

China 2025: Keynote III: The U.S. and China in 2025

Speaker: Kurt M. Campbell, Assistant Secretary Of State For East Asian And Pacific Affairs

President: Randy Schriver, President And CEO, Project 2049 Institute

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RANDALL SCHRIVER: Okay. If I could have your attention now for our closing keynote address, and since this is our last event of a fairly long day but hopefully an interesting and productive and fruitful day let me also take a moment just to thank all the folks involved. The two people who really worked tirelessly day and night, and I mean that literally for at least the last few days -- Jaeah Lee and Tiffany Ma of CFR and Project 2049 did a tremendous job putting this together and let's give them a hand. (Applause.)

Many other folks were involved in this, of course, from both the Council on Foreign Relations and Project 2049. Jessica Fleuti, Emily McLeod, Maureen Hughes, Melinda Brouwer from CFR, and from Project 2049, Kolby Hanson, Prashanth Parameswaran who has a last name I can never pronounce even though he works for me, and Anne An who are -- also contributed a great deal to this event. And I also wish to announce that cfr.org is transcribing this whole event and therefore transcripts will be available on CFR's website and Project 2049's website.

So with that, let me take the honor of introducing our last speaker who is a colleague, friend, mentor of mine personally so I take personal pleasure in making this introduction of Dr. Kurt Campbell. I think he's well known to this group and obviously you have his bio so I won't spend a lot of time on his background. But I would note he was sworn as Assistant Secretary for East Asia and Pacific this June and he has returned to government service, having served in -- previously at the Department of Defense also with responsibilities for the Asia Pacific during the Clinton administration. And Kurt is the driving force behind Asia policy in this administration, and I got to say even though I represented the previous regime and hopefully a future Republican regime, as Mao Tse-tung said, Kurt -- with you in charge I am at ease. (Laughter.)

So we're delighted, Kurt, that you've joined us to close this event and having also just returned from China to lay the groundwork for President Obama's upcoming visit to China, his first as president, this is also very timely for us. So thank you for giving us that privilege

Ladies and gentlemen, Kurt Campbell.

CAMPBELL: Thank you. (Applause.)

Thank you very much and it's really an honor and a pleasure to be here and let me just congratulate the Council on these wonderful new digs. I want to say a couple of words of thanks in particular, first of all, to my friend, Liz Economy, who runs one of the most innovative and interesting programs on China at the Council -- just terrific. And I'm one of those people who, you know, have been on the out a long time. I know what it's like, and so the truth is the work that's been done and that's going on in Track II in the think tanks is actually extraordinary important.

So people stop themselves every day, give themselves a chance to read up. In fact, it really helps inform our work. Also to her boss, Richard Haass. One of the things that you hear often in Asia is that there are no great strategic thinkers left in the United States or at least there's no new generation after the Kissingers and others. And the truth is if we're honest with ourselves Richard Haass belongs firmly in that group of ascending people that will play an important role in thinking about the American role in the world over the course of the next generation.

And finally, to my friend Randy Schriver, I must tell you quickly before I get started, something that I think -- advice that should always be taken. He worked with me in the Pentagon for about five years. During that period -- a very treacherous challenging period on a variety of levels -- Randy never made one mistake -- not one -- in terms of how to think about managing cross-trade issues, China relations.

And I remember once we were getting ready for a -- Senate testimony and he asked me a question about, you know, would the United States continue -- you know, consider doing this in this circumstances, and I started to answer the question and Randy interrupted me -- and he says, never ever answer hypotheticals, ever, particularly when you're in government. So I'm -- when I got this invitation I'm thinking, you know, think about China 15 years hence -- like this is like the mother of all hypotheticals. So -- (laughter) -- on the record here I am. So anyway, it's great advice for Randy. I'll try not to violate it. But when Randy invited me I was honored to come and grateful.

I'm going to offer some initial sort of way to think about this, hopefully give us a little bit of humility as we go forward and then I'd be happy and pleased to take any questions from the floor as we go on.

The first is, as we look forward 15 years, it might make sense to look back a little bit in terms of particularly issues that we might describe as hegemonic prophecies, right -- how we think about the rise and falls of nations. And in truth, if we just focus on the Asia Pacific region beginning in the mid-1980s, just 20, 25 years ago, you will note how often we've gotten it wrong compared to how we've gotten it right.

In 1986, then-Soviet Premier Gorbachev traveled to the East and gave a talk in Vladivostok about the rise of Soviet power in Asia in 1986 -- very famous speech -- caused a lot of commotion Asia Pacific region -- you know, this new innovative Soviet leader -- it's going to put the United States on the defensive -- major challenges -- big new world ahead of us. Well, you know, in retrospect even a couple years later, it did look laughable. But obviously, you know, at the time it was thought of ushering a quite new era.

Several years later -- five or six years later -- a couple of columnists wrote a piece that suggested that the Cold War was over and Japan had won -- the idea that Japan would inevitably turn its considerable economic and commercial power to military power and that we would be at odds with one another in the 1980s. And the idea -- I think several of us have a book collecting dust on our shelves called "The Coming Conflict with Japan" -- the idea that the United States and Japan were determined to be at odds because of Japan's growing strength in the global environment.

That, I think, was followed by a period in which there was a belief that the United States was in the midst of a precipitous decline. You all recall the rise and fall of great nations -- the notion that the United States had misspent a huge amount of its resources on the Cold War and had not focused enough on Asia and other pursuits and now we were paying the price. And so there was a sense for a period of time that the United States really was in the midst of a pretty dramatic decline. And if you actually look back at some of the thinking animating the transition between the -- President Bush 41 and President Clinton -- what's striking is how much of that focus was on how to sort of secure elements of eroding American power.

Now, clearly, very wrong, and in fact, if you look back over the period of the last 40 or 50 years much spent ink on the concept of the decline of the United States. Almost all of that has been wrong and based on wrong assessments of facts on the ground. And then more recently we've lived through a period in which there are growing beliefs that either China or India both or some combination will come to dominate global politics over the course of the next 20 or 30 years.

Now, the truth is that the role of the United States in many respects has been over the course of the last 20 or 30 years is to actually create an environment in which states can grow and prosper. In fact, when we talk to Chinese friends one of the things that we underscore is that the -- one of the reasons that China's last 30 years have been better than almost any other 30 years in China's history has at least in some level been due to the fact that the United States has provided a very safe and secure arena in the Asia Pacific region through our system of alliances, our forward-deployed assets, and our commitment to the maintenance of peace and stability.

And the other thing, of course, has been a commitment to an open and free trading system and a generally open American market which has been the primary destination of goods not only coming from China but many countries in the Asia Pacific region. So I think the first point I would make about issues about predicting into the future is how difficult this prospect is and that anything that we undertake in terms of thinking about the future we should do it with great humility and recognize that in many respects we've gotten it wrong much more often than we've gotten it right in the past.

As I think about -- Randy asked me to think about the next 15 years and about what the Asia Pacific region is likely to look like and what's going to be important to us. As a start, I think the most important things to focus on really are going to be issues associated with things that are completely an American purview that are associated with what America can do in the global environment. I think there has been, over the course of the last several years, in private conversation -- maybe not directly sometimes with American friends --but privately a sense that the United States has been somewhat preoccupied during a period of enormous consequence.

Now, obviously 9/11 is extremely important to the United States. We're engaged deeply in important endeavors in both Iraq and Afghanistan. But for many in Asia the belief is that really the -- sort of the, you know, the grind -- the tool of history is playing out in the Asia Pacific region and that the United States should be more focused on these fundamental issues, and I think there is some truth in that. And one of the things that we've tried to underscore over the course of the last several months is that it is -- you know, the United States has enormously good interesting ideas. We always come to the table with these fantastic new innovations for new formulas and new formats.

But in many respects in Asia one of the most important things you can do is just show up. Just actually coming to the meetings and sitting in the empty chair can send a signal that it's important as almost anything that you want to accomplish. And so one of the things that I've tried to underscore in at least the meetings that I'm in that a generally good attendance record is actually the first step towards a successful Asia Pacific policy and that's some of the things that we're trying to accomplish going forward and looking forward even during the midst of real challenges on the domestic front with health-care legislation, with, you know, big challenges associated with Afghanistan and Iraq that the president is going to go.

He'll go to, you know, to Japan, South Korea, China and Singapore. And so in many respects I think one of the most important things over the course of the next 15 years is just to underscore that although the United States is committed in a fundamental way at least for the short to medium term in South Asia and Afghanistan and Iraq that the United States appreciates that in many respects the 21st century does belong to the Asia Pacific region. And I think one of the things that you see in speeches -- and we all have gone to those speeches in which, you know, the cold chicken and we're listening to the speeches about the Asia Pacific century -- the truth is even now most of our institutions inside the government don't reflect that fundamental truth.

Most of our institutions still have a European bias or other regional focuses and I think one of the challenge of this generation -- future generation of Republican leaders is to transition and to recognize -- see, that was my tip towards bipartisanship there. (Laughter.) See how bipartisan we are? That is a recognition of how important it will be to make sure our institutions, our commitment, and our attention are focused on these new realities of the Asia Pacific region.

The other thing that I think is going to be critical going forward is that over the course of the last 40 years, the United States has built, maintained, and supervised one of the most impressive alliance systems in history. Now, the truth is we spend an enormous amount of time focusing on NATO -- NATO's extremely important -- but not enough time focusing on this intricate complicated sense -- set of alliances that had been formed during the Cold War but many of which have become even more important over the course of the last 15 or 20 years, and for Americans have the wit and wisdom to recognize that this commitment -- this enduring bipartisan commitment -- has served American interests remarkably well and that in addition to the alliance structures that we maintain our forward presence and our commitments -- our military and security commitments -- in the Asia Pacific region.

I think what sometimes is forgotten occasionally in dialogues about economic issues and social issues that in many respects our military commitments are our ticket to the big game, and even though I'm at the Department of the State I try never to forget the fact that it is on this foundation, this commitment -- this stabilizing commitment of the United States that almost everything else is possible and that indeed democratization, commitment to human rights, dialogue on a whole host of issues we are taken seriously -- we are thought to be a critical nation largely because of this commitment, and I expect that that commitment will continue into the future.

What's interesting is in previous elections there had been debates within the United States about, you know, the viability of maintaining a large forward-deployed force -- forces in Asia Pacific region. One of the things that I note among the strategic community is I think in many respects that debate has passed and I think there is large commitments politically to sustain this enormous capability that's been created and sustained over the years.

I think the bigger challenge is that we're coming to -- into an environment where, you know, long difficult trudging wars that require lots of capabilities in other parts of the world. It's challenging to sustain global commitments in that environment but it's something that I think that you're going to see a continued commitment to not just in the administration but one of the things that we hear across the aisle on Capitol Hill and elsewhere is the importance of taking steps to sustain that.

The other thing that I think is going to be critical going forward is that despite all the challenges that we're facing that the United States in some form or manner take steps to sustain an open and free trading system and an economic environment -- financial environment -- in the Asia Pacific region that is coming under enormous strains. Now, some of the strains are focused on the United States but the truth is that this is a set of challenges that we're seeing across the Asia Pacific region.

I think part of that will involve not only steps in the United States but steps in the Asia Pacific as a whole. The truth is that there will be a need for a kind of rebalancing to take place over the course of a period of time in which the United States saves more and in which parts of Asia spend more. Now, how that works out -- how that plays out -- is going to be challenging. It's going to take a lot of time. There will be some structural adjustments. But overall, in this environment the United States needs to continue to play a role to articulate an agenda and a vision of a commitment to a system that rewards prosperity and openness.

The advantages that I see going forward -- again, I was out of government for 10 years -- much changes in that period of time. One of the biggest changes that I have seen is that in the period 10 years ago it was possible to go to many southeast Asian countries, even other places in northeast Asia, in which there was some ambivalence about the American role. Do you really want the Americans involved -- it's difficult, local politics, lots of challenges. One of the things that I'm finding, particularly in southeast Asia, on my visits is a very welcome statement about American involvement going forth, and this extends not just to the countries that you would probably expect -- you know, Philippines and Thailand -- but to Vietnam, to Indonesia -- Indonesia probably the most assertive country asking for a strong American commitment to the region. And I think you're seeing a sense and a commitment from a wider group of nations that there is a welcome role for the United States going forward and I think part of that is a recognition that when the United States is engaged and also has a positive dialogue with China it increases the framework of action, the possibilities for southeast Asian nations going forward.

So the number of willing partners with -- of the United States in the Asia Pacific region, to my great satisfaction, has grown considerably and we see almost across the board a number of countries that desire a close working relationship with the United States going forward. So the last thing, really, that, you know, that we'll have to consider going forward is the nature of our own national will. Will -- you know, when we face enormous challenges elsewhere at home one of the recurring features of American domestic debate is often will the United States continue to have this commitment to forward deploy -- to commit to regions beyond its borders. I think, again here, that the level of support for the Asian commitment has grown rather than diminished over time and I expect that to continue into the future going forward.

Now, the parable -- the hegemonic parable of rising states and how established states deal with rising states is -- for anyone who's worked in international relations theory is a cautionary tale to be sure, and the abiding wisdom is that the only one handled well in history is the one between Great Britain and the United States at the turn of the last century. But a number of recent histories -- detailed histories of correspondence and interaction between senior British and American officials over this 20-year period make clear that despite the fact that, you know, the handover of global power from Whitehall to Washington sort of in retrospect appears relatively sanguine and easy.

The truth is at the time it was deeply challenging, extraordinarily difficult, and there was an enormous amount of tension at various times between the United States and Great Britain. And so one of the things I think anyone involved in trying to craft or comment upon the relationship between the United States and China should recognize that even in the easiest circumstances, this is a very difficult proposition and one that will take years, patience. There will be setbacks. There will be challenges going forth. So how to think about that.

The first, I think, is just to recognize the nature of the difficulty in it and that history is replete with lots of examples of what can go wrong. I actually think that history and the fact that it is well known by both American and Chinese architects assists us.

Many other periods in history there was not as much understanding about this sort of the hegemonic parable and the fact that when I talk with Chinese officials they have studied previous examples as has -- have Americans. And I think the fact that there is a recognition of

what can go wrong I believe that that serves as a buffer and as a recognition of what can be aspired to and also what can be avoid -- or what should be avoided.

I think a second issue that I would suggest is that a recognition that in this environment, as my colleague and dear friend, the Deputy Secretary Jim Steinberg, said, that there will be a need for strategic reassurance on both sides and that in addition to our, you know, kind of dialogues on various issues we're going to need a more comprehensive dialogue between the United States and China on a range of operating issues whereby over the course of the next several years, decades, it is inevitable that China's going to become a more active player in a variety of military fields and as a consequence they're going to rub up more closely against forward-deployed American assets.

There, I think, have been attempts in the past -- I've been involved with them -- Randy, many other people around the room have as well -- at trying to glean and determine and delineate rules of the road that will somehow judge and guide how our two countries will interact. I think those efforts to date have been insufficient and much more needs to be done over the course of the next several years that will increase -- it's really not so much trust and confidence but really understanding between the two sides -- a recognition of where red lines are.

I think it will be important for Chinese friends to learn more about our operating parameters and the same thing for Chinese friends as well. This means that there's probably going to be added pressure on the military-to-military channel to enhance their dialogue, and I am one who believes that that dialogue is critical but I think in addition to just simply a defense dialogue there needs to be a more comprehensive security dialogue that involves not just the men and women in uniform but has a broader context and contour between our two -- between our two organizations and our two societies.

I think, despite the fact that there are going to be areas where we will inherently have challenges, there are a number of reasons for us to recognize that there are prospects for being able to avoid the most dangerous outcomes and in fact prospects for sustaining a workable relationship going forward. One is simply a recognition that this is not a black and white relationship.

There are going to be elements of this relationship that involve very close coordination and there are going to be elements of this relationship that inherently involve tension and some areas of competition. The key is to how to both maximize the former and deal with the latter in such a way that they don't escalate into a competition and other kinds of conflicts that could really not only render enormous problems for United States and China but a larger Asia Pacific region as a whole.

The fact that in many respects our economies are so interconnected at least over the course of the next 10 to 15 years I think will serve as a ballast for this relationship, and indeed one of the things I've seen over the course just, again, being outside of government that there is a ballast in the U.S.-China relationship that I think has protected us from some of the most difficult challenges in terms of whether that is inherent in the relationship going forward.

The other thing is I have sensed -- and again, being out for a long time I am struck at how much deeper the dialogue is on a range of issues and I think there are likely to be areas going forward that the United States and China will be able to work more together on than at odds. For instance, I've seen a level of dialogue -- our interests are in no means identical, for instance, on the Korean Peninsula. But there is a level of coordination and cooperation on the Korean Peninsula that I think can be replicated on a number of issues, and I think a sustained commitment to dialogue on issues like Iran, Afghanistan, and Pakistan, energy security, and even issues farther afield like Darfur have the prospect of greater coordination and cooperation going forward.

Do I recognize the limitations there? Of course I do. But I also have seen just in a short period in the last decade that in many respects some of the discussions that we've had, at least with elements of the Chinese government, are not zero sum, and there's an appreciation that there are areas that we need and we must work together.

So fifth and final point -- what disrupts these sort of, you know, kind of linear discussions about inevitable growth of economies, directions ahead, and what you can expect? I remember when I worked for Larry Summers he was very fond of pointing out a -- and bringing out of his bookshelf a study that was done when he was at the World Bank called "Romania: Model for Development of the Future", pointing out right before the Wall fell that Romania had a GDP growth of about 4 percent, something like that, and this was going to be the -- sort of the wave of the future, right. So -- and so I think, you know, we have to be careful drawing these, you know, inevitable, you know, kind of, you know, linear 9, 8 percent, 11 percent growth United States, you know, whatever, you know, inevitable commitments elsewhere.

I would say the factor that does not receive enough consideration in these discussions about the future of the United States and Asia is one that I must say that my security community has been generally lagging on in terms of their recognition. My own particular view is that the most recent evidence of the rapid pace of climate change suggests that this is going to be not a problem for our grandchildren, not a problem for our children, but a problem for us. I think everything that we've seen suggests that we have much more rapid ice melting, much more, much more rapid change in storm patterns, and that we're going to see major disruptions -- not just kind of disruptions that you can get around with, you know, turning your thermostat down a few degrees but large numbers of people on the move, huge changes in agriculture, major problems sustaining global commitments to trade and to openness if these trends continue.

And so from my own personal view I think that the most important national security challenge that we may face over the course of the next 20 to 30 years may turn out to be climate change, and I don't think that there is enough of a recognition that climate change is not just a humanitarian issue -- it's not simply a -- an issue associated with energy security. It is a national security issue. It will trigger the very kinds of things that we have to respond to on a regular basis.

I recall a couple of months ago in the transition we had a, you know, kind of a dialogue with our good friends in the Navy and they were extremely excited by some aspect of climate change because most -- large parts of the Arctic will melt and so a whole new class of submarines, you know. So we're talking about they'll be able to zip on in the ice and around.

So, I mean, there's really -- there's quite a lot of excitement by that and I -- so after about an hour I said, you know, guys, you know, I think, you know, very interesting obviously -- very interesting stuff -- lots of operational parameters there but you do realize that if you're seeing this amount of melt that, you know, all of Florida, much of the United States will have, you know, you know, under water -- huge environmental catastrophe.

You recognize that. And I remember a very senior admiral said, now, look -- look -- the melting of the ice I think that could happen but all this flooding, that's all completely uncertain -- that hasn't been proved. And so, you know, sort of a one to two . So my simple statement is I do think that some of the challenges that are completely unrelated to military power, the path and pace of democratization, issues associated with, you know, a focus elsewhere on the globe could be completely overwhelmed by the path and pace of global climate change unless it is addressed going forward.

I will say that the last thing, just in terms of how to think about China policy, I'm, again, struck how important it is if you're a official in the U.S. government that is involved in the formulation and execution of American policy in Asia -- it is enormously important that you sustain and are engaged in an incredibly active way in the most forward-looking engagement with your interlocutors in Beijing but it is equally important that you are deeply engaged in a whole host of dialogues outside of China and that you work closely and hard with the new Japanese government -- that you try to sustain trust with South Korea.

I think one of the things that you will have noted going forward that there is an active, very clear commitment on the part of the Obama administration to sustain a much higher level engagement with southeast Asia -- to continue to build on the important work of President Bush and sustaining a strong relationship with Australia -- to try to work more closely with New Zealand, a country that has been sort of out in the cold for many years, and to work with India, an arriving state -- not just in south Asia but in east Asia as well. Those are the factors and features that I think must animate a strong committed Asia policy going forward.

With that, all I would say though is that this is probably the most challenging issue that American policy makers will face over the course of the next 20 or 30 years. And it is one that perhaps doesn't seem as apparent when people are thinking about the specific choices about how many troops go to Afghanistan or Iraq but it is a daily feature in terms of how people sort of conceptualize what American purpose is about over the course of this generation and the next.

SCHRIVER: I'll forego the chair's prerogative of asking questions. Let's go right to the floor, and Kurt, why don't you field them yourself?

QUESTIONER: Richard Weitz, Hudson Institute, also a former colleague of Kurt's. You laid out a very excellent tableaux of what we could do in the region and you talked about the Six-Party Talks. You talked about how you may extend that to deal with Iran, which is probably a good idea given many people worry now that China will be a major barrier if we (could even ?) win over Russia in the Security Council.

What about within northeast Asia itself? There was a lot of talk a few years ago about building on the Six-Party Talks to perhaps extended to deal with other questions related to the six countries involved but that's -- you know, because of the way the talks stalled and we started and stalled again -- we haven't really gotten anywhere -- I wasn't sure if the administration has been thinking about that -- (inaudible).

CAMPBELL: You know, we have. What's interesting about, you know, Europe is a relatively small number of powerful institutions with very deep roots, and I think it would be generally fair to say that Asia has a larger number of institutions with very shallow roots, and a lot of uncertainty about the role and mission of many of these organizations and a search for what will be the defining characteristics of the next organization that will encompass not only sort of the will of the leaders but also allow us to focus on not simply economic issues but political issues and the like.

I think one of the things that -- one of the reasons why the Clinton administration -- excuse me, the Obama administration -- (laughter) -- decided to sign -- Secretary -- (inaudible) -- decided to sign the Treaty of Amity and Cooperation was that for a number of the summit and other efforts that under way signing of that agreement is sort of like the -- you know, the ticket that allows you in. We left our options open. We had -- we've looked at a couple of different perspective -- things in northeast Asia.

But I do think over the course of the next year or two it is going to be incumbent upon the United States to have a vision about what it thinks it can accomplish in a multilateral setting. I would also say that the most focus over the course of the last year has been really on the creation of the G-20, and one has to be careful -- you know, you can't do too much architecture at once because then you, you know, you risk losing sort of focus and losing, you know, kind of agenda-setting capacities. And I think we can be -- I think quite pleased so far with the G-20 on a couple of different arenas -- a couple different areas.

One, in many respects it does reflect a shift in power away -- not away but just the recognition that the new centers of power are in Asia. So the incorporation of India, Indonesia, China, South Korea, Japan, the United States, and others in this forum suggests that it will be a dominant sort of group going forward.

We have a number of efforts that are under way in the Asia Pacific region. Our Japanese friends -- Prime Minister Hatoyama has talked about the east Asian community. Prime Minister Rudd has his concepts -- (inaudible) -- with Ambassador Woolcott. Chinese have talked about theirs, so have the South Koreans.

I think what we tried to do in this environment is to hang back a little bit, focus more on what we thought was the most critical issue which was essentially recovery from the worst financial crisis in our lifetimes -- through institution like the G-20 to step back, to see where some of these other initiatives are heading, see if there are those that we would lend our support to or perhaps think about whether there might be new initiatives going forward. But there is a recognition that there needs to be more than this alphabet soup that is currently in place -- that there needs to be either a further commitment on an existing institution or a new and deeper one on a new one. Yes, in the back?

QUESTIONER: Indira Lakshmanan from Bloomberg News. Hi. I want to ask you specifically about the Six-Party Talks. I know the administration has acknowledged that it would be possible for the U.S. to have a temporary bilateral engagement with North Korea as a way to get back to the six-party process. Where are you on that? And specifically, the readout that you would have gotten from Wen Jiabao after his recent trip -- how has that affected your calculations? Thank you.

CAMPBELL: Thank you very much. That's a good question. First of all, no decision has been taken about any preliminary discussion yet between the United States and North Korea. I had very good sessions with my Chinese interlocutors and we made very clear to them that we had a few things that were essential. One was that the North Koreans would need to make a commitment to the six-party framework and that as part of that we would be prepared to have a bilateral interaction with them within that larger framework. And I think Chinese friends conveyed that and also said that, frankly, going forward it is in North -- North Korea should also entertain similar bilateral interactions with the Japanese and South Koreans as well, and we would support that and we would encourage that.

Second, we really must insist that they abide by the commitments that they signed in 2005 and 2007. My purpose in Beijing was not simply to listen to our Chinese friends give, I think, a very excellent readout in terms of what we think -- we think we heard that Premier Wen believed that Kim Jong-Il was in pretty good health -- he managed the interactions, was engaged very actively -- very reassuring on that level. They passed onto us the North Korean desire for an initial meeting and I think we were very clear, in fact, that we would -- we would be prepared for in the right circumstances at some point some initial interaction that would lead rapidly to a six-party framework.

We also underscored to them that we would continue with our implementation of 1874 and that we would be working closely with our allies about that. I think you know a new mission just arrived in Asia this morning to discuss next steps on the implementation of 1874 and we are finding that many other states in south Asia and elsewhere are taking steps to actually implement, independent of us asking them, certain aspects of both the financial and naval issues associated with 1874. So I think we're still in a mode of thinking about our next steps.

One of the things that I think we've tried to learn and I think hopefully, -- you know, we've been at this for 20 years -- a number of governments and individuals -- is that patience and caution are the order of the day and that's what we're trying to -- that's how we're trying to accomplish this. We also recognize that what's most important is to keep the trust and confidence of our friends and allies in this process -- South Korea, Japan, China, to a lesser extent with Russia -- but so every single move that we make, every -- we make sure that we brief before, during, and after. And so making sure that there is a solidarity in that grouping has been important and it will be a reoccurring feature of our diplomacy going forward.

QUESTIONER: Bruce MacDonald with the Strategic Posture Review Commission. China, for the last few years in particular, has been embarked on a program of strategic force modernization, (a new ?) perhaps submarine-based missiles coming up in the new road-mobile ICBM. In the eyes of some, this is a cause of potential concern, particularly as maybe negotiations with Russia lead to lower U.S.-Russian strategic levels -- the temptation in the Perry Schlesinger report about the possibility of a sprint to parity on the part of China. Others say, no, no, the -- that the

modernization has really just been in part a reaction to U.S. missile defense to make sure that China would have confidence that it would have a deterrent.

Would you be -- could you share with us some of your thoughts about the -- your sense of what China is seeking to accomplish with its strategic modernization? It's been a concern, of course, to some of our allies in the area. Can you share with us your thoughts about what China may be up to and how much we should worry or what steps we maybe should consider taking?

CAMPBELL: Again, it's an excellent question. I will tell you that I think one of the frustrations that the U.S. side has had for several years now -- not simply in this administration -- is that we have had a desire to have a deeper dialogue between American and Chinese friends exactly about the purposes of their force modernization and the direction that that modernization has taken, and I think we would expect in that dialogue not only to listen to China but also explain our own approaches.

I think, as you know, right now we're right in the midst of the nuclear posture review and I think a dialogue along these lines would feature importantly and I think you will see that Secretary Gates and others -- Michele Flournoy at the Pentagon -- will over the course of the next little while make a pitch for a deeper dialogue between our two sides about these issues. I think we have to recognize that as a growing, you know, power China will have military ambitions but I think it is incumbent upon Chinese friends to be much clearer and much more open not just with the United States but with surrounding neighbors, as you suggest, about what their goals and ambitions are.

I would also suggest to you that one of our other challenges, which you did not mention, I think one of the great successes of American strategy in the Asia Pacific region over the course of the last 30 years has been to sustain decisions made by earlier governments to not consider proliferation activities. And so yes, we have enormous challenges in North Korea, which we are committed to try to deal with through close coordination, but there are a number of states in Asia that have the capacity to build nuclear weapons. But through a host and a variety of factors, I would argue principally this -- their strength of commitment coming from the United States to those countries they have chosen not to go in that direction and so it's going to be essential for the United States in an environment where we are committed to aspirational goals like the president has laid out in his Prague speech to in addition make sure that we are very clear about our commitments in the short and medium term in terms of extended deterrence. That's a very hard walk to walk but it's one that we're in the midst of doing right now. Yes, Nadia?

QUESTIONER: Kurt, Nadia Tsao with the Liberty Times in Taiwan.

In your previous trip to Beijing this Taiwan issue ever come up, especially -- (inaudible) -- and when you refer to the red line, you know, when you talk about a strategic reassurance could you give us some example about, you know, what kind of red line for U.S. or China in this, you know, (relationship ?)?

CAMPBELL: Thank you. I think I can touch primarily on the first issue. We, in all of our interactions with Chinese interlocutors, underscore our fundamental commitment to the

preservation of peace of stability across the Taiwan Strait. I think they expect it and we do not fail to miss the opportunity to reaffirm it. We also have made very clear to both sides of the Taiwan Strait that we support a peaceful dialogue and that we encourage that dialogue to take place in an environment of confidence on both sides.

In terms of the areas of potential anxiety between the United States and China, I think if you refer back to Jim Steinberg's piece or his speech at the Center for a New American Security his primary focus was not simply on American and Chinese airplanes and ships and other military assets operating in proximity but also a variety of other issues like nuclear programs, like ballistic missile defense, and that we've reached the point in our relationship that it is essential that we have a deeper and fuller dialogue.

Now, there have been a variety of reasons why that dialogue has been challenging either through stovepiping or, you know, bureaucratic or simply strategic inhibitions. But I think it's not simply enough for either side to, you know, explain why or why not. There really is a deeper and more profound need and that expectation is there not just in the United States and parts of China but in the surrounding region and I would also say friends in Taiwan as well. They want to see the United States more deeply engaged in a proactive dialogue on a range of issues with Chinese friends.

Thank you all very much. (Applause.)

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