

The Ninth Korea-U.S. West Coast Strategic Forum

November 13, 2012
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세종연구소



THE WALTER H. SHORENSTEIN
ASIA-PACIFIC RESEARCH CENTER

EXECUTIVE SUMMARY

The Ninth Korea-U.S. West Coast Strategic Forum was held at the Lotte Hotel in Seoul on November 13, 2012, hosted by the Sejong Institute. The Ninth Forum's three sessions focused on the implications of major leadership changes in the United States, South and North Korea, and China. Established in 2006 by Stanford University's Shorenstein Asia-Pacific Research Center (Shorenstein APARC) and now convening semi-annually alternating between Stanford and Seoul, the Forum brings together distinguished South Korean (Republic of Korea, or ROK) and American scholars, experts, and former military and civilian officials to discuss North Korea, the U.S.-ROK alliance, and regional dynamics in Northeast Asia. Operating as a closed workshop under the Chatham House Rule of individual confidentiality, the Forum allows participants to engage in candid, in-depth discussion of current issues of vital national interest to both countries.

The Ninth Forum's first session, concerning the U.S. election, began with a presentation on the election campaign and an analysis of how president Obama won. A second presentation analyzed the implications for U.S. foreign policy. Most participants anticipated continuity in U.S. foreign policy during President Obama's second term. A major topic of discussion during the session was the U.S. "pivot" to, or "rebalancing" toward, Asia. Korean participants raised many questions about the extent of the strategic shift and the strength of the U.S. commitment to it. A number of participants argued that the U.S. pivot should have a broader focus than just military affairs. Participants especially suggested the need for the U.S. to focus on economic aspects of the pivot, including trade liberalization such as the Trans-Pacific Partnership (TPP). Participants also discussed the impact of possible U.S. defense budget cuts on U.S. ground force and other deployments in East Asia. American participants expressed concern about historical and territorial tensions between Japan and Korea. As an ally to both the ROK and Japan, the United States, they noted, is not in a position to take sides, even though Japan is key to U.S. deterrence of North Korea and the defense of South Korea.

The second session dealt with the implications of leadership changes in South Korea and North Korea. A Korean participant made a presentation on the December 19 Korean presidential election and the possible consequences for ROK-U.S. relations. He began by looking at the major policy issues in Korean presidential politics over the past twenty years, noting that Korean voters, like Americans, focus far more on economic and livelihood issues than on North Korea and foreign affairs. A second Korean participant

gave a presentation on North Korean's policy under the new leadership of Kim Jong-un and discussed the North Korea policies of South Korea's major presidential candidates. Many participants expressed skepticism that Kim Jong-un is willing to undertake fundamental reforms, as these would likely undermine domestic support for his regime. Some participants predicted that North Korea under Kim would continue to engage in provocations against South Korea and test long-range missiles and nuclear devices. Some speculated that such provocations could occur as soon as in coming weeks, to influence the outcome of the South Korean presidential election and to test the Obama administration. Regarding South Korean politics, distinct differences in the North Korea policies of the major South Korean presidential candidates, including regarding the Northern Limit Line (NLL), were noted. Their campaign rhetoric masked these differences, however, as all sought to occupy the middle. The major candidates also differ significantly in their approach toward the ROK's relationship with the United States and China.

The final session focused on the implications of the leadership change to Xi Jinping in China. Some participants expected to see little change under Xi, at least initially. The Chinese system itself is bureaucratic and designed to make it difficult to initiate major policy changes. Nevertheless, a number of factors that might lead to change or reform were discussed, such as the concern about slower economic growth and possible increased social unrest. Another challenge facing China is the need for further privatization of state-owned enterprises, which could perhaps facilitate China's transition from imitator to innovator and help it to avoid the "middle-income trap." Many participants agreed that these challenges would keep the Chinese leadership preoccupied with domestic issues and thus averse to contemplating major change in its North Korea policy. Participants also debated a fundamental issue: whether China's more assertive behavior recently was an expression of defensiveness or aggressiveness. Another recurring topic of discussion was the issue of territorial disputes and their implications for regional stability. Many experts concluded that, despite differences, the United States, China, Korea, and other countries in the region share many interests, which should help to ensure cooperative relations.



Participants at the Ninth Korea-U.S. West Coast Strategic Forum in Seoul, Korea.

THE NINTH KOREA-U.S. WEST COAST STRATEGIC FORUM

I THE U.S. ELECTION AND ITS IMPLICATIONS

The Korean moderator began the session with introductory remarks on the U.S. presidential election. He mentioned that this year all of the key players in East Asia would change except for President Obama. Many South Koreans were relieved to see Obama's reelection, as it indicated the likelihood of continuity in Washington's North Korea policy. The moderator noted that in a congratulatory message to Obama, President Lee had said he expects the United States and Korea will continue to cooperate closely with each other. Officials in the Korean government, however, raise questions as to whether the second Obama administration can afford to deploy more military assistance to Asia as promised under the U.S. pivot to Asia. Many American allies in East Asia also question whether the policy will be backed up with a visible increase in military assets.

The moderator said that Koreans do still have some concerns about American policy toward North Korea. In 2010, Obama declared the bilateral alliance to be the linchpin of security in the Pacific region, and he justified his low-key stance on the denuclearization of North Korea as "strategic patience"—waiting for Pyongyang to return to the negotiating

table and end its nuclear weapons program while keeping pressure on the regime through sanctions—but it had not worked. Korean officials wonder whether Obama will maintain the same policy of strategic patience or initiate a more proactive policy toward Pyongyang.

The moderator added that an additional concern for the Korean government is U.S.-Chinese relations. China's new leader, Xi Jinping, has stated that China is willing to continue to make efforts to promote the cooperative partnership between China and the United States. However, the expert suggested that a rising China will want to share power with the United States rather than be dominated. Many Koreans hope that Xi Jinping will continue to promote the peace and stability of the world by maintaining a cooperative relationship with the United States.

The first presentation of the session concerned the politics of the American election and its domestic political implications. An American presenter emphasized the importance of understanding the American electoral college. The United States actually conducts fifty-one elections, one in each state and Washington, D.C., not a nationwide election. To win, a candidate must obtain a majority in the electoral college rather than a plurality of the nationwide popular vote. Thus, a national election campaign is not conducted; rather, state-by-state election campaigns are carried out. As it turned out, President Obama easily gained more than the 270 electoral college votes needed to win the presidency. He received 332 votes, compared to 365 in 2008. This time, he lost only two states that he had won in the first election, Indiana and North Carolina. In terms of popular ballots, Obama received 65,430,118 votes in 2012, while Romney gained 60,757,979. (In 2008, Obama's vote count was 69,498,516, and John McCain's was 59,948,323.) There was a significant drop in voter turnout between 2012 and 2008. Obama won the popular vote this year by a 3 percent margin, a little better than George Bush did in his reelection campaign in 2004.

The presenter said that the Republicans had gone into the election thinking they had a very good chance of regaining a majority in the Senate. Instead, they lost a net of two seats. In the House of Representatives, the Democrats will gain as many as eight to ten seats, although this is not enough to threaten the Republican majority there.* The presenter then explained previous elections, beginning with the year 2000. He suggested that U.S. politics have entered a new presidential election paradigm. The last three election cycles have been fairly consistent with one another. The variations are very small, including both the shift in the popular vote and the electoral college vote. One could see a fairly consistent pattern over a period of several elections. Even though the Republicans won the elections in 2000 and 2004, they were both very narrow wins, indicating a long-term shift.

The presenter stated that domestic issues heavily dominated this election. While domestic issues are usually key in both U.S. and South Korean elections, this time it was taken to an extreme in the United States. One of the key indicators being watched during this election was unemployment, because no one has been elected with unemployment rates of over 8 percent at the time of the election. In this election, unemployment remained very high—about the same as when Obama took office—but it was on a downward trend.

Foreign policy issues were not prominent. According to a Pew Center poll, 65 percent of voters felt that the most important problem facing the country was the economy. Only 7 percent responded that foreign policy was the most important problem. This can be

* As of December 7, the Democratic Party actually had gained a net of 13 seats in the House of Representatives, but remained short of regaining a majority.

compared to July 2008, at 25 percent, and 2004, at 41 percent, when elections were held in the midst of two wars. While America is a superpower, Americans tend not to think that way in their voting behavior.

One foreign policy issue that did appear in the election was China. However, this was more of a domestic issue because it was concerned with China's impact on American jobs and China as an economic threat. In one poll, people were asked if it was necessary to build a strong relationship with China or be tough with China on economy and trade. For the most part, the public favored being tough. In a poll of experts, however, the majority was in favor of building a strong relationship with China. A gap exists between foreign policy experts and American public opinion.

Exit polls were also presented showing which issues were important to voters and how they voted. Foreign policy was an important issue to only 5 percent of the electorate. The budget, economy, and healthcare were the key issues. The economy broke almost evenly between the two candidates. The budget broke more toward Romney while health care broke heavily for Democrats.

The presenter then discussed demographic trends, including age, gender, race, income, and education. Voters under the age of 30 voted 60 percent Democratic, the same as in the previous election, while among voters over age 40, Republicans enjoyed an advantage. The expert mentioned that this was becoming a fairly stable pattern. Meanwhile, the gender gap is quite large and has been growing. There is a double-digit gender gap, with a thirteen-point difference in 2008 and a twelve-point difference in 2012. President Obama's campaign was successful in targeting woman voters. When gender is broken down into married and unmarried women, however, the numbers are different. Fifty-three percent of married women voted Republican, while 67 percent of non-married women, who make up about one-fourth of the electorate, voted Democratic. (Unmarried men also tended to vote Democratic.) In terms of race, 58 percent of whites voted Republican, while a large majority of non-white voters voted Democratic. In 2008, a similar trend could be observed. White males voted over 60 percent Republican. In terms of their share of the electorate, non-Hispanic white voters this time made up only 72 percent, a decrease of 15 percent since 1992. Age, gender, and race are all significant determinants of voting behavior. With regard to income, the Democrats have had a long-term base of support among those having an annual income below \$50,000. Those with annual incomes above \$50,000 tend to vote Republican. Education is also an important factor. Those with no high school education, high school graduates, and post-graduates tended to vote for Obama, while college graduates tended to vote for Governor Romney.

The presenter suggested that lessons could be learned from voting trends in California. In 1994, incumbent governor Pete Wilson, facing a tight reelection battle against Dianne Feinstein, enthusiastically embraced a then-popular ballot measure, Proposition 187, calling for heavy restrictions on social services for immigrants. Voters overwhelmingly approved the measure, and Wilson won re-election. After that, however, Hispanic voters turned heavily against the Republican Party, and California has been lost to Republicans for a generation to come. As the state that may best mirror the nation as a whole in its diversity and complexity, California also tends to vote like the nation as a whole. California is also the first state to become a minority-majority state, in which non-Hispanic whites no longer constitute a majority. California used to vote almost overwhelmingly Republican

until 1992. The presenter suggested that the change is a harbinger of what the entire country will soon be experiencing: a long-term shift to a Democratic majority. However, he noted, trends tend to reverse eventually.

The second presentation, also by an American, focused on the foreign policy impact of the election. As the previous presenter mentioned, foreign policy was not discussed very much during the campaign. The two candidates themselves did not express major disagreements on foreign policy issues. There were three reasons why foreign policy was not a significant factor. First, there were more urgent concerns, including economic growth and employment. Second, Obama positioned himself in a way that was in sync with the public mood. This was especially the case in extricating the United States from two long and costly wars in Iraq and Afghanistan. Third, the Republicans did not select a candidate with experience in foreign policy. In any event, normally, Americans reelect a sitting president. In recent years, the only two presidents not to win a second term were Carter and George H. W. Bush.

The presenter said that when there is a shift in control of the White House, the United States tends to go through two consecutive periods of major uncertainty. The first is the ten-week transition period between the election and the inauguration. The outgoing president retains formal authority but with ebbing power; the incoming president has a political mandate but still no formal responsibilities. The outgoing president is focused on the past, while the incoming president is seeking to preserve his options for the future. This results in a potentially conflictual relationship, which is usually, but not always, satisfactorily managed. The second period begins at inauguration, when political control actually changes hands; over a thousand official positions become open, and filling them takes another six to eight months. That is why mistakes are often made in the early months of a new president. However, this is not a concern now due to Obama's reelection.

The presenter stated that elections cause presidents to put foreign problems off until the campaign is over. The postponed problems then occupy the next administration heavily



Sejong Institute President Song speaks as RAND Senior Fellow Bennett listens.

for five or six months. Thus, although the Obama administration has announced a pivot to Asia, there are two key issues that will likely preoccupy him next year. First, the pace of the withdrawal from Afghanistan still has to be determined, along with the issue of how much of a residual force to keep there for counterterrorism. These are major decisions that will occupy a significant portion of the White House's time. The second issue is Iran. During the campaign, Obama tightened sanctions against the country. There are not very many attractive options for dealing with Iran. The United States may hope to use the implicit threat of Israeli intervention and the impact of tightened sanctions on Iran's economy to mount negotiations. There is a limited amount of time to address this potentially urgent situation.

The presenter said there are a number of other issues that came out of the election that have the potential to shape foreign policy. Foreign policy tends to be determined by events rather than the other way around. In the debates, one issue that did not surface much was Mexico, where there has been a six-year, increasingly violent war against drug cartels. If the Mexican government does not prevail in that struggle, there could be a failing state on the United States' southern border. This could dramatically change the United States' strategic circumstances. The fact that Hispanic voters participated heavily in the 2012 presidential election and strongly favored the Democrats will likely cause Washington to pay more attention to Latin America than it has in the past.

The presenter noted also that the African American vote was 93 percent for Obama. Historically, the United States has not paid close attention to Africa. However, President Obama will likely pay more attention to the continent as part of his legacy. Six of the fastest growing countries in the world are in Africa. The United States buys more oil from Angola and Nigeria than from the Middle East and the Persian Gulf. U.S. exports to Africa increased by nearly 25 percent last year.

Another important new factor in American foreign policy is that the United States is enjoying an oil and natural gas boom. The United States has reduced its dependence on foreign oil from 60 percent to 40 percent. In a decade, the United States could be the largest producer in the world, even larger than Saudi Arabia or Russia. This has three implications for the United States. First, the United States will not have to pay nearly as much geopolitical attention to the Middle East and the Persian Gulf. Second, that region has been the biggest source of the U.S. merchandise trade deficit. Hence, the U.S. deficit will be reduced by paying less for imported energy. Third, natural gas can be exported, and countries in the East Asia region are virtually all consumers of natural energy. The boom in domestic natural gas production will thus likely facilitate the U.S. pivot to East Asia.

The presenter then made a number of additional points about the U.S. pivot to East Asia. First, the pivot is not really all that new; rather, it represents a restoration of Asia to the strategic prominence it enjoyed throughout the Cold War. This changed after 9/11, when the U.S. focus shifted to the terrorist challenge stemming from the Middle East. Second, the elements of the pivot are already well known and in place. These include the United States' playing a more active role in Asian regional institutions; the stabilization and slight augmentation of the U.S. security role in the region by redistributing U.S. military assets into Southeast Asia and Oceania; the exemption of Asia from looming defense budget cuts; and the continued cultivation of alliances in the region. Third, the United States has added an economic dimension to its relations with East Asia by participating in the Trans-



Stanford Korean Studies Associate Director Straub makes a point.

Pacific Partnership (TPP). Fourth, the United States is eagerly cultivating a relationship with Myanmar to encourage that country's political reform efforts and to help relieve its excessive dependence on China. Finally, there has been some effort to achieve a greater balance in dealing with China, where there is a need to engage China, on the one hand, but also to be prudent by hedging against its growing power, on the other.

The presenter added, however, that a number of challenges may be faced. The first is trade. The Democratic Party is dependent on support from American trade unions. They make a large financial contribution to the Democrats and are even more critical in getting the vote out. TPP is a rather vague concept. The United States is negotiating with eight or nine countries about the TPP, but together those states represent only 5 percent of global trade. It is difficult to envision a credible TPP without the inclusion of at least Japan, China, or India, but it is uncertain if the concept of the TPP will be flexible enough to include other major partners. It is undesirable to have a pivot to East Asia that is mostly military in nature.

Another major challenge, the presenter explained, is the military budget issue. There is still some uncertainty as to how significant the budget cuts will be. It already seems fairly obvious that the big winners in the budget battle will likely be the Navy and the Air Force, while the big losers are likely to be ground forces. Obama has already proposed a ground force troop reduction of approximately 100,000. Current deployments in Asia are heavily oriented toward the Marines and Army. The question then remains whether—and if so, how—ground forces in Asia will be shielded from the budget cuts.

The presenter noted that struggles between various countries in the region over claims in the East and South China Sea had increased tensions there over the past year. The United States has always maintained a position of neutrality with regard to these competing claims

to sovereignty. There will likely be increasing pressure on the United States from Japan to assist it in defending its territorial claims against China. The United States has already stated that the U.S.-Japan security treaty covers the Senkaku Islands. It will require great delicacy on the part of the United States to preserve its special relationship with Japan and build upon it while avoiding becoming a major defender of Japanese territorial claims. The United States has a large stake in the peaceful resolution of such conflicts as well as an interest in avoiding taking on a major responsibility for their resolution.

The United States, the presenter continued, has sought both to engage and hedge its bets against China. Initially, the Obama administration may have sent mixed signals to China by leaning too much toward engagement. In 2010, China's assertiveness alarmed its neighbors and cast doubt on the reliability of its peaceful development plans. For its part, China has accused the United States of inciting conflict between it and Japan. The Obama administration will have to readjust this balance in some way and will need to consult with its allies about it.

The presenter noted that Obama is not reputed to have close relationships with very many foreign leaders or even politicians in Washington outside of his close-knit Chicago circle. The relationship he has developed with South Korean President Lee Myung-bak may be unique. It is thus uncertain if President Obama will be able to have as good a relationship with South Korea's next president. Fortunately, however, we are unlikely to see the out of sync relationship experienced during the administrations of Presidents George W. Bush and Roh Moo-hyun, whose foreign policy perspectives were quite different. The United States understands the importance of being in sync with South Korean policy on North Korea.

Following the second presentation, the general discussion began with a question from a Korean participant about Chinese perceptions of the U.S. pivot to Asia. The second American presenter replied by noting that after the U.S. election some South Korean media reports had raised the possibility of increased competition between the U.S. and China because of the pivot and also China's assertiveness about its three core interests. He agreed that strategic distrust between the two countries was a concern. Another Korean asked whether the terms "pivot" and "rebalancing" had different meanings.

An American said there was a steep rise in nationalism in Asia as well as a growing sense among many leaders that they have to focus more on domestic issues. This tends to reduce the effectiveness of growing economic links among the countries in overcoming some of that nationalism. The economies of all of the countries have been slowed by the global recession, and there has been a temptation to turn inward. The United States must be very sensitive to the economic issues as well as reengage in the regional institutions to offset the rise in nationalism. Asian politics have been dichotomized between domestic and foreign policy issues. China is the only country among the United States' top ten trading partners with which the United States does not have a military or security relationship. This contributes to tensions with China. Only through greater reliance on regional institutions and economic exchange could the political and military tensions be eased.

The presenter suggested that China regards the pivot as embryonic containment and believes that the United States is behind many territorial disputes. Beginning in 2010, China emphasized its expansive claims to the South China Sea, shielded North Korea from the consequences of its own aggressive actions, and responded harshly to Japanese

claims regarding the Senkaku Islands. These actions had alarmed others in the region and prompted them to ask the United States to remain engaged there as a counterweight to greater Chinese assertiveness.

The presenter said that these territorial issues could be a real problem and lead to even more nationalism. The only solution that may be mutually agreeable is putting the issues back on the shelf. Deng Xiaoping had wisely said that these issues are not ripe for solution; instead, he put priority on domestic development. When these issues are put back on the shelf, there will be a much greater chance of mutually beneficial joint development in the region.

Regarding steps the United States has taken under the rubric of rebalancing, the American noted that there are now U.S. Marines in Darwin. The deployment of Marines there contributes to a more robust American security posture in Southeast Asia than at any time in the past decade. Negotiations are also underway with the Philippines for U.S. access to areas for training purposes. Also, U.S. littoral combat ships will rotate through Singapore. The objective, however, is not to contain China but to make a solid contribution to the Asian balance of power and America's interests in the region. The United States has always been a Pacific power and will remain so. In any event, the United States could not contain China unless it is in some way seeking to expand. Military-to-military talks between the two nations should be maintained, and responsibility for the protection of the global commons should be shared.

Another American said that this issue has been discussed extensively over the years. The United States does not have any fundamental differences with China that would cause the United States to want to contain, constrain, surround, or any of the terminology Chinese use in misconstruing American actions. There is not a direct clash of interests that is at all likely to lead to military conflict. There is, however, a danger of the United States being drawn into situations by its allies and partners in the region.

A Korean asked the first presenter how the trend favoring Democrats could be reversed and what steps the Republican Party would have to take to regain favor. He agreed that the United States should take further steps to ensure that the pivot is not perceived as only military in nature. He asked for clarification of the term "rebalancing," as it suggested that something was out of balance.

Commenting further on Korea-U.S. relations, a Korean suggested that President Lee welcomed Obama's reelection because it promised continuity in American foreign policy toward the Korean Peninsula. Under Lee and Obama, ties had become better than at any other time. In 2010, Obama even declared bilateral relations to be the linchpin of security in the region. In March of this year, the Korea U.S. Free Trade Agreement (KORUS FTA) went into effect after years of delay. During the past four years, Washington and Seoul had cooperated very closely on North Korea. The Obama administration had maintained a policy of strategic patience on North Korea, waiting for Pyongyang to return to the negotiating table and end its nuclear weapons program.

The Korean mentioned that South Korean observers expected to see no change in American policy toward North Korea. However, cooperation between Seoul and Washington could be tested early on by the change of administration in Seoul. All three major candidates had suggested policies to ease tensions with North Korea. If the opposition won the election, South Korea could find it very difficult to coordinate closely

with the United States on North Korean policy. Future ROK-U.S. relations would thus depend on who takes office in Korea rather than on Obama's foreign policy direction in his second term.

Continuing, the Korean commented that the deteriorating relationship between Japan and Korea could cause more challenges for the United States, as it has a treaty alliance with both countries. Increased tensions over historical issues had bolstered nationalistic elements in both countries, resulting in a vicious cycle.

An American responded that "rebalancing" seemed to be a buzzword. It was one thing to have tensions between close allies and another to have them between other countries. The Korea-Japan problems should be easier to solve. However, the United States could not step in, except in a very neutral way. The situation put the United States in a difficult position and there was no obvious way that the United States could play a role in resolving these issues.

The second presenter responded by clarifying the terms "rebalancing" and "pivot." U.S. officials now preferred "rebalancing" because "pivot" had provoked objections. One was that if you can pivot in, you can also pivot out. Also, from a military standpoint, rebalancing implies a reallocation of resources, which are always limited. The U.S. military has been heavily committed in the Middle East and South Asia. Part of the rebalancing is moving U.S. forces out of that region and some of the forces will go to Asia. Asia is highly relevant to American interests. "Rebalancing" is more appropriate in the sense that the United States is moving resources from one region to another. The term also points to America's role as an offshore balancer in Asia.

The American noted that American presidents' second terms are often not successful. Their power begins to dissipate as the media turn to the next election. The result is that second terms are often more devoted to foreign policy. In foreign affairs, the president has at least the illusion of having greater control than he does over domestic issues. The domestic issues facing President Obama will be the "fiscal cliff," immigration reform, and other issues requiring negotiation with the House of Representatives. A strong foreign policy cannot be run on a weak economy. Focusing on non-military issues in the pivot will depend on whether Obama is strong on trade, but the TPP will not have much heft unless other, larger economies in the region are included. Regarding historical issues between Korea and Japan, there is not much that the United States can do. The United States has never attempted to play a role in these issues, assuming that they would take care of themselves over time. Nevertheless, the issues continue to resurface. The disagreements are very emotional and, if the U.S. intervenes, it too will become part of the problem.

The first presenter responded to the question about the Republican Party, noting that its plight is not irreversible but the party will need to broaden its base. The Republican Party in Texas seemed to have been dealing with the immigration issue better than the party as a whole. But once a voting pattern has been established over a period of several election cycles, it becomes more difficult to alter.

A Korean remarked that the pivot was not new for many Koreans, as the United States had always been a big player in the Asia Pacific region, but he asked how the United States had prepared for the pivot. The second presenter responded that U.S. officials had been visiting Asia much more frequently than in the past. Nevertheless, the exact process of formulating the pivot policy remained unclear. It may be related to the U.S. decision to

back the TPP. The cultivation of Myanmar, on the other hand, was simply the result of events. In some ways, rebalancing is just a restoration of normalcy. It has both political and strategic motivations and is an aggregation of various ideas and initiatives.

Another American commented that the United States realized in the first several months after the announcement of the pivot that it had unintentionally overemphasized the military dimension. In fact, the economic dimension of the pivot had not been completely thought through initially. In coming months, the United States will raise the profile of the economic and trade aspects of the pivot relative to military issues.

II LEADERSHIP CHANGES IN THE ROK AND NORTH KOREA AND THEIR IMPLICATIONS

The first presentation of the session dealt with the Korean presidential election and U.S.-Korean relations. The Korean presenter introduced the basic features of Korean presidential elections. Constitutionally since 1987, Korean presidents are limited to a single five-year term. The next election will be held on December 19, 2012. The winner is the person who receives a plurality in a direct popular vote; there is no runoff.

Discussing Korean voting behavior, the presenter said that generational and regional differences are important factors while economic status is not. In the election of April 2012, 37.8 percent of those in their twenties voted conservative and 56.2 percent liberal. This may be contrasted with 65.5 percent of older people voting conservative and 29.9 percent voting liberal. The generational axis was also the decisive factor in the most recent Seoul mayoral election. Voter participation of Koreans in their twenties was lower than those in their fifties and sixties in the National Assembly election of 2012.

The presenter said that the regional differences are longstanding. In April's election in Jeolla in the southwestern part of the country, the support rate for the opposition Democratic Progressive Party and Democratic United Party reached over 80 percent, while the ruling party received less than 10 percent. In the southeast area of Gyeongsang, the ruling party support rate was 67.8 percent in the north and 51.5 percent in the south, while the opposition party received less than 20 percent in the north and 40 percent in the south. No National Assembly members from the ruling party were elected from Jeolla Province; only two opposition members were selected in South Gyeongsang; and no opposition members were elected in North Gyeongsang.

Regarding the three main presidential candidates, the presenter said that Park Geun-hye is a member of the conservative Saenuri (or New Frontier) Party. The daughter of the late President Park Chung-hee, she led the conservatives to victories in the 2004 and 2012 National Assembly elections. Her party platform includes "economic democratization," increased social welfare, and a more flexible North Korea policy. Some challenges she may face are the negative legacy of President Park Chung-hee and her lack of military experience.

Another major candidate for president is Moon Jae-in of the Democratic United Party (DUP), which is liberal or "progressive." Moon served as chief of staff to President Roh Moo-hyun. A lawyer, he was elected to the National Assembly in 2012, his first elected position. His platform calls for a change of political leadership and significantly increased social welfare programs. His weaknesses are that some view him as a kind of Roh Moo-

hyun 2.0 and he lacks political experience.

The other major candidate is Ahn Cheol-soo, who is an independent but generally identified with the progressive camp.** Ahn was the CEO of Ahn Lab, a computer anti-virus company, and he gained prominence by making the anti-virus program available free to the Korean public. He graduated from the medical school of Seoul National University and was initially a practicing physician. His platform includes criticism of “old politics” and a call for a change of political leadership. His weakness is that he also lacks political experience, never having served in public office.

In this year’s presidential campaign, the focus of attention has been on the opposition’s ongoing efforts to field a single candidate, because Park is almost certain to win if the opposition vote is split. A poll conducted November 2 found support for Park at 38 percent, Moon 22 percent, and Ahn 25 percent. In case of a race between Park and Moon only, a November poll shows 46 percent favoring Park, 45 percent Moon, and 9 percent undecided. In a race between Park and Ahn, the poll shows 46 percent in favor of Park, 46 percent Ahn, and 8 percent undecided.

The voters are not currently interested in foreign and security issues, in part because the candidates, in an effort to occupy the middle, have announced similar policies. Park says she supports more engagement of North Korea than the current administration and she calls the Six-Party Talks important. She has declared she will not negotiate with North Korea on the Northern Limit Line (NLL). She views the KORUS FTA as in the interests of both the ROK and the United States and does not feel that a renegotiation is needed.

On North Korea, Moon’s position appears to be a “Sunshine Policy 2.0.” He has said he will try to dissuade North Korea from further developing its nuclear program. With regard to the NLL, he would not negotiate the line with North Korea, but he supports South and North Korea establishing a common fishing area around the NLL. He has called for a renegotiation of the Korea-U.S. FTA, especially the investor-state dispute (ISD) settlement clause.

Ahn also supports engagement of North Korea and ending North Korea’s nuclear development through North-South dialogue. He says he will not negotiate with North Korea on the NLL, but he also favors the idea of a common fishing area.

Basically, Korean progressives emphasize national self-reliance and South-North reconciliation, while conservatives focus on liberal democracy, deterrence of North Korea, and the importance of the U.S.-ROK alliance. Progressives tend to view the alliance as an obstacle to stronger ROK-China relations. They feel that China is as important to the ROK as the United States; they also believe that the ROK should seek to “balance” the United States and China. Conservatives favor a virtual trilateral alliance with the United States and Japan, efforts to increase the ROK’s diplomatic capabilities, and maintenance of the current ROK-China relationship. Regarding North Korea, progressives believe that the ROK military and the United States exaggerate the threat. They see ROK engagement as a way to diminish the threat and they hold President Lee’s “hard-line” policy partly responsible for the North Korean attacks in 2010. Conservatives consider the North Korean threat to be a clear and present danger. They see no alternative to the U.S.-ROK alliance for deterring North Korea.

The second presenter, also Korean, focused on the new leadership of North Korea

** On November 23, 2012, Ahn stepped aside in favor of Moon.

under Kim Jong-un, the positions of the three South Korean presidential candidates on North Korea, and the outlook on the Korean Peninsula after the South Korean presidential election.

Regarding Kim Jong-un's policy, the presenter said there are two main questions: will North Korea give up nuclear weapons and missiles and will it reform. Like his father Kim Jong-il, Kim Jong-un will not be able to do either. He cannot pursue major reform as Deng Xiaoping did in China because of the hereditary succession system in the North. For reform or opening there must be an acknowledgment that mistakes had been made in the past. If this were done, however, it would undermine Kim Jong-un's power base. In China, Deng, as a victim of Mao's policy, was morally and politically able to talk about reforming Chinese society, but neither Kim Jong-il nor Kim Jong-un was a victim of his father's policy. Their positions were based on their parent's and grandparent's achievements, and thus they cannot acknowledge past mistakes. Early this year, there was some hope that Kim Jong-un would be different from his father, but it is clear that there is likely to be no change as long as Kim Jong-un and his relatives remain in power. Kim Jong-un has proclaimed the same notion of his father: to make North Korea stronger militarily.

Regarding South Korea's presidential election, the presenter continued, Park's policy appears to be based on traditional conservative views of North Korea. She has a full awareness of North Korea's strategies and tactics. At the same time, she would like to distance herself from the current Lee administration. She published an article in the September/October 2011 edition of *Foreign Affairs* in which she proclaimed a North Korea policy based on two pillars. The first pillar is deterrence, according to which South Korea will not accept a nuclear North Korea and will not allow another provocation like the *Cheonan* or Yeonpyeong Island attacks. Moreover, efforts would be made to boost capabilities to thwart a nuclear North Korea. At the same time, a Korean Peninsula "trust process" would be launched to develop inter-Korean relations and help ordinary North Koreans, including by providing humanitarian aid, with the ultimate purpose of changing North Korean society from the bottom. Park's policy recognizes that under the Lee Myung-bak administration some advances were made but that there were also instances where inter-Korean relations were unnecessarily hurt.

The second presenter agreed with the first that it is difficult to distinguish among the North Korea policies of Park, Moon, and Ahn. While their policies appear to be roughly 80 percent similar, the actual differences are potentially much greater. Moon would likely follow the Sunshine Policy of the Roh administration, and Ahn may take a similar tack. For now, however, Moon and Ahn are trying to distance themselves somewhat from the Sunshine Policy as part of their campaign strategies.

Regarding the outlook for 2013, North Korea will likely launch another round of provocations in the first half of the year, since the pattern emerged after the first nuclear crisis of the early 1990s that North Korea attempts to maximize its influence by conducting major provocations after each U.S. presidential election. The likeliest actions are a third nuclear test and another long-range missile test, and these may be conducted almost simultaneously. If North Korea does conduct a third nuclear test, it will likely consist of multiple tests, involving more advanced technologies with larger yields.

The presenter said that one issue is what the second Obama administration's North Korea policy will be. Although Obama entered the presidency very suspicious of

North Korea due to a feeling that North Korea had betrayed the trust of the Democratic administration of Bill Clinton, some South Koreans are concerned that President Obama may try a different approach to North Korea in his second term.

The presenter said it is uncertain when a tipping point toward change will be reached in North Korea. If it happens, many South Koreans will see it as leading to reunification. The U.S. pivot may contribute to North Korea reaching such a tipping point. He asked American participants what the U.S. position on Korean reunification is in relation to the pivot. He asked if the United States even considered the Korean unification issue as it devised the pivot strategy. If not, he recommended, the United States should consider the relationship between Korean reunification and the pivot to Asia and explain it to the Korean people.

Discussion followed. An American asked about the characteristics of independents in South Korea and what their voting behavior might be in the upcoming election. The first presenter responded that independents tend to be younger and are critical of old politics. In the past, independents comprised 20–30 percent of the electorate; however, in this election the portion is only 12–20 percent.

An American asked how important foreign policy, and North Korea issues in particular, will be to the election outcome, and the range of actions that Kim Jong-un might take. Could provocations other than the ones mentioned occur? Could the identity of the South Korean election winner impact the type of provocation North Korea will choose? Regarding speculation about reform in the North, what was likely to happen and would this affect the ROK presidential campaign?

A Korean replied that there is no major stated difference among the ROK candidates in terms of foreign policy. For example, they have all said that the U.S.-Korean relationship is important. But this is because they are all trying to occupy the middle during the campaign; after the election, the winner will show his or her true colors. In any event, foreign policy is not the most important election issue. As for Kim Jong-un, so far North Korea's official broadcasts have fiercely criticized the Saenuri Party platform on North Korea. North Korea's media have even said that there will be another military confrontation if Park is elected.

Another Korean responded that, as in the United States, South Korean voters are most interested in jobs and the economy. Neither the U.S.-ROK alliance nor North Korea policy will affect the election outcome, unlike ten years ago when many progressives used the accidental killing of two Korean schoolgirls in a U.S. Forces Korea (USFK) traffic accident to stir up anti-American sentiment. There is not likely to be a repetition of such a situation, as USFK and Korean authorities have learned to handle such matters more effectively.

With regard to the expected North Korean provocations, a Korean said they could take many forms. North Korea could also engage in conventional provocations, as seen in the *Cheonan* sinking, a missile attack, sabotage, attacks on infrastructure, cyber-attacks, or terror attacks. There is even concern for the personal safety of the conservative candidate. If she were attacked and unable to run, legally no conservative could take her place once the candidate registration deadline has passed, which is a weak point in the Korean electoral system. From a North Korean leadership point of view, nuclear capabilities and missiles are a strategic asset. When North Korea exercises these options, it does have an impact

on elections and public opinion in South Korea, but the main intended audience is in the United States.

Regarding North Korea's openness to reform, the Korean recalled that Kim Il-sung actually initiated reform in the early 1980s. He invited people from many Western countries to visit Pyongyang, and some foreign companies even invested in the country. Kim Il-sung, Kim Jong-il, and Kim Jong-un have all tried reform, but they have been doomed to fail because of the underlying structure of the North Korean hereditary system. North Korean leaders cannot undertake reforms as Deng Xiaoping and Gorbachev did.

An American mentioned the traditional regional division in South Korea between Honam (Jeolla) and Yeongnam (Gyeongsang). This time, both of the progressive candidates, Ahn and Moon, come from the Busan area of Gyeongsang, so both are expected to receive fairly strong support there, a situation different from previous elections. Interestingly, in this year's National Assembly election, about 45 percent of those in their twenties turned out to vote, compared to only 28 percent in 2008. What role would social media such as Twitter and text messaging play in this election?

A Korean responded that in the 2002 election presidential election, progressive candidate Roh Moo-hyun was also originally from the Gyeongsang area, and yet he still attracted over 90 percent of the Jeolla vote due to Kim Dae-jung's support. Moon served as chief of staff to President Roh, but the people of Jeolla felt let down by Roh as president. Thus, so far at least, Moon has not received great support in the Jeolla area. As for social media, they were still a fairly new means of communication in 2002. Now, many more people of all generations use and are familiar with them. In the April election for the National Assembly, social media were a kind of double-edged sword, helping and hurting both major parties.

An American asked if North Korea had learned any lessons. Moon in particular, if he were elected, is expected to actively engage North Korea. A North Korean provocation early in his administration could undermine such efforts. Might North Korea thus refrain from provocations, for a while at least? A Korean responded that likely the most important lesson North Korea has learned is that it can manipulate the United States. Also, it has probably learned that brinkmanship works, and that it will work again during Obama's second term.

An American commented that strategic choices are not illuminated during campaigns because candidates aim to maximize their public appeal. Moreover, foreign policy depends in part on objectives, but it also depends on the efficacy of those objectives beyond one's own territory, and it involves timing, questions of tactics, and tradeoffs. The rhetoric of a campaign simply cannot explain strategic issues. For example, in U.S. elections when large wars were taking place in Korea and Vietnam, the opposition candidates running against the incumbent who was blamed for the war were asked what their strategies would be. Neither candidate Eisenhower nor candidate Nixon would reveal the detailed contents of their intended strategies. One can only infer what the candidates' positions might be from who their close associates are, whom they have relied on as advisors, and what they have done in the past.

An American speculated as to why North Korea has not undertaken a major provocation in the past two years. He suggested it could be simply the usual lapse of time before a new provocation. Another reason might be South Korea's promise to punish the

North if it engages in another provocation. Also, the Chinese were embarrassed in the Cheonan and Yeonpyeong cases by being forced to support North Korea, which hurt South Korean attitudes toward Beijing. China does not want a conflict on the Korean Peninsula and has probably used additional assistance as leverage to try to restrain North Korea. Moreover, the impact of the Yeonpyeong Island shelling was to unify South Koreans against the North.

A Korean asserted that Obama has de facto recognized North Korea's possession of nuclear weapons and that the United States does not have a policy of supporting Korean unification. The next five years will be important in determining the fate of the Korean Peninsula, but the United States does not appear to have a solid North Korea policy. The Bush administration's "axis of evil" attitude toward North Korea and goal of dismantling or undermining the North Korean regime were preferable. In coming years, there will likely be some disruption in North Korea that could present an opportunity for South Korea to bring about reunification. If the United States does not consider the reunification of the Korean Peninsula in its policy toward Korea, the growing reunification movement in South Korea could become an impediment to the ROK-U.S. alliance. Korean unification should be the goal of U.S. policy toward South Korea.

An American responded that Americans universally favor Korean unification as they assume that it will occur on South Korean terms with democracy and a market economy and that the resulting state will be an ally or at least a friend of the United States. Reunification would also remove the risk of another conflict in the region involving the United States. The U.S. priority, however, has not been reunification per se. U.S. policy since the Korean War has been the security of the Republic of Korea in its current borders. That remains the case. The United States has not considered the use of force to bring about reunification since 1950, nor has it had a policy of regime change in North Korea, even during the administration of George W. Bush, primarily because of concerns about the security implications for South Korea and the region more broadly. For unification to occur, more unity in South Korea on the issue is needed. Many young Koreans are not enthusiastic about reunification, and some progressives oppose it. Without overwhelming support in the South for unification, the process would become much more risky. It is South Korea that will have to take the lead when the time comes, but the conditions will have to be right in North Korea as well.

A Korean responded that his Korean colleague's point about U.S. policy on reunification is that times have changed and we have entered a stage where we have to think about a different path. We need a unified approach to North Korea, and the end result should be reunification led by South Korea. South Korean youth are indeed less concerned about reunification, but this is partly a negative repercussion of ten years of progressive rule. President Lee has strengthened reunification education to foster pro-reunification sentiment in South Korean society and also established a reunification fund.

III LEADERSHIP CHANGE IN CHINA AND ITS IMPLICATIONS

The Korean moderator recalled that when Xi Jinping visited Washington, D.C., in February, he said that China would like to have “a new type of great power relationship” with the United States. Since then, this language has often been used often, not only in China but also in the United States. For example, during the May 4 U.S.-PRC Strategic and Economic Dialogue, Secretary of State Hillary Clinton declared that China and the U.S. had entered a new age of relations between the established power and the emerging or rising power. At the same time, Hu Jintao said that the two nations would like to develop a new type of big power relationship. The moderator questioned the meaning of this new type of big power relations. He noted that another issue of concern is that there could be a further deterioration of relations between Japan and China, particularly because of the controversy over the Senkaku Islands. He questioned how to evaluate the relationship between China and Japan. The moderator also wondered what the policy of Xi Jinping would be on issues surrounding North Korea. Although there would not be a drastic change in the short term, one must consider that the new leader, Kim Jong-un, would like to continue his father’s “military first” policy. From a mid- to long term perspective, Kim Jong-un may face a dilemma between continuing the “military first” policy with nuclear weapons or adopting an “economy first” policy without nuclear weapons. The expert asked what Xi Jinping’s approach to North Korea would be under such circumstances.

The first presenter, an American, noted that the Chinese say their leadership change will have no impact on policy. Policies are set as the party line, ensuring continuity. All that changes is the identify of those who implement the collective decisions of the Chinese leadership. The presenter said he did not fully accept the Chinese interpretation. He acknowledged, however, that there was some degree of truth to it. After Mao’s death in 1976, as Deng Xiaoping and others began to put the system back together again, they made a number of decisions. One was to establish a collective leadership to ensure that they would not have another “bad emperor” problem. There would be no more opportunities for a single leader to lead the country in a radically different direction. They also agreed on various procedures and institutions that made it difficult to change policies. There was also a decision to stop experimentation and to follow a model of development with export-led growth that had proven its value.

He said he himself did not focus on personalities and patron-client relations but on systemic and structural features of Chinese leadership. The way in which the Chinese have approached succession in the last several iterations has been to first focus on policy direction. China has been very diligent in establishing routinization. They have drafted a new constitution for the party. Its rules specify five-year terms, one-time reelection, and mandatory retirement ages. All these make it difficult to change policies, much less the general direction of the state, and successions occur with more predictability.

The choice of leaders has been influenced by considerable and growing worry about China’s economy, as growth is slowing. This has implications for social stability and regime legitimacy, which is based on performance. There has also been rising concern about leadership inefficiency and the middle-income trap. At some point, China will have to make the transition from imitator to innovator. China also recognizes that it may have gotten bogged down. The pattern of the first two and a half decades of reform was

one of continuous small steps to keep the process going. The last half of the Hu Jintao administration was characterized by paralysis. Increasingly, people have voiced concern about the need to get the country moving again.

Moreover, China is facing a broader set of challenges related to the fact that this is the first transition since Mao's death that was not orchestrated by Deng Xiaoping. In the last five years, continuity has not been producing the same kind of results. There is unease and a feeling that further changes need to be made. China continually returns to the observation of Deng Xiaoping that China's sustained economic growth is dependent on a peaceful international environment. The Chinese want to be reassured that the international environment is not hostile.

Internal PRC developments included the Bo Xilai affair. Besides overstepping the bounds of normal corruption, there is a deeper issue. Bo Xilai was associated with a statist model to strengthen the existing centralization, state enterprises, and central decision-making in Beijing. There are alternatives to this model. First, there is devolution to provincial and municipality levels. Second is to move away from the monopoly approach by breaking up state enterprises and further privatizing. The big state enterprises cannot innovate successfully because there is no competition.

The South China Sea is also an issue. China's position is shaped by some in the leadership who argue for continued strong central control and the allocation of more resources to the military. This issue is also linked to Obama's rebalancing strategy. The United States is accused of inciting and incentivizing Japan. This causes China to focus on improving relations with the United States. China wants the reassurance of the U.S. presence as much as other countries in the region do. The Chinese actually welcome one aspect of rebalancing, that the United States will maintain the security of the region. They worry, however, that this beneficial aspect is intended to contain or prevent China from achieving its "rightful place" in the regional and global communities. Some go further and see rebalancing as an attempt to disrupt the Chinese leadership transition.

The Chinese seem relieved that Obama won the election. They saw Romney as taking a tougher line on China in the campaign. Still, the Chinese do not feel comfortable with Obama. They are very suspicious of rebalancing, particularly the initial depiction of it by the U.S. administration and media as overwhelmingly military in character. Obama's nuclear posture, with its greater reliance on missile defense and advanced conventional weapons, also concerns the Chinese. They seek clarification of the concepts of rebalancing and hedging.

With regard to U.S.-ROK relations, there are concerns about regional stability due to North Korea. China sees the U.S.-ROK agreement to extend the ROK missile range as a provocative act, making the North feel insecure. The Chinese are less concerned about North Korea doing something than they are about the United States and ROK overreacting or dealing preemptively with North Korea. China wants to engage the region and desires the continued presence of the United States, but remains unsure of the objectives of the United States and others in the region.

The second presenter, a Korean, first discussed the legacy of Hu Jintao, as this is what Xi Jinping will inherit. For the decade that Hu Jintao was in power, Chinese GDP grew by 10.7 percent annually. In 2010, China surpassed Japan to become the world's second-largest economy. When Hu took over, China was number six, so it has made significant

progress. In 2002, GDP was at \$1.45 trillion, which represented about 4.4 percent of the global economy and only about 14–15 percent of the U.S. GDP. In 2011, the figure grew to over \$7.32 trillion, representing 10 percent of the global economy and almost half of U.S. GDP. In 2002, China's GDP per capita was about \$1,135. That grew to \$5,432 in 2011, almost a five-fold increase in just ten years. The defense budget also increased significantly, although it is difficult to determine China's defense budget exactly. According to official figures, in 2002 defense expenditures were \$22.5 billion, while in 2011 they were approximately \$90 billion, or four times greater. China's foreign reserves stand at over \$3 trillion, and the national debt is only about 40 percent of GDP. China also successfully handled the financial crisis of 2008 with a major stimulus package of about \$720 billion. In 2003, China conducted a space flight. In 2008, China hosted the Beijing Olympics. Even relations with Taiwan improved significantly.

Xi Jinping is thus inheriting many accomplishments realized under Hu Jintao's leadership. This gives him much greater leverage to be influential and puts him in a position of strength. Many have already begun to refer to China as a G2 or a superpower. There are some indications that China is seeking to become the new boss of the region. This can be seen in China's policies with regard to territorial disputes. It seems that China wants the South China Sea as its front lawn and the Pacific as its big backyard.

Another recent development has been the change in China's dealings with North Korea. China already had a favorable contract to use the port system of Najin and has added Cheongjin. This may be expanded to a total of five ports along the eastern coast of North Korea. South Korea has to deal with Chinese fishing boats in its territorial waters. Additionally, China has made claims to Korean islands such as Ieodo (Socotra Rock). The exact determination of the exclusive economic zone (EEZ) line between China and Korea has not been made. Many regard China's behavior in the region as cavalier. Nevertheless, this does not imply a return to a kind of "middle kingdom era" in the Asia Pacific. Southeast Asian countries have remained very firm in their confrontation with China on territorial issues. For example, the Philippines does not have military strength comparable to China, yet maintains an unwavering stance on territorial issues.

Xi Jinping is also fully occupied domestically, at least for the coming years. Corruption is a serious issue that will have to be addressed. Other political reforms may also be necessary. In terms of the economy, there is a move toward a greater openness in the financial market. China would like to be a global market rather than a global factory. The gap between the haves and have-nots is still very large. The Chinese population is 1.35 billion, and according to one source 1.04 billion still live below the poverty level, earning less than ten dollars per day.

The presenter noted a number of implications for the region. First, regarding U.S.-Chinese relations, a Cold War-like situation is not emerging. There is still too wide a gap between the two countries' military capabilities and expenditures. There is also tremendous economic interdependence between them. Moreover, the Cold War was characterized by a conflict of ideologies in which the Soviet Union hoped to spread communism. China, however, is not trying to spread its values or ideology. The U.S. pivot to Asia or rebalancing strategy was developed in part due to major pressures to cut the U.S. defense budget. The pivot actually reflects a major strategic retreat globally on the part of the United States.

Xi Jinping is at a crossroads and may go either toward greater cooperation or greater

tensions with the United States. In many ways, China has a highly capitalist system. It may be headed toward a more open society as overall incomes rise. It will be important for China to develop closer relations with its neighbors in the region and become a more responsible superpower. It could, however, go the nationalist route, with more territorial conflicts.

The discussion began with additional comments by an American participant. China's new leadership is a well-educated and seasoned group. The leaders have been rigorously groomed from their initial junior assignments to higher levels. They have diverse backgrounds, which have taken them from having assignments in cities as mayors and running state-owned enterprises and large party organizations. From these experiences, the top Chinese leaders may have gained a better understanding of China's economic and grassroots political problems. They also have children who are enrolled in universities in the United States, Japan, and Korea. The leaders have likely gained insights from their extended families. These leaders and their parents also suffered greatly during the Cultural Revolution. As a group, they are averse to chaos and risk. One of the central problems that the leadership now faces is how to create more accountability within the Communist Party leadership and how to allow for greater pluralism and opportunity for debate within the party structure.

The American also noted that there is growing concern surrounding political oversight of the People's Liberation Army (PLA). The old mechanisms, including having a charismatic leader with military experience at the center and the dual structure of command and party, have been breaking down. One area of high risk between China and the United States is at the tactical level, where the U.S. military continues to conduct special reconnaissance and surveillance operations off China's coast in accordance with international law. Since the PLA may not be under firm party control, one tactical event could lead to a miscalculation and a severe crisis.

China's growing capability of area denial could be a nearer term threat to the United States. This includes China's improving surveillance and precision strike capabilities and the ability to disrupt U.S. command and control systems. China's standoff capability may be difficult for the U.S. to address. If an incident occurred, the U.S. would have to quickly take out Chinese capabilities. This could require striking mainland targets. This is a particularly undesirable situation.

Another U.S. countermove to deal with the PLA threat would involve getting more bases or access around China's perimeter over the next. This, however, would appear to the Chinese as a containment strategy. The hedging aspects of U.S. rebalancing in the defense domain are becoming increasingly difficult in terms of developing a strategy that is not perceived by the Chinese as a strong containment strategy.

A Korean commented that the Chinese are very sensitive about territorial issues, even small islands. To understand this issue, he suggested looking back at China's history during the nineteenth century, when the Europeans intruded with their military power. The expert also asked if the voice of the military would grow stronger under the leadership of Xi Jinping.

An American responded by stating that Xi's connection to the military is unclear. Some Chinese intellectuals are concerned about inadequate party control of the military. The party is perhaps worrying more than is necessary. However, there have indeed been

clear instances of control problems and poor coordination.

An American participant commented on U.S. defense budget cuts. Projections are that there will be a decline in defense expenditures until 2015. If, however, the year 2015 is compared with the year 2000, the 2015 budget is still about one-third greater in constant dollars. Excluding inflation, there will have been approximately 2 percent annual growth over the fifteen-year period 2000–2015. While there will be difficulties due to the reduced budget, one should not assume that it will impair the U.S. military.

Another American expert added that it is true that American foreign policy evolves in cycles. When one's commitments outrun one's resources, one risks insolvency. Immediately after World War II, the United States accumulated a large number of commitments. Gradually, the scale of the costs began to sink in, and the public was not willing to sustain them. The result was the New Look defense strategy. Obama has inherited a similar problem. The United States accumulated many commitments during the 1990s through the expansion of NATO and, after 9/11, all over the world. Obama thus has to define U.S. objectives more modestly. This is not necessarily a retreat; U.S. objectives must simply be defined more precisely.

An American commented that, from a Chinese perspective, the United States has huge defense budgets and large operations; however, they may regard this as dissipating U.S. resources in secondary theaters. They now see a more purposeful focus of U.S. forces in a region of great importance. Similarly, as China becomes a global power, it may dissipate its resources among a wider variety of aims. The United States may be able to better focus its resources, while China will have many more interests to cover. This may balance out developments. A concern is that China may have decided to no longer pursue the objectives of the weak state strategy of the Deng Xiaoping era. China's actions in 2010 raised the question as to the degree to which China's foreign policy is governed by the sense that China still needs to devote itself to its domestic challenges.

An American asked about China's ground forces. He questioned China's ground force capability if there were a collapse of North Korea and the Chinese decided to intervene. Another American responded that the PLA has had a lack of combat and occupier experience in recent times. A Korean felt that the PLA would likely be able to handle a situation of North Korean collapse. However, according to Article 3 of South Korea's constitution, if China stepped into North Korea, it would be invading or infringing upon the sovereignty of Korea; this would have to be prevented. An American responded that PLA forces do think about a deterioration of the situation in North Korea and are prepared to deal with refugees. In a chaotic situation, there could be a strong argument for Beijing to enter North Korea and establish a zone of control. By doing so, China would be in a better position to be part of a final settlement. China's response may also depend on whether the United States entered the North alongside South Korean forces.

A Korea asked about the domestic political situation in China. He questioned whether Xi Jinping would introduce more political reforms than Hu Jintao. The growing middle class may resent the current political system. Chinese Communist Party membership comprises only about 7 percent of the population. Can the system be sustained as it is and can the new leadership under Xi Jinping deal with the increasing popular desire for change?

An American said that his Chinese acquaintances had talked to him about the need

for political reform, particularly to combat corruption, which is linked to legitimacy. There is also discussion among a number of Chinese about not knowing what is actually taking place during the political leadership change. Some Chinese say they would like to be able to actually see the process of leadership change and understand what and why various changes are being undertaken.

Asked if China's foreign policy is primarily defensive, due to internal weakness, or aggressive due to increased confidence, an American recalled China's aggressive behavior in 2010. While those actions were anomalous, there is uncertainty as to whether this behavior may become more common in the future. China's broader foreign policy this year was much more in line with the recommendations of Deng Xiaoping. Most of the instances in 2010 dealt with aspects of sovereignty, which get at the legitimacy of the regime when it is feeling under stress.

A Korean raised a question about the impact of the leadership change on the relationship between China and South Korea. There is pressure in South Korea to improve relations with China under the next ROK administration. Another expert added that there might come a time when countries in the region may have to choose between China and the United States.

A Korean recalled the strategic dialogue between China and Korea held earlier in the year, at which a Korean had asked a Chinese participant what China's policy would be toward a unified Korea. The Korean noted to Forum participants that Korea has had two millennia of experience living in proximity with China. Even after reunification, Korea would not be hostile to China. China is now supporting North Korea as a buffer. Even after reunification, Korea might want to keep American troops on Korean territory for its own safety. South Korea's relationships with China and the United States are on different dimensions: the United States is a security ally.

Another Korean noted what he felt was widespread misunderstanding in South Korea that Korean-Chinese relations had been strained under the Lee administration due to stronger U.S.-Korean ties. Similarly, some South Koreans mistakenly attributed China's unreasonable response to the North Korean shelling of Yeonpyeong Island to strained relations between China and South Korea. On the contrary, under the Lee administration Korea had heightened the level of discussion with China and established a strategic partnership. Korea's trade with China had almost doubled under President Lee. South Korean relations with China under the Lee administration had continued to grow and develop.

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