HIGHLIGHTS
From the 24th Annual Camden Conference, February 18–20, 2011

THE CHALLENGES OF ASIA

Chas Freeman
Lanxin Xiang
Pranab Bardhan
Banning Garrett
Joanna Lewis
Jack Pritchard
David Gordon
Hannah Beech
Tom Pickering

2011
The sweeping theme of the 2011 Conference encompassed economic, environmental, foreign policy, and cultural topics related to China, India, Japan, and other regional powers. Our focus was on both the challenges the US faces from a rising Asia, and the internal challenges that confront Asian leaders and peoples in a time of transition. The 24th Camden Conference brought together nine distinguished speakers to help us understand trends and future prospects for the US and for contemporary Asia.

This edition of *Highlights* summarizes the messages of the speakers. We have made every effort to convey the sense of each speaker’s point of view, and the direction of some of the questions posed by Conference attendees. *Highlights* is intended to enhance your understanding of Conference content and to provide you with a springboard for further lively discussion.

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This year’s Conference was dedicated to Matthew R. Simmons, to honor his memory and his lasting contributions to the Camden Conference. As a Keynote speaker in 2002, a member of the Advisory Council for many years, and a generous benefactor, Matt supported the mission of the Conference in every way possible. He is deeply missed.
To open the Camden Conference, Ambassador Chas Freeman challenged the audience to define Asia as all the countries extending westward from Turkey to the Pacific Ocean and Japan, and said, “We cannot hope to handle this beast—let’s think of it as an elephant—if we have a policy for its hind quarters, but not its trunk, head, legs, or belly. Each part of the Asian anatomy presents its own problems and calls for its own policy tools, but in some respects the greatest challenge we face may be to see the continent as a whole and to conceive our strategy and act accordingly.”

Asians are drawing together as they rise in wealth and power, “driven by economic and financial facts, not politics or ideology. By 2050 China’s economy may well be twice the size of America’s, and India’s will match America’s. This economic growth has serious geostrategic consequences. In the twentieth century, the world had to adapt to American domination of its global political economy. Americans must now adapt to a political economy increasingly centered on Asia.”

Beginning with West Asia, “where Africa, Asia, and Europe intersect, where Judaism and Christianity began, where Islam is centered, and where the world’s energy resources are concentrated,” Freeman explored the complex relationships among these countries and between them and Central and East Asian countries, as well as with the United States. He contended that it is unclear how much influence, if any, America will now exercise in the region. “The recent uprising of Arab citizens against their rulers has cast aside the fatalistic sense of impotence and obsequious deference to foreign power with which Arabs long hobbled themselves.”

The West Asia countries, while trying to reduce their dependence on the United States, remain to some extent reliant on America. To offset that reliance, they are creating new relationships—with China and India, among others. The spectacular rise of East and South Asia has fueled a boom in energy-rich West Asia. Trade between the Persian Gulf region, China, and India has been growing at 30 to 40 percent a year for the past decade.

“When Arab investors once had a strong preference for putting their money to work in the United States, American Islamophobia and the reawakening of ancient Islamic ties to China, as well as to Central and Southeast Asia, are shifting that preference,” Freeman observed. Both public and private Arab investment in China’s petrochemical industries, services, banks, telecommunications, and real estate has surged.

Moving eastward, there is an “astonishing advance of Sino-Indian ties. Sino-Indian trade, which was $60 billion last year, is targeted at $100 billion in 2015. The two countries’ economies are broadly complementary in ways that invite cross-investment, with India disproportionately strong in services and China in industrial production.” It is doubtful, however, that they will cooperate militarily. The Sino-Indian frontier is the only land boundary that China has been unable to settle through peaceful negotiations, and India fears China’s growing military power. The complexity of inter- and intra-Asian relations is exemplified by the effects of Sino-Indian relations in other countries of the region. India, seeking to strengthen its military presence, has sought relationships with Japan and Vietnam. Japan, left off-balance and perplexed by China’s rapid economic growth, may see a relationship with India as a useful hedge against China. As Japan seeks to strengthen its position, it is exploring prospects for military cooperation with South Korea.

Economically, supply-chain relationships connect all of eastern Asia and India. Japan is drawn closer to China as trade between the countries increases. South Korea also is becoming more dependent on trade with China. As China and Chinese businesses increasingly focus on getting rich, China/Taiwan relations have improved. “The economies of Greater China (the China mainland, Hong Kong, Macau, and

Chas Freeman, diplomat, analyst, and author, has served the State and Defense Departments in many capacities since 1965. He was the principal interpreter during President Nixon’s historic 1972 visit to China. He was the Ambassador to Saudi Arabia from 1989-92, and his postings in the Foreign Service included India, China, Taiwan, Thailand, and Saudi Arabia.
Taiwan); the members of the Association of Southeast Asian Nations (ASEAN); and to a lesser extent, traditionally protectionist Japan and South Korea and other South Asian countries are interested in associating themselves.”

Russia, Asia’s remaining great power, although it focuses more on relationships with Europe than with other Asian countries, is not totally separated from Asian growth. Russia is a primary source of weapons systems and technology for India and China, and Siberian agriculture is increasingly reliant on Chinese migrant labor. Moscow joined Beijing and Central Asian nations to form the Shanghai Cooperation Organization (SCO) to protect against great power rivalries, Islamic extremism, and Chinese ethnic separatists. “Russia’s future relationship with the rest of Asia remains a bit of a wild card—as ill-defined and undetermined as the Russian identity, political system, or role in Europe and the Middle East,” Freeman said.

Returning to the theme of Asia as the defining force in the twenty-first century, Freeman elaborated on the “Asianization” of the world economy. The emerging Asian supply-chain economics will be the “heart and circulatory system of global trade.” Asian currencies, like the Chinese yuan, will in time dilute the now-dominant role of the dollar as the denominator of trade and international monetary reserves. “A rising China and India now lift all Asians. Asia has begun to lift the world. The prestige and influence of Asian culture can be expected to grow as well.”

Turning to US/Asia relations, Freeman opined that the US needs “an existential threat to rationalize spending more on our military than the rest of the world combined. We have come up with two alternative candidates to do us in—Islam and China.” But neither is likely to do so. Freeman sees Islam as “a menace to our military domination…not a challenge to the independence, values, or security of a secular America. Most [Muslims] want us gone so they can sort out their differences among themselves.”

Freeman added that we seem to fear China most “because we believe it might become like us—a country animated by armed evangelism, equipped with a military designed for power projection, and imbued with an impulse to impose its values on the world. But China faces too many immediate military, social, and economic development problems to be able to follow the United States in attempting to dominate the world—even if it were tempted to do so.”

In terms of a potential nuclear threat, Freeman argued that “vigilance is justified, as is a renewed focus on resolving civilizational conflicts; ending oppression; and building peace, justice, and prosperity in Asia as elsewhere…There is the potential that a breakdown of order within a state with nuclear weapons might give nonstate actors the opportunity to acquire a weapon, making it important to address the sources of the conflicts that animate fanaticism.”

Freeman concluded that “the challenge to the United States is to harness Asia’s progress to our own, not to dominate the continent or retard its advance. Asian prosperity is essential to American wealth and well-being. Asian intellectual excellence and economic productivity should spur us to raise our performance standards, not seek to lower theirs. Asian innovations must be met by a renewed American commitment to science and technology, not closed minds and protectionism. Understanding the increasing interconnectedness of Asia is a prerequisite both for restored American leadership there, and for effective global governance in the decades to come.”

Q: What is the role of spheres of influence in the world today?
A: I don’t think that the sphere of influence is a useful or viable concept in the twenty-first century. The world has changed. The notion will not be tolerated by the people on whom the spheres are imposed, or sustained in a globalized political and economic system with all sorts of seepages across borders of everything from trade to the Internet. We need to remember that we did not win the Cold War; the Russians dropped out. We inherited absolute military supremacy around the globe. We seem to have embraced the notion that our mission should be to perpetuate this supremacy. I think that is unaffordable; I think it is unsustainable; I think it is foolish. We need to adjust our objectives to levels that are more respectful of other sovereignties.

Q: What do you think about the United States veto of the UN resolution condemning settlements in the West Bank?
A: The US veto was politically disastrous and the timing terrible. We have denied the UN a role in the problems it has played a large role in from the beginning. We have turned the UN into the biggest obstacle to the rule of law.

Q: Does the US have any responsibility for the survival of Israel, and how so?
A: The only threat to the survival of Israel is from Israelis. Israel does face serious identity issues and problems domestically. It has a settlers’ movement that is viciously racist and has totally discredited Israel’s moral image, which was strong in the sixties and seventies internationally. We ought to step up and be responsible for helping Israel to survive both foreign and domestic enemies, and that means stopping the enablement of bad behavior.
The Era of Mistrust?
The Future of Sino-US Relations

The US and China need to engage in a more humanistic way.

Lanxin Xiang

Professor Lanxin Xiang began by stating his belief that the recent visit of President Hu of China to Washington seemed to have achieved very little. Although the visit did serve the purpose of temporarily suspending conflict or controversy, Xiang didn’t see any new breakthroughs on which to base a much-needed new diplomatic framework.

To Xiang, the visit was a missed opportunity to establish a new beginning for the Sino-US relationship. At this historic moment, he says the US/China relationship is “heading toward a downward spiral” that will be difficult to stop.

The reasons for this “era of mistrust” in US/China relations are partly due to the Cold War legacy. But there is an older ideological debate, not only about Communism versus democracy, but something deeper—a basic cultural misunderstanding “that leads to a consistent misreading of each other’s minds.”

The US looks at China from its own very short historic perspective, which dates back to the Enlightenment. China, on the other hand, has what Xiang termed “the bad habit” of taking a longer view. He underlined this point by noting that a statue of Confucius has recently been erected in Tiananmen Square, joining those of more modern “deities” such as Marx, Stalin, Engels, Sun Yat Sen, and Mao. This statue has significant implications—China is returning to its roots. The presence of Confucius signals a very profound change to Xiang and suggests the return or reset of Chinese perceptions of themselves going back to before Enlightenment ideology.

As an example of our misunderstandings, Xiang cited the key Western concept of “the rise of China,” a term with which he totally disagrees. The connotation is that today’s China is something new—an emerging market—or even less acceptable, that it is finally breaking with its traditions and past to embrace Western values, including, eventually, democracy. Xiang called these implied assumptions “fundamentally misleading.” They suggest that the West sees China as a late comer to global trade and a beneficiary of globalization, forgetting

Lanxin Xiang is a Professor of International History and Politics at the Graduate Institute of International and Development Studies in Geneva, Switzerland. He has published widely in journals and consults on China/US and China/EU issues. He is the author of three books in English and five in Chinese.
that it was the initiator of the first global market network, the Silk Road trade. Another problem with “the rise of China” concept is that it leads to the erroneous assumptions of what he called the “inevitability thesis.” Westerners tend to believe that China, as a rising power, will inevitably either become a democracy, or will develop imperial ambitions. The US has tried to apply these mistaken assumptions and inevitably has been unsuccessful.

Diplomatic efforts to engage with China have led to other failed concepts for Sino-US relations. Robert Zoellick, president of the World Bank, introduced the term “responsible stakeholders” (based on the premise that powerful nations that benefit most from a healthy world order have the responsibility to make the system work). This idea was initially acceptable, even to President Hu, because it appeared to be the US response to China’s true aspirations. The Chinese finally rejected this form of engagement because, although it offered them “a place at the table,” it would be on the condition that they follow America’s rules. Offers of a G-2 engagement (a de facto US/China partnership to set the global agenda) were also rejected by the Chinese as not being sufficiently inclusive of Europe and others.

“The [so-called] rise of China is the re-rise or restoration...”

These missteps are based on the flawed American concept of “the rise of China.” The Chinese don’t use the term “rise;” they “speak of restoration or re-rise,” Xiang said. To support this view, he observed that historically, China had been the greatest economic power on earth. Even up to the early nineteenth century, China had never had a trade deficit and, at that time, produced more than 30 percent of the global GDP.

At this point, Xiang revisited his contention (one that he would further develop later) that China best understood the West during dialogues with humanist Jesuits in the fifteenth century, and cited recent academic studies supporting the idea that the Enlightenment spoiled any chance for accommodation and integration between China and Europe, and now America.

Xiang next argued that the idea that the Chinese political system is a hindrance to development has been proven wrong by China’s historic experience, and that hopes that China will join the world’s democracies are naive. With such fundamental differences in perspectives and misreading of minds, China and the US have a hard time accommodating each other. If this disconnect continues, we might see alienation between the two countries, in spite of an enormous number of shared interests. Xiang’s view is that there is not just a misunderstanding on the basis of hard interests, but at many other levels. At present, the US appears to be offering China only palliatives and not engaging in serious discussions.

We are in a very difficult situation, because neither side seems willing to engage at a high level to build real trust, Xiang said. He sees problems in the Pacific and the South China Sea as having the potential to aggravate the situation and provide the setting for serious confrontation. “There are a lot of issues that could lead to misunderstanding if leadership continues to operate on an ad hoc basis,” he said. The stability of the last two years might continue to the end of the political mandate of both Hu and Obama, but the real problems remain (including Taiwan and military and economic issues). The leaders of both countries must try to resolve these problems before another round of confrontation emerges, and Xiang emphasized that such a moment may not be far off.

Xiang believes that in order to start real engagement, to have real dialogue, and to find solutions to the fundamental issues, we need to go back to the original debate and to how Europe engaged China 400 years ago. The underlying issues that confronted Europe and China then still exist. In the sixteenth century, Mateo Ricci (Jesuit missionary, Renaissance humanist, and scholar) felt that the Christian and Confucian ways were compatible. He didn’t think it was necessary to force the Chinese to abandon their own culture to move toward Christianity. However, papal politics intervened, and the Jesuits were no longer permitted to preach this approach; the Pope required that the Chinese renounce all their beliefs before becoming Christians. This controversy lasted 400 years and engaged three popes, two Chinese emperors, the faculty of the Sorbonne, and hundreds of missionaries. The spill-over from this religious controversy affected the political dialogue of the day and put a damper on discussions to resolve political issues until 1943.

It is this debate that the Chinese wish to restart. China has its own philosophy of domestic governance which, Xiang believes, has nothing to do with Communism. Chinese governance has long espoused Confucian principles. Confucian governance is based on the belief that politics must be virtuous and that the people may rebel against bad governance. Xiang reminded the audience of Confucius’ famous analogy comparing the people to water and the government to a boat: “The water can carry the boat, but if angry, can also overturn the boat.” It should be noted, Xiang said, that Confucian political philosophy, contrary to Western perception, is not conservative.

It is today’s very unhappy and potentially unruly Chinese people that are the real obsession of the leadership in Beijing—not imperial ambitions. Indeed, in all of its history, China almost never has had imperial ambitions, so it is a big mistake for the US to base its military policy on fears of such a threat. It is true that China feels that it has just historic claims on Taiwan and Tibet. But Xiang believes that the recent Chinese claims on the China Sea islands were an instance of “overstepping” by a government that wanted to shake its fists for domestic political reasons, in order to defer popular anger over a long list of grievances.

Xiang ended by urging that the US re-engage with China in a more humanistic way, and that both countries find ways to resolve the serious cultural differences that are now impeding a constructive dialogue.

Reported by Andrew Stancioff
Professor Pranab Bardhan's interest is not in challenges the “awakening giants” of Asia may pose to the US, but rather in challenges China and India face at home—and the very different “feet of clay” that could undermine each of their recent economic revivals. This professor of economics at the University of California in Berkeley traveled back to 1820 to begin his talk. In that year, China alone contributed about one-third of world income, and together with India, provided nearly one-half. Jumping to 1950, China and India together contributed just nine percent, following “rather unpleasant encounters” with international powers. Projecting current growth rates forward to 2025, China will create 25 percent of world income and India 11 percent, for a combined 36 percent.

Bardhan went on to analyze—and partially debunk—the “conventional wisdom” as to how this growth came about. Chinese growth has been, as is widely believed, “more labor-intensive, employing lots of people” in making garments, shoes, toys, and other goods. “Indian success stories are in skill-intensive products, capital-intensive products, like software; business processing; the pharmaceuticals industry; and, more recently, in vehicles and car parts.” This Indian- and British-educated economist proceeded to “qualify a little bit” these common perceptions. “China is widely regarded today as the manufacturing workshop of the world,” he said. But economists look not so much at the value of output as at value added, that is, output minus such costs as raw materials and components. By this measure, China contributed about 15 percent of world output in 2009, almost the same as Japan, while the US contributed 24 percent and the European Union 20 percent. “So China in value-added terms…is not yet the manufacturing center of the world. It will get there. But not yet.”

Similarly, while India’s success in information technology-enabled services is well known, “one should have some sense of proportion.” Information technology workers constitute less than one-half of one percent of the Indian labor force. “Another piece of conventional wisdom is that Chinese growth is primarily export-driven,” he said. In reality, even in

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**Pranab Bardhan** is a Professor of Economics at the University of California at Berkeley. He has been on the faculties of MIT and the Delhi School of Economics and Indian Statistical Institute, and a visiting professor/fellow at the London School of Economics, Trinity College, Cambridge, St. Catherine’s College, Oxford, and the University of Siena.
the 2002-07 period of highest trade expansion, exports contributed little more than one-quarter of China’s growth overall. “The main part of Chinese economic growth is domestic, not exports,” he said, adding that the same is true for India. Nor is China’s growth unprecedented. “Chinese growth is phenomenal, but it’s not unprecedented.” South Korea had Asia’s fastest 25-year growth spurt, followed by Taiwan, with China in third place, ahead of Japan.

The split between labor-intensive Chinese and skill-intensive Indian successes does have implications for poverty, though, “because most people are not skilled people. Most people do not have capital.” Using a standard World Bank measure of $1 per day per capita as the poverty line, adjusted for purchasing power parity, he told the Conference that in 1981, 73.5 percent of the people in China fell below the line. By 2005, only eight percent remained in poverty. “It’s a really extremely impressive performance,” Bardhan said. “It is even more vivid if you count the numbers of people … More than 624 million people were lifted above this poverty line. Never before in history has something of that magnitude happened.”

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In India, 42 percent were below the poverty line in 1981, dropping to 24 percent in 2005—“significant…but not dramatic like in China.” The bit of conventional wisdom Bardhan questioned here is that globalization accounted for most of these leaps. “Of these 624 million, more than half were raised above the poverty line by 1987.” China’s global integration came mainly from 1990 onward.

“China carried out one of history’s most egalitarian land users’ rights distributions.”

“Something big happened in the 1980s,” Bardhan said. First, China moved its agriculture “from the commune system to the household responsibility system,” in which individuals have land-use rights. Second, “China carried out one of history’s most egalitarian land users’ rights distribution. With small qualifications, everyone got equal amounts of land.” Egalitarian land distribution “provides a floor to poverty…because you can fall back on the equal amount of land you have.” By contrast, 40 to 50 percent of rural households in India remain “landless or almost landless.”

Today, while inequality is rising in both countries, “contrary to conventional wisdom…India’s inequality is higher than China’s” in such critical areas as land distribution and education. In terms of social inequality, the comparative picture is “somewhat mixed.” China is more gender-imbalanced: of children under six, China has 122 boys on average for every 100 girls—“an implication of China’s one-child policy”—while India has 109 boys for every 100 girls. Balancing this, gender inequality is less in China when it comes to female literacy and participation in the labor force.

Many expect India’s younger population to provide a “demographic dividend” that allows India to grow faster than China in the near future, because younger people are more productive and save more than older people. But Bardhan noted that India’s population is younger mainly in the “relatively backward” north. In fast-growing southern and western India, “the fertility rate is declining quite fast.”

A clearer plus for India, as Bardhan sees it, is a “much healthier and much more vigorous” private sector. This factor has political as well as economic implications. Many of China’s most globally successful firms are state-owned and run by politically powerful families. A study by China’s own Academy of Social Sciences showed that in 2007, of the country’s 3,500 millionaires, 3,000 were relatives of high-ranking party officials.

While conceding that India has some “crony capitalism” too, Bardhan argued that “cozy relationships between the capitalist oligarchy and the politicians” thrive when people who are “economically successful use the power of an authoritarian state to get their way.” This tendency leads not just to corruption, “but also to a kind of predatory capitalism.”

Another obvious big difference between the two countries is that India is a democracy. Although China’s elite sees its system of “authoritarian capitalism” as the best in the world, particularly for a developing country, Bardhan maintained that “authoritarianism is neither necessary nor sufficient for development.” Conceding that China’s government is more efficient and India’s is “extremely messy,” he added, “In some sense, India’s strength is in the messiness.”

China’s leaders fear their regime could be in trouble if growth falls below a “red line” of eight percent. Bardhan said that he joked with friends in Beijing after the financial crisis that “if the Indian growth rate falls to zero, nothing will happen—because the Indian regime does not derive its legitimacy from the economic growth rate. Its legitimacy is derived from democratic pluralism. If democratic pluralism was not there, India would have broken into many pieces many years back.”

Whenever there is a political crisis, the Chinese leadership over-reacts, he said, suppressing information and acting heavy-handedly. Balanced against this Chinese vulnerability is the weakness of India’s democracy at the local level. “So there are accountability failures in both countries”—their “feet of clay.”

Reported by Sarah Miller
China’s Energy and Climate Change Challenges

What is China’s contribution to climate change?

Joanna Lewis

In a presentation generously illustrated by statistical slides, Professor Joanna Lewis began with a panorama of the frightening environmental challenges facing China. She focused on Beijing’s famous air pollution, which causes “750,000 premature deaths and 75 million asthma attacks annually,” and on the national water crisis, explaining that “70 percent of the water around China’s cities is unfit for either drinking or fishing.” She added that even private cooking and heating stoves are a problem, their emissions “constituting the fourth largest cause of death in China.”

Lewis then specified what she saw as China’s main environmental challenges: air and water pollution; water scarcity; land degradation and desertification; the increasing reliance on coal for energy; and the increase of energy-intensive industry at a time when China is already the world’s largest emitter of greenhouse gases, having surpassed the previous leader—the US—last year.

Having laid down this base of data, Lewis said that she would attempt to answer these questions:

1. What is the nature and extent of China’s contribution to climate change?
2. How will climate change affect China?
3. What has the country done so far in regard to amelioration, and how can the United States work with China in these efforts?

Lewis emphasized that the center of the problem, and the potential solutions, lay in the country’s heavy and still increasing reliance on its indigenous coal supply for its energy needs. The government has made sincere efforts to improve the situation, but those efforts are still at a very low level and have had a very low impact. Although China’s average per-capita emissions of CO₂ are one-fourth those of the US, its far larger population means that it already contributes one-quarter of the world’s emissions total. “However,” Lewis pointed out, “what we’re really worried about is where China is going,” indicating that the very steep trajectory of China’s emissions growth, if left unchecked, would soon constitute one-half of total world greenhouse emissions and would render “completely insignificant” the emissions control efforts of the rest of the world under the Kyoto agreement.

Lewis then presented, through a series of maps, a geographical survey of China’s various economic resources—population, agriculture, water, industry, and energy—and the geographical and ethnic political problems in getting the various resources together as needed. She went on to demonstrate how the predicted effects of climate change could become “threat multipliers” for China, both economically and socially. For example, anticipated rates of sea-level rise could submerge “an area the size of Portugal” in the very populous and industry-heavy coastal provinces. The already ongoing shrinkage of the Himalayan glaciers is raising doubts about current plans to divert water from that region to high-need areas to the north and east. Because of China’s size and central location in East Asia, all such problems there “will, by default, have regional and potentially global consequences.”

Having shown all these environmental challenges, Lewis assured the audience that “China is actually doing quite a bit to deal with climate change,” listing some key steps they have already taken: ratification of the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol (although not bound by the latter, as a developing nation), and serious efforts to increase domestic energy efficiency and renewable energy sources. She named energy as “the core of China’s climate change problem, but the way China’s energy system is structured makes it very hard to change.” Nonetheless, Lewis assured us, a lot is being done. She cited energy-use efficiency as China’s biggest success in this area, and said that its so-called “energy-intensity improvement” has been “the fastest in the world.” This advance is important because, if China had not initiated efficiency reforms starting in 1977,
their energy use (mostly coal) would now be a disastrous three times higher than it is. The effort continues with tough pressure exerted on industry to adopt more efficient energy usage.

Lewis then looked at China’s remarkable progress in recent years in renewable energy, beginning with its landmark Renewable Energy Law of 2006 that sets unique national standards and goals in this field. The most impressive results have been China’s progress in wind power. From a very small player in the field in 2006, China has risen in five years to number one in the world in installed wind-power capacity and in the rate of new capacity (35 percent of the world’s new wind power in 2010 was built in China). Lewis added that China “was catching up” quickly in other important industry areas, such as sophistication of equipment installed, expansion of its share of its own market (from 40 to 82 percent in just the last three years), and production and export of wind power equipment.

“China and the US are positioned to lead the world’s transformation to a sustainable, low-carbon, global economy.”

Lewis described a similar but different expansion of China’s solar power production. Although the country is now the largest producer of solar-power equipment, it is less than tenth worldwide in terms of actual use of solar power. She said that this situation is due to government policies based on the current economics of solar power, and the policies could change if the economics change. Lewis called China’s carbon-emission policies promising because they are based on the successful energy-efficiency policies, but they are likely to be compromised in practice by the cost of the required equipment improvements and by potential conflict with the country’s economic growth goals.

Lewis appealed for greater US/China cooperation on environmental issues. She summarized the current interaction between the two countries on environmental and climate change issues by reading news headlines from 2010 that highlighted both the respective progress (or lack of it) and some of the existing tensions. Despite the obvious challenges for US efforts to cooperate with China, Lewis felt that “it was in our interest” to attempt to do so. She cited the four main reasons often given for not doing so (We’re competitors with China! If we work with them they will steal our technology and intellectual property! They can’t learn from us! We have nothing to learn from them!), and then discussed how all four are essentially incorrect, and how cooperation could be—and in fact currently is—beneficial to both sides. To demonstrate the status of current cooperation, Lewis showed a slide listing some 21 joint US/China environmental projects now underway, pointing out two she considered especially promising.

Lewis ended her talk with the following conclusions:

- China and the US face similar problems regarding energy, climate change, and maintaining domestic prosperity. These shared concerns can be either opportunities for cooperation or grounds for competition.
- We are entering a difficult time in US/China relations, but energy and climate issues may be the one key area where we can advance (or, if we handle it badly, further strain) the relationship in many of our other areas of interaction.
- China and the US are positioned to lead the world’s transformation to a sustainable, low-carbon, global economy. We each have developed unique technologies and capabilities that can be the basis for a natural win-win partnership.

Reported by Charlie Graham

Energy and Resource Trends and Challenges Across Asia

Shifting demographics shape economies and strain resources.

Banning Garrett

“The future of Asia is less certain than you may think it is,” declared Banning Garrett as he began his address. Suggesting that the current guiding geopolitical narrative coming out of Washington, Beijing, New Delhi, and elsewhere is insufficient, Garrett said that a series of megatrends will create a new strategic environment over the next 50 years, and these trends must be understood, appreciated, and planned for. These trends include issues in demographics; the steady transfer of wealth from West to East and West to South; growing demand for access to basic resources such as food and water; climate change; and the rapidly evolving role of technology.

Garrett highlighted the question of interdependence and how states will come together to solve common, emergent problems in order to meet collective challenges. A world consumed by zero-sum competition and lacking clear leadership
or direction—a G-0 world, as Garrett put it—would be a catastrophe. He rejects the current geopolitical narrative, which assumes eventual conflict between "the rising power and the established hegemony" in what Garrett labeled "the tragedy of great powers." He asserted that it is inaccurate to assume that competitors must someday become rivals and eventually enemies. In particular, Garrett said, "the US/China relationship is key to the future." Without partnership, it will be difficult to sufficiently prepare for or address the difficulties ahead.

In the demographic phenomenon that Garrett calls the "three-three-three billion," shifting demographics will place new and unique stresses on the global economic and political order as the global population grows by approximately three billion over the next 40 years, as the UN projects. By 2050, the world’s swelling population of nine billion will increasingly give developing nations in Asia, Latin America, and Africa an economic advantage in terms of a youthful workforce. At the same time, “rich democracies” such as the US, Western Europe, Japan, and South Korea will be shouldered with aging societies that will dampen their economic growth and potential. Some analysts project that by 2050, 30 to 40 percent of Western populations will be 60 years old or older, while 90 percent of 35-year-olds will live in emerging economies.

Garrett continued, “There are really profound implications for us, because it’s a shift of global wealth and production.” Studies indicate that two-thirds to three-fourths of the future growth of the global economy is going to come from the developing world rather than from the US, Western Europe, or Japan. This disparity is partly due to demographic projections that by 2050, the developed world will only account for roughly 10 to 12 percent of the global population. This raises the question: how do we deal with the other 88 percent? Garrett emphasized that the Western world won’t always be able to write the rulebook. “Our leverage is probably going to diminish, rather than increase, over time. It’s going to be a huge challenge for the United States and for the mind set of the US and Europe,” he stated.

The steady rise in urbanization, which has been taking place around the world for some time, will have a major effect on the developing world, contributing to new demographic stresses while exacerbating old ones. Today, approximately 50 percent of the world’s population is urbanized. By 2050, that rate is expected to increase to 70 percent. Some countries—China, for example—are positioning themselves very well for the expansion of their many urban centers, which will give them an advantage in the decades to come.

By 2050, energy demand is projected to increase by 50 percent, if current energy policies are perpetuated. The environmental risks associated with doubling the production of energy are enormous and will present increasingly difficult dilemmas. With the addition of three billion people to the world’s population, the demand for food and water will also increase dramatically. Many other resources, such as lithium, iron ore, phosphorus, and copper, will become scarcer as economic demands push production to unsustainable levels. The shortages of critical resources will put stress on governments around the world, with the potential to shift the geopolitical landscape. For example, will the Chinese government be able to maintain legitimacy if it is unable to sustain strong economic growth? This question, and others like it, Garrett asserted, are absolutely critical and must be answered ahead of time and planned for accordingly.

In addition to population growth and its many consequences, Garrett emphasized the grave risk posed by climate change. He pointed out the widespread assertion of the scientific community that if pollution continues unabated, we may soon reach a tipping point beyond which severe natural repercussions—such as melting ice sheets, the inundation of low-lying areas, droughts, and other such catastrophes—may occur with greater frequency and intensity. As an example, Garrett cited a recent study by the Chinese government on the potential for climate change to affect agricultural productivity. The study determined that by 2050, China’s farms would produce 37 percent less than they do today, due to desertification. Over this same period, China is projected to add more than 300 million people to its already staggering population. As Garrett succinctly stated, “That’s a problem.”

“China and the US are stuck in the same boat, whether they like each other or not.”

Banning Garrett is the Director of the Asia Program and Strategic Foresight Project at the Atlantic Council in Washington, DC. Previously, he was the director of the Initiative for US-China Cooperation on Energy and Climate at the Asia Society’s Center for US-China Relations, as well as the founding director of the University of Denver’s Institute for Sino-American International Dialogue.
On the bright side, technology stands to play a positive, important role in reversing climate change and adjusting for other trends that affect the evolving geopolitical narrative. “We underestimate the importance of technology,” Garrett stated. “If you go to Washington, there are not a lot of people in policy-making positions that really have a good sense of technology and where it is going. I don’t think that 15 years ago, there was much sense about what the Internet would be, much less what it would do to the world. So the question of technology is an extremely important one here.”

Technological advances in production, such as 3D printing, also stand to improve production efficiency while lowering waste. Garrett asserted that we should constantly be developing new technology to help alleviate tomorrow’s problems, stating, “We’re in uncharted territory. We’re facing uncertain outcomes.” He continued, “As we have diminishing resources, are we going to have wars over them, are we going to go fight for them, or are we going to get into some sort of a zero-sum global economy? Will the global economy start to shrink because there aren’t the resources to meet the growing demand? I don’t know.”

He asserted that we need to move away from emphasizing “balance of power” to emphasizing “pooling of power.” Interdependence is a reality, whether we like it or not. China and the US, in Garrett’s view, are “stuck in the same boat, whether they like each other or not, and we face common threats that you just can’t solve alone.” In conclusion, Garrett said that hope lies in both the US and China perceiving that cooperation is an imperative. “The world needs us to succeed. We need China to succeed. They need us to succeed… The US and China are going to have to work together if the world is going to get through this century well.”

Reported by Benjamin Fox

North Korea: Recent Developments and Future Prospects

An unstable regime, preoccupied with succession

Ambassador Pritchard summarized recent developments in North Korea by emphasizing that it is “all about the leadership.” The Founder, Kim Il Sung, died on July 8, 1994, but is still regarded to this day as the only “President.” He lies preserved in a glass coffin in the private office of his eldest son and current Great Leader, Kim Jong Il, who refers many decisions to him. The Founder’s 100th birthday will fall on April 15, 2012, and the anticipated celebration of that event provides the context for North Korea’s behavior today.

Pritchard next described an experience he and Secretary of State Madeleine Albright had after a meeting with Kim Jong II in October, 2000. The Great Leader invited them to come to the huge May Fifth Stadium. When they arrived, they saw no cars, lights, or people—yet once they were in the stadium, when a spotlight opened on Kim Jong II, 150,000 spectators and 100,000 performers rose to their feet cheering. When he gave the command, they promptly sat down. All of them had walked to the stadium. The spectacle showcased the phenomenal discipline exacted from the North Korean people.

As another example of the bizarre nature of the leadership, Pritchard described the great Juche Tower in Pyongyang, named for the central national concept of “self reliance.” The building, which is three feet higher than the Washington Monument, contains exactly 25,500 blocks of granite—one for each day of Kim Il Sung’s life of 70 years at the time of construction.

Pritchard pointed out that North Korea’s unstable regime, and the possibility of its collapse, is of serious concern in large part because of its buildup of nuclear materials and technology, which poses a military threat to South Korea and Japan.

Jack Pritchard is the President of the Korea Economic Institute in Washington, DC. He was Ambassador and Special Envoy for Negotiations to the People’s Democratic Republic of Korea in the Bush administration, and Special Assistant to the President for National Security Affairs and Director of Asian Affairs in the National Security Council in the Clinton administration.
and raises the possibility that the technology and fissionable materials could end up elsewhere.

Using the real estate mantra (“location, location, location”) as a parallel, Pritchard stated that North Korea’s preoccupation has been: “succession, succession, succession.” What happens when Kim Jong Il dies? He had a stroke in 2008 and current photos reveal his infirmity, but after his 17 years in power, there’s “no plan in place.”

North Korea’s leadership “panic” helps explain the chilly relationship with the United States. In 2008, the Bush administration pushed hard in a six-party process toward a verification protocol for North Korea’s nuclear program. The North Koreans made only a nationalistic response. Seeking a deal, the US offered such incentives as lifting economic sanctions in place since 1950 in the Trading with the Enemy Act, and removal from the list of state sponsors of terrorism. North Korea refused. The US put these measures into effect anyway, but the North Koreans walked away from the talks, which have not been resumed.

Driven by their need to build up nationalistic pride, North Korea launched a missile on April 5, 2009. They were stunned by US condemnation and UN Resolution 1874, which assigned all UN countries the responsibility for tracking and seizing North Korean suspected illegal cargo—heavier sanctions than ever before. The North Koreans felt that they had done this launch correctly, with the advice of China. They had given proper notification and joined the International Space Treaty. In Mr. Pritchard’s words, the message from the international community seemed to be, “Of all the nations of the world, you alone do not have the right to peaceful use of space.” North Korea expressed her shock by detonating another nuclear device on May 25, 2009.

During the summer, however, the North Koreans seemed to be concerned that their defiant course might not be wise; if so, we missed this window of opportunity for negotiation. In October, 2009, Chinese Premier Wen Jiabao visited North Korea to celebrate the sixtieth anniversary of the two countries’ relationship. He brought about $200 million in aid, and his message appeared to be, “Don’t worry about the UN sanctions; your lifeline will be with China.”

North Korea has accelerated efforts to insure the survivability of the regime. They made Kim Jong Il’s brother-in-law, Jang Song Taek, the first civilian member of the expanded National Defense Commission, which is the governmental organization that runs the military decision-making process. Having a Kim family member on the Commission seemed to be a kind of preparation for leadership. In 2010 he was promoted to be vice chairman.

Pritchard compared the Kim Jong Il succession process to Fred MacMurray on “My Three Sons.” The oldest son, Kim Jong Nam, has an unacceptable reputation because of a strange attempt by him and others in 2001 to enter Japan using false Dominican Republic passports. The middle son, Kim Jong Chul, is considered to be too effeminate to be fit for leadership. The youngest of the three, Kim Jong Un, about 26 years old, has apparently been chosen to be his father’s successor.

Pritchard said 2010 was a very bad year for the North Korea/South Korea relationship. First, on March 26, the South Korean naval ship Cheonan was sunk in its own waters, torpedoed by a North Korean naval vessel. In North Korea, this event was good news, and the planning and execution of this “military victory” was eventually credited to the young son, Kim Jong Un, giving him military credentials.

Later in the year, more trouble arose when Ambassador Pritchard himself was on site at a project identified as a light water reactor in Yongbyon and officials revealed that a uranium-enrichment facility existed there also, which had not been known before. Again, global condemnation was the response to this accidental revelation. Pritchard insisted that the International Atomic Energy Agency be asked to certify that the site was not a weapons-grade facility. This issue is still unresolved.

In a third incident, on November 23, North Korean artillery shelled South Korean Yeonpyeong Island, causing four deaths. This occurrence, the first such land action since the end of the Korean War, gravely changed the tone of the relationship between the two Koreas.

A lingering problem is the “Northern Limit Line,” the artificial boundary drawn by the US between North and South Korea at the end of the war. The line was drawn in such a way that five islands close to the Northern coast are identified as South Korean possessions. The North does not accept this boundary.

“Look for less provocation and more overtures to South Korea in 2011.”

However, on January 1, 2011, a North Korean editorial said, “Let’s be friends.” In Mr. Pritchard’s judgment, there will be much less provocation in 2011. North Korea will be busy working out its next domestic leadership. Kim Jong Un is now legitimized as vice chairman of the Central Military Commission on the party side. They made him a four-star general. (His sister, Kim Sul Song, was also made four-star general.) Because 2012 will be a big celebration year, the government wants to lower tensions and draw in foreign investments. When President Hu Jintao visited Washington in January, 2011, the question of Chinese influence on North Korea came up, and his response was: “Didn’t you read the January 1 editorial? They want to be friends. We did that.”

In 2011 we can look for several possibilities. North Korea will continue to make overtures to South Korea. Bilateral talks might take place between US and North Korea. The six-party talks might restart, but no real movement toward denuclearization will result. Nuclear weapons are off the table, but there will be utility in keeping the talks going on. North Korea will focus more closely on domestic economic activity so that there will be prosperity to celebrate in 2012. Most of all, there will be continuing intensive preparation for the leadership succession from Kim Jong Il to Kim Jong Un.

Reported by Ralph Moore
Geostrategic Rivalries and Chinese Expansionist Behavior Across Asia

Rising economic power raises security issues.

David F. Gordon

Drawing on his deep wealth of policy and security experience, David Gordon detailed changes in geostrategic alliances occurring between Asia and the United States. According to Gordon, the re-emergence of China and the Asia-Pacific area as the center of global economic vitality after the recent financial crisis has actually enhanced the role of the US as a global hedge against China.

Gordon began his talk asking Conference attendees to keep in mind two underlying points when thinking about geopolitics in Asia. He summed up his first point as a fundamental disconnect between the region’s economic growth and financial integration, and the lack of a viable security framework.

“There is a disconnect between the rise of Asia in economic and financial terms and integration in economic terms on the one hand,” said Gordon, “and on the other hand, the notable lack of a security framework in a region where: 1) nationalism remains a very powerful, even growing force; 2) as we heard earlier today there are big differences in governing models and in economic models among the players in the region; and 3) an external power, the United States, has been the dominant military force in the region since the end of World War II.”

Secondly, he noted that the recent financial crisis was a “watershed event for US/China relations, particularly at the economic level.” China’s established role as a supplier of low-cost goods and capital, and America’s role as the consumer of first and last resort, were both badly shaken. The Chinese were particularly suspicious of the plans the US government made to address the crisis, most notably global rebalancing. Throughout the Asia-Pacific region, the economic crisis badly damaged America’s reputation as an economic model.

With these two points serving as a backdrop, the Obama administration took office in 2009, intending to implement an ambitious Asia policy. The administration immediately reached out to China, hoping to forge a “burden-sharing partnership to manage the world together on all of the big issues, be it climate change, be it global finance, be it economics,” said Gordon.

He went on to explain that China ultimately rejected this effort because it believed the rules for the partnership were being set by the United States, and because global burden-sharing is expensive. China also doubted its ability to garner equal status while the US remained the dominant military power. Overall, China felt the partnership would detract from its focus on becoming the world’s top economic power, and effectively ended the talks by personally insulting President Obama at the 2009 Climate Change Summit in Copenhagen.

Gordon contends that before the financial crisis, the Chinese believed that the United States’ role as the world’s dominant superpower was solid. At the same time, they also believed that the international context was favorable for the re-emergence of China, yet doubted that the US would let them become a major global power. In contrast, in the aftermath of the financial crisis, two camps emerged in China.

“One is broadly centered in the security establishment, the People’s Liberation Army and those close to them, and the second in the financial and economic establishment,” Gordon said. The security establishment believes that the lessons of the financial crisis clearly reveal that the Chinese are resilient and rising, while the US is declining. The economic establishment agrees that China is more resilient than the US, but understands that as an export country holding significant US paper, China needs a collaborative relationship. They understand that “for the global system to remain conducive to China’s rise, the United States can’t be doing that badly.”

David Gordon is the Eurasia Group’s Head of Research and Director of Global Macro-analysis. He was the former Head of Policy Planning for Secretary of State Condoleezza Rice, advising on issues including Afghanistan, Pakistan, US engagement in East Asia, and the international financial crisis.
“By the middle of last year, at the political, economic, and financial level, we had some pretty constructive conversations between the US and China. At the military level, none of that took place,” Gordon told his audience. At the same time, China began to behave differently in the region.

Signs of a change in behavior included China’s response to the sinking of a South Korean Navy ship, the Cheonan, in March 2010. Rather than serving as an interlocutor between South Korea and North Korea, the Chinese sided broadly with North Korea. China also took hard-line stances toward the Japanese during a fishing incident involving a drunken Chinese fisherman, and toward Vietnamese fishing boats challenging China’s South China Sea maritime claims. “None of these marked a significant change in any of China’s official positions, but they did involve a pretty big change in Chinese behavior,” noted Gordon.

“[Recent Chinese behavior] has enhanced the US position as the global hedge.”

This change in behavior has made other countries in the region nervous, enhancing the role of the US. “For all of the other actors in Southeast Asia, it raised the salience of their relationship with the United States and the continued presence of the United States in the region as a source of security for everybody else. It basically enhanced the US position as the global hedge in the context of China emerging as the dominant regional power,” Gordon explained.

In response, the Obama administration effectively rebalanced its Asia policy. It did so by lowering expectations of China and by “reasserting the importance of traditional alliances with Japan, Korea, and Australia, and building relationships with our new partners in the region, in particular India, Indonesia, and Vietnam…At the same time, I think there remains very deep uncertainty in the region over the long-term status of the United States,” said Gordon.

While uncertainty remains about the future of the US, the Chinese have already begun to soften their stance. “When I speak to my colleagues who are diplomats from the Asian countries dealing with China, the temperature has already gone down and [the Chinese] have gotten the message that they have overplayed their hand,” Gordon said.

“What does all of this mean?” asked Gordon. “The important point is that, ironically, the US and China aren’t necessarily in a zero-sum game for influence in the region. As China’s influence increases, and it will, it makes US influence in some ways automatically more attractive because of the hedge factor involved.” Shifting roles in the region also mean that old views of China—as either a place that will look a lot more like America, or a place where we might encounter a conflict—have both been weakened.

Gordon added a note of personal concern about a debate that could provide an incentive for the US to have an enemy in Asia. The “green-versus-blue debate” is happening in limited circles in the defense department. The green side represents ground forces, notably the Army and Marine Corps. The blue side represents the Navy and Air Force. Since 9/11, ground and Special Forces have dominated military thinking about planning and contingencies. In the aftermath of Iraq and Afghanistan, it appears that future US military operations won’t rely on large ground troop movements. This past decade, the Air Force and Navy have been somewhat neglected, and are now reasserting themselves as important actors. The danger is that there’s nothing better than a good enemy to demonstrate one’s importance.

In the end, Gordon is optimistic about US/China relations. “I do believe, at the end of the day, that we’re in this huge embrace,” Gordon said. To forge a significant partnership, the US must accept that it cannot set all the rules of the agreement and must be cognizant of rising nationalism among young people in China. And as China faces enormous resource challenges, it must rely on imports, like food, from the United States. Gordon ended by saying, “We’re in a period of distrust. But the pathway to both manage it and hopefully exit that pathway within two to five years may be out there as well.”

■ Reported by Kate Bates
How Asian Journalists Operate with State-Controlled Media

Ways exist to circumvent the Great Firewall.

Hannah Beech

Hannah Beech, a foreign correspondent for *Time* magazine currently stationed in Beijing, has lived and worked in Asia for more than a decade. She has experienced fully the cultural distinctions and the governmental controls that affect the development, distribution, and receipt of news. She has walked the fine line that journalists walk when they receive information and report news that many Asian governments wish to curtail or modify. She has observed the dedication and determination of her Asian colleagues as they strive to be true journalists and report real news, often under the threat of personal harm, or loss of employment at a minimum. She has seen how governments manipulate the news to their advantage, dictating what will be presented and repressing as well as leaking information depending on their goal. She has witnessed colleagues come to harm, even be killed.

But she says, “We all know what the dangers are for ourselves; we have put ourselves in the position. War zones are a different matter and somewhat extraordinary. In my role, my greatest threat is deportation. I am much more concerned about the consequences for those Asians whom I interview for a story because they are in danger.” And she has witnessed a gradual change in the media industry in China and other Asian countries.

China and the rest of Asia are worlds apart from America, Beech says. While the newspaper industry in the United States appears to be in its death throes, in China, the local press has a vital role, and its power is increasing. In addition, newspaper subscriptions are increasing as readership grows, and new start-ups occur routinely. In Burma, where at one time newspapers carried a few dour government papers, today more than 100 weekly newspapers are sold, 20 of which cover news. The average person in Japan subscribes to two daily newspapers.

“No, Chinese newspapers are supposed to make money.”

The free market has changed the way the media operate in China. Previously the government subsidized Chinese newspapers, so the papers did not worry about making money. But now, newspapers are supposed to make money. To ensure paid circulation, publishers and editors have to be concerned about their readers and what they might want to read. Although certain topics clearly are not covered without a directive from higher authorities, within bounds newspapers are allowed to print previously forbidden information, and to do some occasional muckraking.

Because the central government in the “new” China sees value in allowing Chinese citizens to let off a bit of steam in order to avoid unrest and potential antigovernment repercussions, the illusion of freedom of speech and accountability is maintained by allowing demonstrations. (More than 100,000 public protests occurred in 2010, according to government numbers that are widely believed to be underestimated.) Similarly, the press occasionally is allowed to report cases of illegal land acquisition by local officials, or closings of companies that pollute. Among topics still considered out of bounds are central government corruption and anything to do with Tibet, Taiwan, or the far western province of Xinjiang.

The Internet has expanded the power of local journalists in China. Although Facebook and Twitter are banned, ways exist to circumvent the “Great Firewall.” Information zips around the Internet in China surprisingly quickly. Chinese journalists, told they cannot report a particular story, bypass traditional media by blogging or by using China’s domestic version of Twitter. A link is picked up by another person, passed on to another and then another, until more people know the story from online sources.

Hannah Beech

*Hannah Beech*, a graduate of Colby College, Waterville, ME, is the East Asia South Asia Bureau Chief for *Time* magazine. Usually based in Beijing, she travels widely in the region. She has received numerous awards from the Society of Publishers in Asia for her writing and reporting.
than from reading *The People's Daily*, the government’s official organ, which claims “the world’s largest readership.” Government censors can and do extinguish online wildfires, but as soon one is extinguished, another takes its place. In some cases, the government no longer can ignore stories that go viral in the blogosphere, and the stories are published in the traditional media.

Unfortunately, accountability is almost nonexistent in online reporting: rumor and fact rarely are differentiated. Moreover, because many journalists are paid so poorly, they regularly accept “che-ma fei,” or “car-horse fees.” Supposedly these fees cover transportation costs to a press conference. In fact, they are bribes from local officials or companies to provide positive coverage. Car-horse fees can easily surpass a reporter’s monthly salary.

But on average, Beech finds much to admire in her Asian colleagues, who are committed to their jobs and to truth in journalism, despite great obstacles. In Burma, for example, foreign journalists are banned, and many, like Beech herself, find undercover ways to enter the country to obtain their news. Her Burmese colleagues do not have it easy. At least a dozen Burmese reporters were imprisoned in 2010, and three have been sentenced in 2011. Official newspapers are required to print this information on their back pages daily. When Aung San Suu Kyi, the Nobel Peace Prize laureate, was released from prison in November of 2010, a friend of Beech published a supplement about the release with carefully worded articles. Because he made the size of the supplement the same size as the normal newspaper, the publication was banned for a week. Because he submitted his draft to the censors for review a few hours late (awaiting confirmation of Suu Kyi's release), he was threatened with seven years in prison, and forced to resign officially as editor.

Although seemingly small, some victories are stunning in their creativity. The sports journal *First Eleven* was not supposed to cover Suu Kyi's release because it is a sports publication. On the night of her release, the *First Eleven* editors submitted their front-page headline to the censors in black and white. The censors approved it. When the headline appeared in print the next day, some very selective coloring was inserted in the headline, and certain colored letters read: “Suu Free. Unite and Advance to Grab the Hope.”

Local journalists are forced to play these cat-and-mouse games. If they're caught, they will be jailed or killed, as 33 were in the Philippines back in 2009. In China, 34 journalists were in jail in 2010, according to the Committee to Protect Journalists. Even in democracies like Japan, journalists are not supposed to uncover scandal but rather to act as a voice of moral authority, to reflect the prevailing mood or dictate what is right. Technically, Thailand is a democracy, and its press should be free to report, but a code of silence exists regarding the country's monarchy. Thai press is forced by strict lèse majesté laws not to discuss the monarchy at all. Lèse majesté can land someone in jail for 15 years. An electronics law passed a few years ago takes the possibility of jail time to another level, with each instance of defaming the king or his family possibly earning a decade in prison. And currently, the web manager of one of Thailand’s most respected online news sites, on trial for not deleting quickly enough anonymous comments critical of the royal family, could be sentenced to as much as 80 years in prison.

Beech commends her Asian colleagues for performing their work with skill and bravery. She said she is proud to be among them in these times when, almost universally, the Asian press faces challenges to provide accurate news in an ever-changing world where restrictive regimes attempt to control and censor what is printed.

*Reported by Mary Anne Shanahan*

### Q&A

**Q: Do Chinese journalists share your frustration?**

**A:** Yes, there is a generational change. Fifteen years ago, the Chinese journalist’s job was relatively easy—he or she simply was handed the copy. Today the younger generation of journalists is frustrated. They are interested in real journalism, are accustomed to access to greater information, and are much more generous in sharing information.

**Q: Is there the possibility that China will ever have a free press?**

**A:** We are in the midst of an impressive evolution—from absolute censorship to the explosion of information. The Internet is where real change exists and where the possibilities are for greater freedom.

**Q: How would you describe the behavior of Chinese students toward the media? Do they have a desire to stay globally connected?**

**A:** Most are very savvy technically and in the use of online activities. But frankly, they are less interested in news and in global connections; they are more interested in videos, porn, music. Generally they are less political than any others of their age group in the world. Remember that they have a social contract, are products of one-child families, and are therefore quite spoiled. However, the changing environment and increasing unemployment (up to approximately 25 percent in their age group in China) could galvanize them and change the landscape.

**Q: Given the shrinkage in the number of foreign correspondents in the US media, who is providing the coverage and to whom should we listen?**

**A:** The major news outlets such as the *New York Times*, the *Wall Street Journal*, and *Financial Times* still provide the coverage. It is the smaller local papers like the *Chicago Tribune* and the *Baltimore Sun* that have reduced their foreign correspondent coverage. So if readers do not access the major news outlets, they will not have good foreign news.
Ambassador Pickering began by jokingly referring to his role as “sum-up” speaker of the Conference and observed that, “Everything has been said, but not everyone has said it yet!” But he promised to “try to make it interesting.”

Pickering said that he would first cover “factors and changes in the background that influence” how we deal with Asia and other issues, and then go on to what he considered to be the seven important challenges to US foreign and security policy and offer “some ideas about what we ought to be doing about them.”

Regarding background, Pickering offered the following factors to keep in mind:

- “Asia…is increasingly the most important region for US foreign policy.” Pickering emphasized that he meant the whole continent, from the Mediterranean to the Pacific, including “the existential threat of Russia.”
- He warned of our need to be ready for the unexpected, citing former Secretary of Defense Donald Rumsfeld’s well-known comment, “Stuff happens!”
- Domestic politics, Pickering lamented, will continue to have a great impact on US foreign policy, more “than is realistic and than I like to see.”
- Globalization, especially in the form of digital communications, “connects and collects us” and will continue to affect our relationships with the rest of the world and the “outcomes of key situations.” Arab-world turmoil is an example.
- Military force is becoming recognized as ineffective for resolving international problems. In today’s world, force should only be used for self-defense. So we need to become better at diplomacy. “Our future world leadership depends heavily on our capacity to persuade, cooperate, innovate” and to do creative problem-solving.
- Collective diplomacy should become the “way of the future,” “less bilateral and more multilateral.”

North Africa and the Middle East is an example of a situation in which collective diplomacy is required, as are the issues of energy and nonproliferation. Pickering also pointed out the growing number of solutions to world problems (often ones ignored by the US) negotiated by the nongovernmental organizations (NGOs) that understand this principle.

Finally, Pickering said we are going to have to start “thinking more strategically” and move out of what he called “our old stove-pipe definition of issues.” By expanding negotiations to a “basket of issues,” he feels we gain two important negotiating advantages: the avoidance of the “bugbear of unintended consequences” and the added flexibility of using the “synergies and trade-offs between issues to move closer to solutions.”

“Negotiating a ‘basket of issues’ [leads to] synergies and trade-offs…to move closer to solutions.”

Against that general backdrop, Pickering listed the seven challenges he sees facing US diplomacy in Asia, and ideas that might help us “nudge forward to a solution:"

1. He began with what he called Western Asia: Israel/Palestine and their Arab neighbors, Iraq, Iran, Afghanistan/Pakistan, Pakistan/India, and Kashmir. No one, he felt, credibly predicted the present Arab-world turbulence, and nobody can credibly predict where it’s going. With Israel and Palestine, “we are stuck!” But it’s important that we move ahead, and, because the US is the only one who can broker a deal, we must take charge to overcome the many factors hindering resolution. Pickering sees Iraq progressing well but with four pieces of unfinished business: how to preserve the future and human rights for all Iraqis, how to help Iraq arrive at a true federation, how to divide the oil wealth, and how to maintain regional stability. In Iran, Pickering sees no benefit to a military solution. This situation is a prime example of how our goal of restricting Iran’s nuclear development would be best served by dropping regime-change as our only idea and negotiating a full “basket of issues” with them, including many where the two nations have complementary concerns and goals.

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the much greater problem in “importance and difficulty,” but our presence in Afghanistan makes it our current priority. Pickering’s sense is that almost all Afghan parties want negotiations and that such talks should be undertaken, even though the current divergence of positions would mean no immediate progress.

2. Regarding the on-going international financial crisis, Pickering would have put that “at the top of this list” of challenges as little as two months ago. It is still very high, but he sees us “moving in the right direction,” because both the Bush and Obama administrations have given proper attention to its international aspects.

3. Pickering’s next challenge was that of our “rivals and partners,” the other major world powers, which he considers to be China, Russia, India, the European Union (EU), Japan, and Brazil. He advocated bilateral talks, using the “baskets of issues” approach and looking for potential win-win solutions. Our recent “reset” negotiations with Russia are an example. With China, Pickering advocated focus on energy and climate change, open markets, North Korea, and the US debt, and said he felt that such talks with China were dealt with at a suitably high US government level. The US must understand and deal with India’s nuclear ambitions and interest in space and high technology research. With the European Union, however, Pickering called the US relationship “impossible” because of the many nuances arising from the fact that the EU is not a single country.

4. Nuclear nonproliferation and arms control is an area where “the US has not always done well.” Pickering praised the new Strategic Arms Reduction Treaty (START) with Russia but added that “we must do more with Russia” on nuclear issues. He also cited the need for more international safeguards against both proliferation of nuclear weapons technology and the misuse of fissile material for weapons. Also, we should not rule out an end goal of total elimination of nuclear weapons.

5. In Third World development, Pickering saw US policies as “mercurial…shifting every ten years from one silver-bullet answer to another.” He praised the new Millennium Challenge policy, which rewards the countries that use our aid responsibly and successfully. But he added that we had to work with other developed nations and NGOs to find ways help the countries that “don’t meet our test.”

6. The challenges of energy, the environment, and climate change were lumped together as an area ripe for bilateral negotiations and win-win solutions between the US and China, India, and Russia. However, he saw a need for the US to “be more forthcoming” on efforts to reduce carbon emissions and other similar issues.

7. Finally, the biggest challenge Pickering sees for the United States is—ourselves! Cautioning that, as a bureaucrat, he was referring only to bureaucratic problems, he discussed two key issues. First, he said, we must find ways to unify and streamline our national security system and, to this end, recommended more interdepartmental task forces, better educated leadership, and more innovative funding techniques to overcome the “turfism” now paralyzing government. Secondly, Pickering advocated rethinking the size of today’s international institutions, such as the G-20 and the 24-member UN Security Council, opining that “any organization over a dozen is too unwieldy.”

Pickering ended by saying that the US “is not bereft of the capacity to lead,” but to do so effectively, “we must better mobilize our resources and better understand our limitations. We were great because we had principles. We have to go back to those principles. All the rest is easy.”

Reported by Tom Putnam

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Final Panel of All Speakers

The Camden Conference traditionally concludes with a Final Panel, during which speakers engage in a lively question-and-answer dialogue with the audience and with each other. This year, all speakers with the exception of Pranab Bardhan were able to participate. Moderator Mac Deford fielded questions from audiences at the Camden Opera House and the satellites in Rockland, Belfast, and Ellsworth.

Q: What is the possibility of nonstate actors and separatist groups rising and creating individual hotspots, something like Kashmir and Chechnya, that would cause the Chinese and Indian governments to directly intervene?
Freeman: I referred to historic ties between the Islamic West and the East in my presentation. China has a number of regions in which the majority of people are Muslim. No clear record exists of the number of Muslims in China, but official estimates are in the range of 20 million; more likely it is approximately 130 million. In Beijing, one-third of the population is Muslim, so many of the restaurants are halal. So there are all these connections, and a huge reconnection is occurring. Regular hajj flights go from China to Mecca by way of Jeddah. The Chinese are vigilant in response to the possibility of Islamic extremism coming into their country. The formation of the Shanghai Cooperation Organization in no small measure was motivated by the desire to control that possibility. Religious extremists, fundamentalists, and maniacs are proliferating in every religion, everywhere. Because the Chinese do not want this to happen in their country, they will keep the screws on.
Gordon: I completely agree. Wahhabism will not be allowed to proliferate in China. On the other hand, China as a target for Islamic extremism is a possibility as China plays a larger role globally, particularly with oil programs. The target could begin to shift from Western powers like the US and Europe to rising powers, including China.

Beech: It is not in the Chinese press, but Chinese oil workers already have been kidnapped in Sudan, Somalia, and Nigeria. Secondly, if you look at the Russian response to Chechnya as a model for how not to deal with escalation of Islamic extremism, you can argue the same thing with China and the Xinjiang province. The problem is not only with the importing of Wahhabism, but also with the radicalizing of the local population because of oppressive policies.

Q: Ambassador Pickering asserted that the US is the only country that can move the Arab/Israeli peace process forward. Given the apparent decline in our credibility, do we still have that ability? And even if we do, is this something we should burden-share?

Freeman: In spite of the grave damage we have done to our own reputation and influence internationally, the block to effective diplomacy is not international; it is domestic. Our paralysis and schizophrenia have hindered the establishment of Israel as an integral, respected, and accepted part of the Middle East. Were we to do what Tom suggested, which is to outline a final status for the Palestinians and a resolution of the Israeli disputes with them and other Arab neighbors, the international community would give us a standing ovation. People would like the US to lead rather than to veto and obstruct.

Gordon: Our challenge in the aftermath of recent events in the Middle East—Egypt, Tunisia, and beyond—is that the peace process becomes more necessary. The problem is that it becomes less likely on the ground. I agree that the US is the only player who can break the impasse, but politically it is so challenging. I believe that the Obama administration will take a new initiative soon, but I’m not sure what it will be. We very much undermined the Palestinian negotiators by getting out front on the settlements and then pulling back, which I think was the biggest mistake we have made in our foreign policy. Now it will be very difficult, particularly in the run-up to the US elections, to undertake the kinds of political initiatives that are needed. The events in Egypt may be a game-changer in a positive direction, and may open up the route to diplomacy. Unfortunately, I will be surprised if this opening appears before the US 2012 presidential elections.

Freeman: While I agree that the US is the only individual actor that can move forward or obstruct peace, a single actor is not the only way solutions can come about. Several people asked very good questions about the UN and its role. And Tom Pickering referred to a future approach based on variable geometry internationally—that is, building ad hoc coalitions, within or outside the UN framework, that can address all the problems we have seen so terribly neglected—global problems and issues of peace and war like this one. If the US continues to make the UN impotent, irrelevant, or even injurious to the prospect of peace, as we did the other day when we vetoed 14-to-1 the Security Council resolution [which would have condemned Israeli settlements as illegal and called for a halt to further settlements], people will organize outside the UN in spite of us and impose their own views of what peace should be. Note that the Security Council resolution moves to the General Assembly in September, so it is not over yet. The question is whether the US will be on the train by then or will be run over by that train. It is not simply a matter of whether the world has lost patience with us, but also things are happening in the region that will alter the Israeli calculus. There has been an imbalance of power in the region since the Camp David accords, because the accords gave Israel all the power in the region, and it has been our goal to sustain this undisputed domi-
Q: What do students in China, Japan, and Vietnam learn about their respective histories? Does instruction in these countries tend to foster regional understanding or nationalism?

Beech: My mother is Japanese, my father American, so I went to Japanese schools on weekends and English-language schools during the week. I studied World War II in both schools, and there was a marked difference in the way their mutual histories were portrayed. I studied in Nanjing where, of course, the Nanjing Massacre occurred. You will find an inordinate amount of detail on this event in Chinese history books and very little in Japanese history books. If you speak with young Vietnamese, they will be happy to remind you that they were colonized by China for 1,000 years, which is contrary to China’s portrayal of itself as non-expansionist. Many different perspectives on shared history exist, and they are not integrated.

Xiang: The political histories of China and Japan took different trajectories after World War II. The Japanese have no sense of collective guilt about the war. But in China, the Communist history books tried to eliminate any mention of political factors that played a very important role. That attitude is changing, and there is now an active debate about whether to get rid of this type of textbook.

Freeman: Growing up in the Bahamas, I was educated in British schools about the “American Rebellion.” When I came to the States for further education, I learned the American Rebellion actually was the “War of Independence.” Myths are the most precious possessions of every country’s nationalism. And maps are an important indication of national beliefs. For example, in Vietnam, a map on grade-school walls shows a large area of open sea, including islands whose ownership China and Vietnam dispute. The same map in China has a dotted line enclosing the area, demonstrating that the islands belong to China. Myth and map have tremendous influence on the way we consider things, and there is a real problem with the contradictions between what people are being taught in different countries and how that bears on disputes between them.

Q: Could you please comment on US relations with India and China as they relate to our two outstanding conflicts, Iraq and Afghanistan?

Xiang: Regarding US/China relations in Afghanistan, last year the Americans made an interesting proposal—the new Silk Road approach—to release the unprecedented deposits of minerals from Afghanistan in order to attract Chinese investment. The idea was for the Chinese to help build railways and highways with their legendary speed. Originally, the Chinese were very much motivated, but they decided it was too risky and withdrew. There is also the argument that the longer the US is stuck in Afghanistan, the better for China.

Gordon: We have been able to have good analytical discussions with China because of our broad shared interests in terms of Islamic extremism, and the importance of Pakistan. But when we try to move forward in a coordinated way, there is no progress. China maintains a very independent policy toward Pakistan. India is extraordinarily upset with the US for what they see as an over-eagerness to deal with Pakistan, which they see as feckless and opposed to their interests. India also is concerned about a US exit from Afghanistan, which poses a major threat to India. The Pakistanis are extremely nervous about India’s relations with the Northern Alliance. All of this makes it very challenging to develop diplomacy in the region.

Freeman: Chinese influence in Iraq is entirely economic and commercial—not political, not military. They are very happy to pick up oil concessions in Iraq, and they want stability in the Persian Gulf. If there is no longer a balance of power in the Persian Gulf, the Chinese would prefer that we stay there. But they would prefer that the foreign powers stay offshore, and the countries in the region maintain their own balance of power. China in combination with India could likely be a helpful counterbalance to Iran. In Afghanistan, India and Pakistan are playing very complex strategic games. The crucial issue is Kashmir, where India is conducting a brutal occupation. Deriving from that, India and Pakistan are in a nuclear standoff. They are going at each other asymmetrically, through Pakistani-sponsored terrorism in India and Afghanistan, and through nine Indian offices operating in Afghanistan that Pakistan realizes are not there to advance Pakistani interests. China sides with Pakistan, a silent player in the back room that cannot be ignored. All these neighbors should want to share the objective of denying terrorists a global flophouse in which to train their revolutionaries.

Q: How can we resolve the international trade and currency rules questions? What is the position of China on these rules?

Xiang: Now we are moving into the era of free world trade. At least one myth is that the Chinese set a deliberate policy of neglect of protection of intellectual property rights. In real-
ity, China has spent the most money per capita on examining and evaluating trade rules regarding intellectual property. The problem is in implementation.

**Lewis:** International trade issues like protectionism come up a lot, particularly in the clean tech sphere. We have been pointing fingers at China for shutting out foreign companies from exporting clean tech products into China. During a recent wind project at the end of 2009 in Texas, lawmakers on Capitol Hill reacted negatively to the information that a Chinese company was bringing in wind turbines, and there was a big backlash against that company. But we were able to look at it on a business level and see the value of importing Chinese technology that was providing American jobs. These opportunities could be lost if we maintain a protectionist tendency, and we need to pay attention to our long-term strategies. In the arena of intellectual property, as China increasingly becomes an innovator and inventor in its own right, as opposed to a purchaser or replicator of technology, intellectual property will be increasingly more important and much more will be at stake in the Chinese domestic market, so you will see international property systems applied.

**Gordon:** The World Trade Organization (WTO) has a set of rules about protectionism and trade-related topics, but currency is not regulated. Basically, countries have had different currency regimes and different exchange-rate regimes since the end of the gold standard. The issue is the relationship between currency-exchange regime and trade, but there is not a clear pathway forward within the WTO. As Chinese firms become competitive, they will become concerned with intellectual property rights (IPR). We should be making a more creative effort through the Organisation for Economic Co-operation and Development (OECD), in a more open way than in the past. Big risks are in future technologies where China sees a potential dominant role. We have an IPR issue with India as well, particularly with pharmaceuticals, so this is not just a China issue.

**Freeman:** A problem here is that China is not a member of OACD but has accepted the international rules as they are. We have not developed a mechanism for their participation in the evolution of those rules. Standards are a much more important issue than we might understand. The National Institute of Science and Technology is one of those organizations that is about to take a huge budget cut. In 1989 when I became ambassador to Saudi Arabia, I discovered that some years before, the Saudis had created industrial and consumer standards in Arabic for the first time. They asked the US for help, and we said yes, if you pay. Japan, Germany, Sweden, and others also were asked, and they all sent experts for free. At that time we had a thriving market for American electrical appliances in Saudi Arabia. The Japanese rewrote the standards to require 127 volts and a two-meter electric cord. Overnight we lost our market. We had a $15 million honey market in Saudi Arabia, and pure honey not affected by pollution. In Germany, honey is full of soda ash, and the Germans rewrote the standards to require soda ash! It is a rough game out there, and if we will not go out on the field, we should not be too surprised if we lose.

Q: Robert Kaplan was supposed to speak at this Conference about impending Chinese/Indian competition in the Indian Ocean. What is your opinion on this?

**Freeman:** I was disappointed when Bob (Kaplan) had to cancel, because I was going to take him to task on this dubious proposition. Yes, there is commercial competition to get the port-construction business in the area, and China’s success in getting this business and building a series of ports has led to the “string-of-pearls” theory, that there is a military aspect to this activity. But the facts don’t support it.

**Garrett:** I asked high military officials in both China and India about this theory, and the only ones supporting it seemed to be the Indian naval people. India’s current navy is insignificant, and this supposition on their part may be more related to Indian intraservice rivalry and the pursuit of more funding for their own career ambitions.

**Xiang:** China has its own intraservice rivalries, but the Chinese navy’s lobbying is aimed entirely at strengthening its forces in the Pacific, rather than in the Indian Ocean.

Reported by Mary Anne Shanahan
About The Camden Conference

The Camden Conference, established in 1987, provides the opportunity for renowned experts and interested citizens to share knowledge and concerns on issues of global importance. Each year, a topic is selected and an array of related events is held in Maine communities from Damariscotta to Bar Harbor—culminating in the weekend Conference in February in Camden. The Conference is simultaneously streamed to audiences in Rockland, Belfast, and Ellsworth.

Community events include lectures, short courses, and symposia; group discussions of selected books, articles, and news reports; and films, art exhibits, and other cultural showings. All events are open to the public and most are free of charge. They are led by scholars and other well-informed area residents.

Speakers at the three-day Conference come from government, business, the media, academia, and international organizations. Each speaker addresses a facet of the Conference topic, answers questions from the audience, and participates in a panel-style exchange of ideas. The speakers spend the entire weekend in Camden, challenging each other both publicly and informally.

In previous years, The Camden Conference has examined such topics as “Afghanistan, Pakistan, and India—Crossroads of Conflict,” “The Environment and Foreign Policy,” and “Religion as a Force in World Affairs.” In some years, the focus has been on specific geopolitical areas such as the Middle East, China, Europe, and Latin America.

The Camden Conference is a nonpartisan, Maine federally tax-exempt, not-for-profit, 501 (c) (3) corporation. The Board of Directors includes residents of 11 Midcoast towns, all of whom volunteer their time and talent to manage these events.

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Save the Date!

The 25th Camden Conference will take place February 17-19, 2012

Does the US Have What It Takes?

We live in a time of major global realignment, an unstable world order, the rise of new economic power centers amid prolonged economic distress, fractured domestic political discourse that hampers clear policy decision-making, and widespread doubt and fear among Americans. What are the prospects for our future role on the world stage and our competitiveness in diplomatic, military, economic, and political spheres?

Topics likely to be explored include:

- Economy: What must the US do to sustain its economic position?
- Political System: How can we end gridlock in our government to clear the way for essential policy decisions and urgent action on fundamental issues?
- National Security and Military: What are the threats that we face, and what kind of military and security systems do we need to face them? How secure is our energy supply?
- Intelligence: What structures do we need for collecting and interpreting intelligence effectively? Have the post-9/11 reforms improved our capacity?
- Diplomacy: How can we build our constructive role in world affairs and make use of our “soft power?”
- Education: What skills do Americans need in the twenty-first century, and how do we create and sustain an educational system that produces citizens competent to meet the challenges confronting us?
- Social Issues: Do we as a society have what it takes to be a global player, especially in dealing with immigration, minorities, economic inequality, and other demographic trends?

Check the Camden Conference website for updates on next year’s topic, speakers, programs, community events, membership, and registration.