escalation, and no one knows where it would stop. And as a senior general in Korea mentioned, when you respond to North Korea you have to be prepared to go all in, meaning even a tactical response, you have to be prepared for all-out war on the peninsula.
So right now the U.S. is no closer to getting North Korea to abandoning its weapons, moderating its provocative behavior, obeying international law or improving its abysmal human rights practices, than we were three or four years ago. So let me just conclude as I did at last year’s talk. To again quote myself, “I think we’re stuck in neutral and I’ll probably be here next May giving probably the same speech.”

Thank you very much.

(Applause).

MR. HUESSY: Gentlemen, let me ask the first question, if I might? And it has to do with the extent to which China and North Korea are helping Iran with both its ballistic missile program and, as a U.S. attorney for the city of New York said, the Chinese have been helping the Iranians with its nuclear program – not nuclear power, but nuclear weapons – and the extent to which there is a third party here which both China and North Korea have been helping, and that is Venezuela? There are reports that Venezuela’s cooperation with Iran includes, according to a number of German sources, the building of missile sites in Venezuela, which just coincidentally the Shahab III could reach downtown Miami from Caracas. Could each of you address that issue?

MR. KLINGNER: Why don’t I start with North Korea and Iran. We know there’s been a long history of inter-relations between Pyongyang and Tehran on missiles. North Korea has been selling missiles to Iran for decades. And it’s also very strongly suspected or known that there’s a nuclear relationship. The details, probably even in the classified world, are pretty sparse and difficult to get details on.

But there’s sort of this rogue’s gallery of Iran, North Korea, Pakistan, the A.Q. Khan network, Myanmar, (Burma), perhaps Venezuela, inter-relating with each other, exchanging secrets. And A.Q. Khan has sort of been held up as he’s a rogue nuclear scientist and he had nothing to do with Pakistan officially. I don’t believe that. I think certainly Pakistan was involved. Former Prime Minister Bhutto even said she brought blueprints for nuclear weapons or nuclear programs into North Korea in --

MR. FORD: Her first visit was in ’93.

MR. KLINGNER: -- ’93.

MR. FORD: Before the agreed framework.

MR. KLINGNER: Right. So I clearly think there’s a relationship. We don’t know the details. And also, Chinese warhead designs were passed by A.Q. Khan to any number of the rogues. So obviously there’s a relationship. North Korea is pursuing both plutonium and uranium. I think they’re getting technical assistance, perhaps componentry, from Iran, from Pakistan. I don’t think there’s a direct China-North Korea link, but it’s very likely that there’s equipment or technology or knowledge from China that is in North Korea but was likely delivered via either Pakistan or Iran.
MR. FORD: Yeah, I don’t have too much to add to that. I’m years out of having any actual knowledge on these types of things, particularly with regard to any direct China connections to all this sort of thing. My very impressionistic and data-free speculation is that if there is any such connection Beijing is much more circumspect about it than they used to be.

In the first term of the Bush administration we had all kinds of problems with them, and indeed felt ourselves very free to engage in proliferation sanctions moves against Chinese entities for transfers of this very sort. I don’t know the extent to which that’s happening now. There have been stories here and there.

I would be surprised if it were as pervasive as before, but it’s certainly possible that it continues to some degree. I don’t, frankly, know. To the extent that it does continue there will, of course, be significant debates in our policy community about what it actually means.

Back when we were engaged in 24/7 debates over proliferation sanctions, a decade ago, the question was always to what extent is this in fact a sort of rogue company in a sort of economically reforming Chinese semi-capitalist wild West, who simply saw an opportunity for profits and decided to go out and do what the profits made seem expeditious? Was that, in fact, Chinese government policy in some sense? And we argued ourselves blue in the face over those issues inside the State department, and I’m sure elsewhere in the executive branch, without any clear consensus I think being reached.

The arguments were fairly straightforward. It’s certainly possible that these things are “oops” moments from the perspective of Chinese policy. Some of us were always struck, however, by the fact that China never seemed to have “oops” moments with say South Korean missile programs or Taiwanese or Indian nuclear efforts or that sort of thing. The “oops” always seemed to occur with respect to folks whose developmental programs would complicate U.S. grand strategy, rather than Chinese.

That may not be entirely coincidental, but that’s only an inference and a speculation. I can’t say what’s happening. The world is a complicated place and people can be very ruthless sometimes, so we should be very cautious.

MR. STEVE AMVIL (ph): Steve Amvil from SVA (ph). Chris, you commented that as we think about recapitalization of our strategic forces, that we ought to be thinking hard about their capabilities and what we really might need to be able to do with them as opposed to replicating the blueprint that we’re kind of familiar with from the Cold War. Was that actually your intent, first of all? And then second of all, when you think about China – and there’s speculation about the 3,000 miles of tunnels and everything – is that something we should be thinking about as we engage in what the capabilities ought to be as opposed to what they are today?

MR. FORD: The short answer is yes and yes. I think that’s a crisper way of putting it than I chose to phrase things in my remarks, but I think that’s accurate. I’m not in a position to tell you exactly what I think that means, but I think those are precisely among the very important questions we need to be studying.
It is not a given, I think, especially if we’re talking about recapitalization that is likely to be the backbone of our deterrent for half a century or more; that we need to be thinking about what the – we need to be cautious not to just assume that a legacy structure based upon our needs circa 1983 will in fact be the right answer for us circa 2060, or something. You can argue about how much one should change, but I think it’s very hard to suggest that the best mix is simply to have fewer of what we have now, which is itself just a lot fewer of the same types of things that we built based upon our strategic needs in a very, very different context, that at that point will be creeping up on a century earlier.

That passes credulity. How willing and able we are going to be to be able to address that issue of tailoring is an open question. But I think if we’re not thinking about it really hard we are guilty of some kind of strategic planner malpractice.

Richard, I think you had a question in the back?

MR. RICHARD WEISS: I wanted to ask both of you about the intersection of – (off mic).

MR. KLINGNER: There’s a fairly widespread perception that the relationship between China and North Korea is, to use oft used phrase, as close as lips and teeth. Actually, I disagree with that. I think China has far less influence with North Korea than many people think, and is also very unwilling to use what little influence it has.

I was at a long meeting yesterday with a whole bunch of Asia watchers and we were talking about Chinese successes or failures in influencing or constraining North Korean behavior. And to me is seems like we have a different metric. Some were saying that right now since there’s not a North Korean nuclear test this year, that shows China is successfully constraining North Korean behavior.

And I sort of turn it around and say, can we just say a North Korean non-event equals Chinese success? They didn’t invade during the Kwangju incident. They didn’t invade then. Does that mean China was successful?

Well if so, then of course we have to turn the tables and say any North Korean event is a disastrous Chinese failure, not only the nuke and missile tests of the last couple of years but the 1983 and ’87 terrorist attacks, etcetera. But people seem to be uncomfortable with applying that same metric for failure as for success.

What we’ve seen with China is a prioritization for stability, for a lower level of crisis than they fear would occur if they were to turn the screws on North Korea. And if you think of it, North Korea is like the troubled teenager with an affinity for hand guns with a long history of getting in trouble in the neighborhood and school. China is the beleaguered father, and the U.S. is the policeman who comes knocking on the door and says, your son is in trouble again, go in and spank him.

And China says, I live with the kid. I don’t know what he’s going to do to me at night.

(Laughter).
And I think you can be a lot more flexible in applying these so-called laws that you have, you who live so far away from the neighborhood. I think you need to provide social programs so my son no longer acts in such a troubled manner. And that’s sort of the Chinese priority.

They don’t want a crisis. And if they squeeze North Korea – and people say, well of course they have a lot of influence. They can turn off the spigot of food and fuel.

Well, that’s the Samson option. That’s bringing the temple down upon yourself and creating the very crisis that Beijing doesn’t want. So it’s sort of this very, you know, soft China policy.

We had some expectations that they were taking a few steps down the path of doing good things after the 2006 and ‘09 nuke and missile tests when they were so angry. And yet, in 2010 when there were the two attacks, or the two acts of war on South Korea, China turned a blind eye. They said yes, we condemn the act of sinking a ship, but we don’t want to name the actor who did it.

And even just this year we’ve seen that when the U.S. came in with 30 new entities they wanted to put on the sanctions list after the missile test, China would only allow three. So China has been more a part of the problem than the solution, and certainly they’re a speed bump if not a brick wall in solving North Korea.

MR. FORD: I don’t have too much to add except I think from a Chinese perspective – yes, I think there are enormous frustrations in Beijing with North Korean behavior. But you need to put this in context. And I think from China’s perspective the situation ain’t terribly broke compared to the all too imaginable alternatives.

I mean yes, I’m sure they’d prefer that things be different. They’d prefer that the North Koreans be more restrained. If only they could say, oh gosh, he was always so quiet, he kept to himself.

But you’ve got to evaluate where they are compared to where they fear that they may be. And in the bigger picture the situation there is not so broke that it deserves breaking any further crockery to fix. Beijing may not be terribly happy with the current situation, but I think compared to the very likely alternatives from their perspective, this is an easy situation to want to simply bubble or simmer its way along within a degree of containment for the indefinite future.

They prefer it not to be a nuclear weapon state, probably. They’d certainly prefer that it not periodically risk conflict on the peninsula. But compared to the potential downsides of actually putting the kind of pressure on North Korea that would potentially resolve the situation, I think from Beijing’s perspective it’s not broke enough to really justify bearing any burden to change things significantly. If they can keep things going along more or less on the same course without blowing up, that is a perfectly good solution from their perspective.

MR. : On China, you talk about China as this eventual vision as a benevolent power. And one of the fears of the rise of China is that we see no evidence of them taking on any of the burdens that we think of as a benevolent global power in terms of protecting the global commons, peacekeepers, global norms of behavior. Do the Chinese have that vision of themselves eventually taking that role, or is that
just not part of their view of (a benevolent power ?)? And then on North Korea, after more than a
decade of talking or ignoring them, what’s the plan B?

MR. FORD: Great question, and I think they aren’t entirely sure. At the moment, I think China is
more unhappy with the current global order than it is convinced of exactly what should replace it. I
suspect there’s some kind of gut-level instinctive affinity for how things would be better or what the
natural state of affairs should be, and it’d be great if we could return to that.

But how it would work in detail and whether or not they would, in fact, be willing to even
contemplate providing the kind of global public goods in the affirmative way that we feel it our
responsibility to try to do, is very much an open question. I think to some degree there’s a conceptual
failure in this Confucian idea of political authority that kind of spontaneously self-organizes around
virtue. It sort of assumes that the virtuous wouldn’t have to do very much, right? As long as you are
virtuous, everything will sort of take care of itself by the natural order of things.

And if the world doesn’t, in fact, end up working that way, I think there’s this sort of gap in how
that mindset approaches the (boat ?). What do you do now? How do you fix it?

There’s an instinct that tends towards chastising those who sort of flout the natural order of
things. But in terms of an ongoing engagement of fixing this problem and that problem and managing
the problems, intentions of the world in a very forward-leaning way, I’m not sure that that mindset
really wraps itself around those challenges very well. So I don’t think China is, at the moment, prepared
even conceptually to offer an alternative to the system of world order that we have so successfully
helped underpin to China’s enormous benefit for so long.

MR. KLINGNER: Hmm, solve North Korea in 50 words or less. You may have discovered I’m a bit
pessimistic and cynical when it comes to North Korea. I think we’re really in for the long haul.

It’s going to be – rather than finding the perfect Rubik’s cube combination of benefits that North
Korea will say, that’s it. Why didn’t you offer that 20 years ago? It’s going to be less a case of that and
more a case of like the Soviet Union. We’re in it for the long haul.

That said, certainly diplomacy hasn’t solved the problem. On the other hand, at times it has
constrained the problem. And so I’m not willing to just throw up my hands and say we should never talk
to North Korea for the next 50 years.

So I think a three track policy of a combination of conditional diplomacy: reciprocity,
transparency, conditionality; in conjunction with punitive measures, has the best chance of success,
though I’m still not very optimistic. And then in reserve, you have the third track of sufficient defenses
against a spectrum of threats to make sure that you and your allies are defended.

So if you think in terms of those three tracks, the first on the diplomatic would be cap and cut.
On the second, it would be contain and constrain. And then the third would be defend and degrade
their regime over time. Not a regime change, but through trying to get information in and out of North
Korea, increased public diplomacy, all that.
So going back to my analogy of the troubled teenager living next door, if I were the neighbor I’d still try to reach out to the troubled teenager. I’ll ensure that there’s punishment when he misbehaves. And I’m also going to invest in a nice fence and a shotgun in the closet.

MR. FORD: If I could just put a quick footnote, I agree completely on that. And I think we need to also be very careful lest we just continue to swallow the instinctive conventional wisdom that if only somehow we tried a little harder or had the right – you know, we haven’t quite tweaked the recipe yet, but denuclearization of North Korea really is feasible if only we had the right package. I’m not sure that’s true. There are all kinds of signs that they are not remotely interested in giving up these tools.

And, in fact, I think I just saw within the last couple of weeks that they’ve put nuclear weapons into their constitution. Is that right? So plan B needs to focus on something other than getting the recipe right, because they’re giving us every reason to believe that there is no recipe. And we need to adapt to dealing with some combination of damage mitigation and deterrence and coercive pressures and regime degradation that will manage that situation, rather than just pretending that we’re going to be in the “Groundhog Day” diplomatic negotiating loop over denuclearization forever, because it would be forever.

MR. HUESSY: Thank you very much.

(Applause).

I want to make one note. On Tuesday, Ilan Berman, who is – I’m a senior fellow at the American Foreign Policy Council. And Ilan has just come back from a fairly extensive trip through South America where he was looking for the Iranian and Hezbollah connections. And I’ve written a piece for the Jewish Policy Center, which should be on their web site, on exactly the connections between Hezbollah, Venezuela, FARC and Iran and what these folks are up to in Central and South America.

If you once in a while go over and talk to the FBI and Immigration, the penetration of our hemisphere by Hezbollah is enormous. The money is enormous. The Iranians. And there is a Chinese connection. There’s a North Korean connection. There’s a Syrian connection. And it is basically, in my view, a strategy of not just having the ability to hit us over there, but being able to strike us closer here at home, or at least having the threat. And that threat is a deterrent to us taking action against Iran, whatever that may be.

And Ilan will be talking about that issue, which is a little bit of a switch from his previous talks on Iran. He wanted to make it that this is a global issue. And that is our Tuesday breakfast.

And then Jim Miller and then Jeff Sessions. And Friday, I can’t remember. We have a fourth one on Friday of next week. So please let us know.

I want to thank you all for being here. I want to thank Professor Curtis for coming all the way from the Naval Academy to be with us today. I want to thank our sponsors.
And Bruce and Chris, those were extraordinary remarks. We’ll have them transcribed and get them to you. They were really extraordinary and very useful. I want to give you all a warm thank you from those of us here today.

(Applause).