CARNEGIE COUNCIL *for Ethics in International Affairs*

Asia's Cauldron: The South China Sea and the End of a Stable Pacific

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Robert D. Kaplan, **Joanne J. Myers**

Transcript
Introduction

JOANNE MYERS: Good morning. I'm Joanne Myers, and on behalf of the Carnegie Council I am delighted that so many of you have been able to join us for this Public Affairs program.

It is my pleasure to welcome back a very good friend of the Council, Bob Kaplan. He will be discussing his newest book, entitled *Asia's Cauldron: The South China Sea and the End of a Stable Pacific*.

Hosting Bob is one of those known knowns, meaning that there are things that we know that we know. In this case, it's knowing that when listening to this justly celebrated, adventurous, audacious, and influential journalist, he will not only stimulate you, maybe even provoke you, but in the end his insightful analysis and command of the subject will encourage you to think about global politics in a way you probably haven't done since his last visit here. Because of his ability to synthesize concepts into a coherent understanding of geopolitical phenomena, he is regarded as one of our most consequential geopolitical thinkers.

There are few places in the world our speaker has not visited nor written about in his 16 previously published books or in the numerous magazine articles he has penned. Possessing the uncanny ability to see conflicts looming on the horizon well in advance, he travels to countries that most of us would not even consider, whether they are in Europe, in Africa, or in Asia. Having returned, he writes about them and tells us what he has seen.

In *Asia's Cauldron*, Bob turns his geopolitical gaze to the South China Sea to talk about the conflicts brewing in East Asia. With his usual mastery in explaining global interests, Bob suggests that controversies over the sea lanes of the South China Sea will emerge as a primary line of conflict in the coming decade.

Multiple countries make claims to its waters for shipping and the untapped resources in oil and natural gas lying beneath. Even so, it's Beijing that claims indisputable sovereignty over this area and seeks to dominate this maritime region, crowded with smaller and much weaker powers, such as Vietnam, Taiwan, the Philippines, Borneo, Malaysia, and Singapore. In addition, with America's dominance in the Western Pacific fading and China's advancing presence, Bob writes that the sea will become the main area for geopolitical competition between the United States and China as well.

But wait a minute. Isn't it possible that the military and economic rivalries could be multi-polar,

involving Vietnam, Singapore, and others? Looking beyond the obvious, perhaps a rising China isn't quite as problematic for the United States as it may first appear.

In addressing these questions and others, please join me in welcoming an indispensable guide who is very well equipped to illuminate the various forces that will shape the future of the South China Sea.

Bob Kaplan, thank you for coming back.

Remarks

ROBERT KAPLAN: Thank you, Joanne. It's a great pleasure to be here again. I think I've been coming back here for close to 20 years. It's always a wonderful venue, great conversation for breakfast, wonderful people, wonderful questions. So it's a real honor and pleasure to be here.

Let me jump right into it. Whatever opinion pages you read, whether it's *The New York Times, The Wall Street Journal,* the *Financial Times*, you get all different opinions—to the right, to the left, wherever. But one thing where they all agree, or seem to agree, is there is a tendency to believe that human agency can conquer everything, that there are no limits to what can be accomplished—we could have done Iraq right if only we had done this, this, and this; we could do this right if only we had done this, this, and this. It's all because it was bad policy.

I am not going to argue against that. There is all a grain of truth in that. In fact, to say that things are naturally going to get worse is deterministic in its own right. But what I'm going to talk about is the other 50 percent of reality, the reality about constraints, limitations.

Of course, historically, the greatest constraint upon leaders is the one that is so obvious and undergirds everything that it's never discussed: geography. I am going to apply geography—and I mean geography in the 19th-century sense of the word. In other words, the map is merely a starting point for a discussion of natural resources, trade routes, population spreads, demography, soils, cultures, ethnicities. Because what is a culture? It is the common experience of a large group of people in a specific geographical territory over thousands of years or hundreds of years that leads to some certain commonalities. And I am going to apply it all to just one region of the world today, the South China Sea.

First of all, let me say a word about China's geography. If you had a grandson or a son sitting on your knee and he said, "Tell me about China; what is it?" you would start with a map. And you would start by saying, "The northernmost part of China, Manchuria, Harbin, is the same latitude as Maine, and the southernmost part of China, Hainan Island in the South China Sea, is the same latitude as the Florida Keys."

So what does that tell you? That China occupies the temperate zone, like the United States. It has 9,000 kilometers of very advantageous coastline, in the temperate zone, in the subtropics, on the Pacific, where all the global sea lines converge, and on the whole western side of China it fronts mineral-rich, hydrocarbon-rich, former Soviet Central Asia. So it's got a vast continental spread.

It shouldn't be a surprise that China for most of history was a great civilization and empire and is coming back as a great power and civilization and empire.

Now, geography tells contradictory stories. Let me give you two contradictions about China, which will lead me into a discussion of the South China Sea.

China is bigger than it appears on the map because, for instance, there are only 7 million people in the Russian Far East, but it is filled with timber, diamonds, gold, uranium, and all sorts of other natural resources. Right across the border, there are 100 million people in Manchuria. That part of the Russian Far East was the part that China ruled up until the mid-19th century. And China is expanding its influence into a Russian Far East that is losing population. As little as it is, it is getting lower. China covets all the natural resources and it is in a position to project power into the Russian Far East, one of many reasons why Russia can never wholly trust China. Russia can have a tactical alliance with China, but not a strategic one.

In the far west of China, China is building roads, pipelines, and railways throughout the former republics of Soviet Central Asia, all the way to the Caspian Sea. China covets Kazakhstan's oil, Turkmenistan's natural gas. China is flush with cash and erecting an empire of sorts in the former Soviet Central Asian republics.

Putin doesn't fear the West and Central Asia, whatever he says; he fears the Chinese. This is totally in keeping with Chinese history because, remember, the Tang dynasty in the 8th–9th century had trade routes all the way to Khorasan in northeastern Iran.

Southeast Asia: China has been applying a divide-and-conquer strategy through all the countries, none of which by itself can really compete with China. And Thailand's weakness—the weakening of the Thai political system, which is a whole other lecture in itself, sort of helps China in this respect, because Thailand was the bulwark of the West, the strategic bulwark of the West in Southeast Asia, and is increasingly less so.

All right, that's the good news for China geographically. The bad news geographically is that China is a claustrophobic island of Han Chinese in the arable lowland cradle, in the center and the east of China, surrounded within its borders by minorities with which it has often had a very bad relationship —Inner Mongolians in the north, Turkic Muslim Uyghurs in the west, Tibetans in the southwest. All these minority plateau uplands are generally where the water is, where the strategic minerals and strategic metals are. So the minorities occupy the most valuable piece of real estate in China.

The Chinese leadership cannot trust them, and the ultimate fear and nightmare of China's leaders is that China will go through a tumultuous economic and social, and maybe even political, transition, that will lead to sustained minority unrest to a much greater degree than we have seen. Times of unrest, of economic upheaval, often lead regimes to dial up nationalism as a default option. Where is nationalism being dialed up? In the South China Sea and to the north off the map, north of Taiwan in the East China Sea.

What is the South China Sea? I call it the "Asian Mediterranean," because just as the Mediterranean is the center of a world, the South China Sea is the center of a world too. It's the throat of international commerce where most of the hydrocarbon shipments, most of the merchant trade, the container ships, all come together.

It is no secret why. The Indian Ocean is the world's global energy interstate, because most of the hydrocarbons, the oil and natural gas, are in the Arabian Peninsula and the Iranian plateau, and most of the customers increasingly are in the burgeoning middle-class fleshpots of coastal China, South Korea, and Japan.

So the oil, the natural gas, comes by supertanker from the Middle East across the Indian Ocean. I've got news for you. A lot may have changed in technology, but the Strait of Malacca is no wider today

than it was 400 years ago, and that's the most direct entry point into Asia. So it comes through the Strait of Malacca, also the Banda and Sunda straits, and into the South China Sea, on its way to coastal China, Japan, South Korea.

It's also where a lot of merchant shipping comes through, because to the degree that the world economy has a geographical center, it's East Asia. Two of the three largest economies, China and Japan, are in East Asia, and South Korea is not too far behind. Again, all that traffic goes through the South China Sea.

The South China Sea, unlike the Mediterranean proper, the real Mediterranean, has significant deposits of oil and natural gas on its own. How much is open to dispute, and there is a whole, what I'd call, geological debate about this. But there are certainly significant deposits.

Now, if you look at the South China Sea, you say, "China claims an historic line that's called the Cow's Tongue." Remember a cow's tongue hanging out with a big loop? It claims this whole underbelly, the whole 80 percent of the South China Sea. It's an historic line. It's not a legal line.

Now, the Vietnamese, the Filipinos, the Malaysians, they claim what they call "legal lines," based on the Law of the Sea treaty. Now, the Law of the Sea treaty is complicated, it's boring, but it's actually simple. It's not about the sea; it's about the land, because where your land is tells you how much you can claim in the water.

So the Vietnamese are claiming 200 miles out in this direction, the Filipinos are claiming 200 miles out in this direction, and on it goes, and the Chinese are claiming the whole thing, or 80 percent of the whole thing.

So people say, "Well, why are the Chinese so aggressive? There's no reason for this. They don't need this." No, no. The Chinese have wonderful reasons for claiming all of this.

There has been a lot in the media, on the blogs, in the foreign policy blogs, that East Asia is like before World War I. You know, China is the Kaiser's Germany, and new nationalism, new industrialization. It's 1914 Europe. I have been in print debunking this. I don't believe this.

First of all, World War I was a history- and culture-transforming event because it went on for four years. It was only in 1916, in the Battle of the Somme, where history really changed in Europe.

World War I killed 17 million people, soldiers and civilians. World War I was about land armies on a crowded civilian landscape in a claustrophobic subcontinent of western Eurasia, essentially. Europe is a landscape. Asia is a seascape. Asia is maritime. That makes all the difference.

The claims are not contesting civilian areas. They are contesting bare rocks, seas, so that any war that starts is going to be a short, sharp war. It is not going to go on for years and years most likely.

No, World War I is not the right metaphor. The right metaphor—and this is where you get to understand the Chinese logic—is what the Americans did in the Caribbean in the 19th and early 20th century, because the Caribbean is the American Mediterranean.

The New World, the Western Hemisphere, is not divided between North and South America. It is divided between the area north of the Amazonian jungle and the area south of the Amazonian jungle. That's the real barrier, because almost everyone in Venezuela, Colombia, and the Guyanas lives on the Caribbean coast; they don't live in the south, towards the jungle.

So what the Americans did in the 19th and early 20th centuries was they gained strategic control of the Caribbean. By doing so, they became dominant in the Western Hemisphere, and by dominating a hemisphere, they became a hegemon, and that allowed them to affect the balance of power in the Eastern Hemisphere, the other hemisphere, and that is what the history of the 20th century was all about, America tipping the balance in two world wars and in the Cold War.

Now, the Monroe Doctrine is misunderstood. The Chinese understand it very well when I speak to them about it. Not all Americans understand it well.

The Monroe Doctrine was not about kicking out the Europeans (the Europeans had already left for the most part); it was about freezing the status quo, not letting them back. And it was at the same time about cooperating with the British Navy to fight the slave trade in, among other places, the Caribbean. And it was also about setting America's portfolio in order in the Caribbean so that it could pay more attention to diplomacy in Europe. You know, it had a lot of moving pieces to it.

What the Chinese desire now, the Chinese have said to me, "Why should we be any different than you Americans in the Caribbean? You Americans were rapacious, you gained dominance over a continent, and then you sought—quite naturally, and it was your right—to gain dominance over the adjacent blue-water extension of that continent. That is all that we are trying to do." With that blue-water extension, the Asian Mediterranean, the South China Sea, China then has entry into the wider Pacific.

If you think of the Strait of Malacca as the Panama Canal, it has entry into the Indian Ocean, into the world's global energy interstate, and China becomes, not a one-ocean navy, but a two-ocean navy. With a one-ocean navy, it is just a great regional power in military terms. With a two-ocean navy, it is a great world power.

The world is multipolar diplomatically, economically, but it is not multipolar militarily. Despite the disappointments of Iraq and Afghanistan, the U.S. Navy and Air Force still essentially dominate much global space in East Asia, in Europe, in the Middle East.

China's goal is to do likewise, and the South China Sea is as key to that ambition as the Caribbean was to the American vision. What the Chinese seek is to get the Americans, not out—they're very moderate—they want the American presence to be diluted in the South China Sea. They want the American Navy not to have the unimpeded access to the South and East China Sea that it has now.

So it has a program of anti-access/area denial, A2/AD, which is a horrible acronym that basically means more and more ballistic missiles, more and more cyber-warfare capabilities, more and more of the quietest, latest diesel electric submarines, which are better than nuclear submarines in the close, territorial, dirty waters of the South China Sea—all of which will not deny Americans access, but will make American admirals think twice and three times before they deploy in a certain area. There will be more decisions to be made, more calculations, and that is the essence of power, to somehow constrict, or seem to constrict, the actions of your adversary.

So China hopes to eventually dilute American naval presence in the South and East China Sea, and by doing so it will make an end run around Taiwanese sovereignty, without having to fight, because it has 1,500 ballistic missiles already focused on Taiwan, but there are 300 commercial flights a week between Taiwan and mainland China.

China hopes to do all this without ever having to fight. That's the goal, never fight, because if you fight the Americans in a fleet-on-fleet battle, you lose. And, even if you do it in 20 years, you will

probably still lose, because you can acquire more and more submarines, more and more cruisers, destroyers, etc., but it takes at least a generation or more to train crews up to the level of American standards, maybe two generations.

An attack submarine has a crew of 185, a destroyer 330, a carrier 5,000, and they all have to operate in symphonic coordination with other warships as part of a carrier strike group. This will take the Chinese several decades or so.

So what the Chinese hope for is their defense budgets keep going up by double digits, American defense budgets go down, and sooner or later, they will achieve their goal of diluting America's presence in East Asia, and that will change the whole regional climate.

This is what the Japanese fear. Keep in mind that without American naval and air power, the chances of a war between China and Japan go up dramatically, and the chances of Vietnam, the Philippines, Malaysia, and other countries being "Finlandized" by China goes up dramatically. That is the real fear in the South China Sea, Finlandization, of a treaty ally, the Philippines, and actually a more important de facto ally, Vietnam.

Vietnam has emerged as, arguably, America's best ally in East Asia, after Japan and South Korea. The Vietnamese are dredging and modernizing Cam Ranh Bay naval station for one reason: to draw in more and more visits by U.S. warships. That's what they want.

The Vietnamese don't love the United States. They want to use the United States as a balancing power against China because, as the Vietnamese explain it, "We fought only one war against America but we fought dozens or so against China throughout our history. China is close, so it is a threat. The United States is half a world away, so it's not a threat, at least not anymore it isn't."

The Vietnamese have really calculated this. It is all about how can they draw in more fighter jets and warships from the United States into their air space and sea space to balance against China.

A few things—let me go through:

The main theme in East Asia is it's not about ideas, it's not about politics, it's not even about economics; it's about territory, it's about who owns what territory. You know, it's very zero-sum geographical. And it is being contested, not by post-national/post-modern nations, but by nations that are very wealthy and developed economically but that are in a very meat-and-potatoes ethnic nationalism form. Nationalism is not dead in East Asia. The battles over territory are not dead in East Asia.

Secondly, the likelihood of a war in the South and East China Sea is much greater now than it was at the turn of the 21st century. But I don't foresee a war. I see a more crowded, nervous, anxious world—more crowded with warships, more crowded with supertankers, container vessels, etc.

Other lessons: Sustained capitalist success leads to military acquisitions. The United States became a great power in the quiet decades between the end of the Civil War and the outbreak of World War I. What did it do with 9, 10 percent growth rates in the 1870s, 1880s? It culminated in the building of a great navy and in the digging of the Panama Canal.

What did the United States do? As its economy developed, it traded more with the outside world. As it did that, it had more interests in the outside world, so it had to build a military to defend those interests. That's all China has done. That's all Vietnam is doing.

Thirty years ago, none of this was a problem because China was inwardly focused—first, the depredations of Mao, then the economic development of Deng Xiaoping, [*Editor's note: Check out Ezra Vogel's 2012 Carnegie talk on his book* Deng Xiaoping and the Transformation of China.] all inwardly focused. Japan was in a semi-pacifistic state to still the aftershocks of World War II. Vietnam and what was then Malaya were involved in internal wars and rebellions that we know all too much about. So all these countries were not outwardly focused.

But over the decades they consolidated their internal environments; they built institutions, bureaucracies; they developed their economics—you had the Asian economic boom for decades. And what did they all do with it? They built militaries. They didn't build land armies; they built navies, air forces, cyber-warfare capacities, ballistic missiles, and now they are projecting power outward. And, lo and behold, they are coming into competition over who owns what in the sea space.

The pivot to Asia, let me say a word about that. The pivot to Asia was supposed to happen, say, 25 years ago, when the Berlin Wall fell. What happened was that Saddam Hussein invaded Kuwait, the United States kicked him out of Kuwait, then the U.S. Air Force and Navy became distracted with the no-fly zone over Iraq for 12 years, then came 9/11, then came the war in Afghanistan, then came the war in Iraq, then we left Iraq, now we're losing Afghanistan. We are back to where we were like in the early months of 1990.

Asia is the home of important American treaty allies. It's the geographic heartland of the world economy. America has always been a Pacific nation because of its history. So the pivot to Asia is more of a natural organic development that has come 20 years too late.

And the pivot to Asia is an aspiration, it's not a declaration. It's an aspiration assuming that the Middle East and Europe cooperate, which they won't. [Laughter] So again, it's an aspiration.

A few more things. Don't take Asian security for granted or Asian stability for granted. For decades we have been in this mindset, "Oh, Asia's for the business sections; the business journalists go there in three-piece suits, they fly business class. You read all about Asia in the *Economist* and the *Financial Times*, and the war correspondents in khakis, they go to the Middle East, they go to Africa, and places."

No. Asia has the biggest military armaments race in the world at the moment. It doesn't mean war is going to break out. It just means stability cannot be taken for granted.

Finally, the biggest question of all of Asia—and I think of the world—is the direction of the Chinese economy. Everyone says, "Oh, they'll muddle through. It's an authoritarian system. They can fix bank rates, all of this."

Maybe true. But I have a feeling all the experts are punting. They don't really want to say what they think because they're not sure about their own opinions. It's like predicting the stock market, predicting the direction of the Chinese economy. China has had a good thing going for 33 years. It has had sustained double-digit growth, or near-double-digit growth, it has had high exports, low wages. It created this incredible historic boom. But it has ended.

They talk about, "Oh, the leadership is committed to rebalancing." All right, the leadership is smart, they are enlightened authoritarians, they retire at 65, they're not like Bashar al-Assad or dictators in the Middle East. But the fact that they want to transform the economy does not mean that they will be able to do so. In fact, every time there is a mini-crisis, it's new stimulus because they get scared. It's a never-ending stimulus.

So China will probably have a decade or so of very tumultuous economic, political, social unrest that will lead to more nationalism, not less nationalism.

But maybe not. Maybe it will implode. Maybe China will just really have an upsurge in ethnic violence, in significant social and political unrest. I don't know.

But if it is very, very serious, that could affect defense budget spending and that could lead to a different scenario than the one I have portrayed in the first 20 minutes of this talk. That's why in the book I'm always caveating, saying that I don't know the direction of the Chinese economy. But the direction of China's economy to me is the single biggest issue which will determine the state of the world over the next 20 years, more so than if Iran gets the bomb, more so than if a tired empire called the European Union and another tired empire called Russia have a competition or so over a buffer state somewhere. It's the direction of the Chinese economy.

I'll end here and take questions. Thank you very much.

Questions

QUESTION: James Starkman.

Would you talk a little bit more about Japan in this whole picture? Japan has poked its finger in the eye of China, particularly in the cemetery deal [i.e. the Yasukuni Shrine], the Bitburg of Japan? But where are they in the armaments race and where are they likely to go?

ROBERT KAPLAN: The problem with Japan is that its crimes in World War II were not quite at the level of the Germans, so that they were never forced to apologize, in a way. So they got away without doing so. That is what makes all its neighbors very nervous.

But Japan now has an existential problem with Chinese military expansion, and the Japanese are extremely nervous about American resolve. One thing you hear throughout East Asia, especially in light of what is seen as American weakness in Europe and elsewhere, is that China is a geographical fact of Asia and America is merely a geopolitical concept. In other words, America doesn't have to maintain as many warships as it does in East Asia.

What if defense spending goes down? The Japanese are nervous. They see China as a real threat. Japan for many years has had a great military that has gone under the radar screen in the media. It has four times as many warships on the high seas as the British Royal Navy, which by the way is disappearing before our eyes. It has niche capacities in diesel electric submarine warfare, in special forces. This is a military that is ready and prepared to fight and gain territory.

They have played all these games with the constitution to allow it to become a very aggressive military while still technically falling into the legalities of a military merely for self-defense.

I think that the United States has two problems in the Pacific. One is it has got to balance against Chinese military expansion. But the other problem, equally, is to keep the Japanese from getting out of hand, because it is Japan that could lure the United States into a war in the Pacific, much more than the Philippines.

All right, the Philippines are a treaty ally. But, face it, they are a weakly institutionalized nation, the highest rate of corruption in all of Asia. The United States is not going to fight a war with China over the Philippines. The United States has too many equities involved with China.

But Japan is another story, because Japan is a serious ally. It's the third-largest economy. It hosts 52,000 American servicemen. It is capable now of servicing American nuclear aircraft carrier strike groups. This is one serious ally.

So I think, although my book is about the South China Sea, because I wrote it as sort of an appendix, a coda, to my book on the Indian Ocean several years ago, in terms of if you were to ask me where is there more of a danger of hostilities breaking out that would involve the United States, I would say the East China Sea between Japan and China. [*Editor's note: Check out Kaplan's 2010 talk on his book* Monsoon: The Indian Ocean and the Future of American Power.]

QUESTION: Richard Davis.

You have said that the future of China's economy is going to be the most important issue. Isn't the future of the United States' economy equally important? We appear to be on a course of creating a state that could easily go bankrupt and not provide for our military.

ROBERT KAPLAN: I think it is already happening. Look, smart defense cuts are worthwhile to do. You can make a very strong argument that the Pentagon's budget is significantly too big.

But smart cuts don't happen in Washington. What happens is dumb cuts. You know, they don't reform the procurement process, which has left us with a new aircraft carrier, the Gerald R. Ford Class, that is $12 billion without any fighter jets on it, and then it goes up to $18 billion. The newest destroyer is $4 billion.

Clearly, the trend is in the other direction. Now, we currently have, I think it is, a 283-ship Navy. You could make a strong argument that we can have a favorable balance of power in the Pacific and elsewhere with a 275-ship Navy. We can go down a little. We don't necessarily have to go up a little. This is all fine.

But if we go down to like a 240- or 250-ship Navy, then you are in a different world. Then you are in a world where the chance of war between China and Japan goes up, a war between India and China goes up. Rather than the Saudis and the Iranians fighting proxy wars in Syria, they actually have a real war again. So all this goes up because naval power is the most important indicator of global military power. All armies do is they take care of you in contingencies—you know, we have to go into Iraq, or maybe we didn't; but, in any case, we have an army to do so.

But navies really project power over a large space and, more importantly, give allies, like the Persian Gulf countries, the countries of the South China Sea, faith in the United States.

QUESTION: Rita Hauser.

Bob, you said one unknown is China's economic projection. How about the unknown of North Korea, which is China's big headache?

ROBERT KAPLAN: Yes. I didn't speak on that.

North Korea is both convenient for China but it also exasperates China. It is convenient because it is nice to have a dictatorship that buffers against capitalist South Korea, that is always poking South Korea in the eye, Japan in the eye, the United States in the eye. That's very convenient.

The problem is that China would rather have, I believe, in its heart of hearts, a kind of low-calorie, communist, Gorbachev-like buffer state, like what China is, like a reform-minded communist

authoritarian system that would be collegial with it, where it could more finely calibrate how to put pressure on the United States and the West. But it doesn't have that.

And it won't provoke regime change because China is terrified of an implosion in North Korea. It sees North Korea—I see North Korea—as anarchy masquerading as tyranny for the moment. If the tyranny implodes, you could have millions of refugees going across the Yalu and Tumen rivers into Chinese Manchuria. So the Chinese have good practical reasons to be nervous about trying to get too clever and changing the regime in North Korea.

Keep this in mind. All divided country scenarios in the 20th century—North/South Yemen, North/South Vietnam, East/West Germany—they all collapsed or reunited in tumultuous fashion within weeks or days, not within months or years, all in crises that not one expert in any theater ever predicted, basically. So to take North Korea's stability for granted I think is a very dicey bet.

And what is implosion? Does implosion happen gradually over a year and we don't even notice it because there is a shift and there are more power struggles? Or is it something that happens in days or weeks with renegade commanders sending artillery shells into Seoul? The way North Korea implodes could reset the balance of power in Northeast Asia.

I think just a few things to keep in mind. It is generally assumed that if North Korea implodes it's an automatic win for the West. I'm not so sure, because the difference between North Korea's economy and South Korea's economy is much greater than that between the East and West German economies in 1989, which means you may have a greater Korea but it will be a weak Korea.

Now, a greater Korea ruled from Seoul will also be more anti-Japanese than anti-Chinese because of history. Remember, the Japanese occupied Korea for 35 years, from 1910–1945, in often brutal fashion.

Also, South Korea's biggest trading partner is already China. So China has a number of things going for it. And China's PLA (People's Liberation Army) will be necessary to stabilize any situation in the northern half of the Korean Peninsula if the regime were to implode. By needing the PLA to stabilize it, it can then make terms, it can negotiate terms, for maybe a neutralized northern half of the Korean Peninsula or something.

So it's not altogether clear that it's a loser for China if North Korea implodes. China will find a way to benefit from it, I think.

QUESTION: John Richardson.

I want to get your views on a slightly different subject. You mentioned it a few times in your discussion: Russia.

Now, to my mind, you could build an interstate highway from Vyborg on the Finnish border to the Pacific. You could put TGV trains in there. You could open this whole place up. The one thing that's missing is that Russia has always been conflicted between the Rus and the Rossiya. It doesn't have the resources to develop the Rossiya. If it could simply look to the force of attraction of Europe and the United States and mend those fences, it could suck in a tremendous amount of investment and open up this area all the way to the Pacific. If they want a naval base in Marseilles or Scotland, we'll give them one, bring them into the team. But that possibility, is it just a pipe dream? Because it's a vast expanse of undeveloped land.

ROBERT KAPLAN: If you look at the Russian Far East, greater Vladivostok, and you look at the Pacific Tiger economic boom from about the mid-1970s onward, you see that two parts of the Far East were left out of that boom, the Philippines and Russia. The Philippines, for reasons of it being not a country—it's a weakly governed archipelago, whose geography is not amendable to strong central government.

With Russia, it was ideology, it was communist ideology and strict central control of the Vladivostok region that did not let the Russian Far East take advantage of the capitalist economic boom that started in the mid-1970s.

But Russia is supplying Vietnam with submarines and other equipment, supplying India. Russia is now moving closer to Vietnam as a way to hedge against China, even though Russia is increasingly supplying China with more and more natural gas, because Russia sees the natural gas market in Europe as tapped out. It is plateauing. It is not going anywhere up. In fact, in 10 years Russia's ability to intimidate Europe through its web work of energy pipelines will probably be significantly less today, especially if LNG (liquified natural gas) terminals are built, etc.

So Russia is turning to China to export natural gas. Russia has all the potential to do this. Russia's problem historically is that it has been so big, with so few natural barriers, it has been invaded not just by Napoleon and Hitler but by Swedes, Lithuanians, and Poles, that Russia has a tendency for authoritarianism, which means we need a buffer in central and eastern Europe, undermine central and eastern Europe with intelligence operations, subversion, all of this, and meanwhile tightly control the Far East. That's the Russian historical answer to its geography.

But I think Russia can only break out and be ultimately a great power if it decentralizes, if it gives the Russian Far East real autonomy to join the Pacific Tiger economies, and if it—well, this is a cliché—if it developed less of an authoritarian system, and more of a system that will make people less afraid to invest in it. At the moment I don't see this.

Putin is certainly not one of the worst authoritarians in Russian history—you could make an argument he is one of the least oppressive—but he is certainly a backward-thinking man.

QUESTION: My name is Jerry Hultin. I was under-secretary of the Navy in the 1990s, so I appreciate your comments on maritime force.

China seems pretty interested in being in these great power dialogues with Obama. I would like to ask you to set that in comparison to what we should do in our relationship with India. Should it be focused on great power or should we develop India like we are somewhat developing Japan?

ROBERT KAPLAN: Good question.

I think Mrs. Obama's trip to Beijing was a geopolitical event, because what it did was it established a personal relationship. It brought out a Chinese First Lady into prominence. When have we heard of a Chinese First Lady in the past four or five or eight decades?

So what Xi Jinping is doing is he is carving out more of a role as a personality, even as he consolidates power. His anti-corruption drive is all about consolidating power, because now they are going after people near the top. One of the ways you consolidate power is you establish a personality—of your family, a personal relationship between leaders. It's all part of this.

I think China's goal is: "We're going to take the South and East China Sea gradually. At the same

time, we are going to reach out to the United States to stabilize relations so we never have to fight with them." This will all happen quietly.

As far as India is concerned, the very position India occupies on the map means that India's military and economic growth is a plus for the United States without a strategic partnership with India. If the United States pressed for a strategic partnership with India, it would ruin it, because the Indians would never go along with that, for a host of reasons. Any relationship between the United States and India has to be an unofficial understanding. It cannot be written down, so to speak.

India's military and economic rise, in and of itself, balances against China because India is a separate civilization than China.

Look at this. People say that technology is making geography irrelevant. Well, let's look at India and China. India and China had relatively little to do with each other throughout history because of the high wall of the Himalayas. But because military technology has defeated distance, you now have Indian space satellites that do nothing but spy on Chinese airfields; you have Chinese fifth-generation fighter jets in Tibet whose arc of operations can include India; you have Indian intercontinental ballistic missiles that can hit Chinese cities; you have Indian warships in the South China Sea; you have Chinese warships in the western Indian Ocean; and you have China building or financing state-of-the-art ports in the Indian Ocean all around India. So that technology, rather than defeat geography, has created a whole new strategic geography of competition between India and China.

The relationship we have with India now, here's what it is. It's officially quiet. Unofficially, as you know, our Air Force and Navy do many bilateral exercises with the Indian Air Force and Navy that are of a very high quality, that neither side brags about or makes much news about. Therefore, it is a relationship to cultivate.

One of the problems with the Obama administration is that in the George W. Bush administration the president himself was invested in moving closer to India. In the Obama administration, there hasn't seemed to be somebody high up in the executive branch who has taken India on as an issue. The South Asia department in the State Department has historically been weak. It's not where the most ambitious, high-flying diplomats have tended to go to. So it needs somebody in the executive branch who is very high up to really push this relationship.

QUESTION: Richard Valcourt, *International Journal of Intelligence.*

Bob, several years ago your colleague George Friedman spoke here and said that China's development economically was somewhat deceptive, saying that it was mainly along the coast and a couple of hundred miles inland. That's one aspect. Has this changed?

The other thing is, regarding the PLA, for a long time it was basically the engine for the economic development. To what extent has the private, so-called, sector in China been divorced from the PLA?

ROBERT KAPLAN: The PLA, like the Thai armed forces, like other armed forces in developing countries, is heavily involved in business. Why is Egypt now being ruled once again by the military? Because the military saw its business interests undermined by the Islamic government and the military was not going to put up with that. So the PLA is deeply involved in business in a great way.

But the important thing about the PLA—and the acronyms are confusing, because the People's Liberation Army includes the Navy. It's actually called the People's Liberation Army and Navy. All the

wonks call it "the PLAN"—"the PLAN this, the PLAN that"—you know, alphabet soup and acronyms.

What's happening is that the PLA is becoming less and less of a kind of ox-and-cow World War II-style army that brings in the crops, helps development, and is becoming a more post-modern force emphasizing naval, air, ballistic missile, and cyberpower.

Now, there is a guy at the Naval War College, a professor, who speaks fluent Mandarin and is a naval expert. His name is Professor Lyle Goldstein. What Lyle does is all he does is he reads Chinese military and foreign policy journals in Mandarin.

He tells me that the real Chinese threat is not the platforms they are building or the training they are giving; it is that the quality of their intellectual debate is much higher than ours. There are real arguments, real debates. He says ours is skewed by neoconservatives and liberal internationalists who have a moral understanding of the world. With theirs, everyone is a cold-blooded realist, and it is all kind of constructive arguments about how we can squeeze out the Americans, what is the best way to map the floor of the South China Sea in order to make more claims. It is all utilitarian and realist. And it is utterly amoral—not immoral, just utterly amoral. So the debates are fraught, they're serious, and he said it's the intellectual caliber of the PLA that constitutes its greatest strength.

QUESTION: Peter Russell.

We haven't spoken yet, I think, about the other big country in the region, Indonesia, on the southern edge, and, I would argue, one that does have institutional capacity, unlike the Philippines. Can you comment on their thinking and what role they have to play here?

ROBERT KAPLAN: Yes. I left Indonesia out of the book because I had a 10,000-word chapter on Indonesia in the Indian Ocean book. It was very deliberate. I couldn't repeat it, in other words.

Everybody predicted Indonesia would collapse in the late 1990s, that it could only be ruled by the Dutch or by the military.

The archipelago stretches from literally San Francisco to New York. It's a 3,000-mile-wide archipelago. It's incredibly mountainous and jungly. It is held together by a language, Bahasa Indonesia, which is not associated particularly with any one island. So it's a language that actually leads to national cohesion.

I think President Yudhoyono in the last couple of years has proved all the skeptics wrong about Indonesia, building up its institutional capacity, its potential to be a second India (sort of). A lot will depend on who is elected after him. This could still go wrong.

It's true, Indonesia does have stronger institutional capacity than the Philippines. But that's a weak standard, it's a very weak standard. Anyone who has been to Jakarta knows that you are immobilized in traffic, yet there is no ring road being built or anything. The idea in Jakarta is have all the meetings at your hotel so you never have to leave. [Laughter] And everyone plays the same game essentially.

Indonesia is, for geographical reasons, way, way down here. It is less involved in the South China Sea issues than it had been.

Here's Indonesia's problem. For decades it was ruled by the military, whether Sukarno on the left, Suharto on the right. They weren't technically military, but they were buttressed by the military. So

that Indonesians have a skeptical attitude towards their own military, just at the time when they need a much larger navy to protect their coastline, which is being encroached upon by the Chinese, by Chinese fishing boats, etc., because they have enormous maritime resources to protect. But there doesn't seem to be the public will to build the navy that's necessary to do so.

It was the Indonesian army that oppressed Indonesia throughout the Cold War and post-Cold War decades. But it's just hard to get a public consensus to really increase the defense budget for the navy.

JOANNE MYERS: Bob, I just want to thank you for another wonderful morning and another stimulating discussion. Thank you for coming.

ROBERT KAPLAN: Thank you. My pleasure.

Audio
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