



The Asia Institute Seminar

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Moderator:

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Emanuel Pastreich

Thank you for joining us this afternoon. We live in an age in which China's impact on the world is growing daily, and yet many have only a very vague idea of how China actually works. Your insights are most valued. Tell us a little about your current research on China and Northeast Asia.

Richard Bush

I spend most of my time conducting research on China-Taiwan relations these days. I am currently writing a book on contemporary Taiwan-China relations in which I trace the relationship and offer my views on prospects for the future. I also dabble in other aspects of East Asian Security issues from time to time. I have done a long report on North Korea and its nuclear programs. I have written about China-Japan security relations as well.

Emanuel Pastreich

When will your current book be completed?

Richard Bush

I hope that it will be published this summer.

Emanuel Pastreich

What are your thoughts on the future of cross-straits relations?

Richard Bush

Over the last four years we have seen a process of stabilization in cross-strait relations and a significant reduction in mutual fear and distrust between China and Taiwan. That said, we should not assume that a general warming of relations will lead to Taiwan's unification with the mainland in the near future. The overall situation is more complex than most observers understand and there are a multitude of political obstacles, some subtle and some historical, that must be resolved before that possibility could be entertained. On the one hand, I hope that China does not become overly anxious about the rate of progress or have

unrealistic expectations. On the other hand, I hope that the United States does not simply conclude that the problem is solved and walk away.

Emanuel Pastreich

There are a few parallels between the on-going dispute between Taiwan (The Republic of China) and the mainland (People's Republic of China) and that between South Korea (Republic of Korea) and North Korea (Democratic People's Republic of Korea) over the last sixty years: the ideological confrontation, the differences in approaches to economic development and the global tussle over legitimacy in front of the world. Of course things have changed utterly in the Taiwan-PRC relationship. What are the differences, and the similarities, between the Taiwan-PRC relationship and North-South relations on the Korean Peninsula? How are the stakes different?

Richard Bush

There's a great difference in the size of the two parties. China is much larger, by virtue of population, than Taiwan. And the Chinese economy is a major force in the Taiwanese economy. The People's Republic of China has a large military and potential to project force. On the Korean peninsula, by contrast, South Korea is far more prosperous than N. Korea And South Korea has robust conventional forces, while North Korea does not.

Another crucial difference is that China made the decision in 1979 that if the communist party was going to have any legitimacy it had to move away from a Stalinist-type economic system and engage in a large-scale reform effort. That effort required domestic changes to improve the environment for foreign investment and support other forms of private economic activity. Those policies also required a peaceful economic environment to be successful. Taiwan, in turn, saw an opportunity in this shift to expand their operations in mainland China and to increase their global competitiveness.

The comparison with the Koreas is stark. North Korea, even at this late date, has yet to make any significant reforms in its economic or foreign policies. In spite of years of the "Sunshine Policy" on the part of South Korea, which was meant to open up greater cooperation between the two sides, we have not seen much progress.

Another difference is that Taiwan now has a substantial investment in the People's Republic of China, and has a stake in the status quo within the Chinese system as well. There is nothing approaching that sort of engagement between the Koreas. Of course, there remain substantial gaps with regards to issues involving the People's Liberation Army and

security with Taiwan, but the gaps in perception and in cooperation are far wider on the Korean Peninsula.

Emanuel Pastreich

Let us take a different comparison. What if we compared China in the 1970s, after the death of Mao Zedong, with North Korea today? In both cases you have countries that have been ruled by a strict socialist government and that were subject to an unrelenting cult of personality. If you were going to make a trans-historical comparison, to compare China then with North Korea today, what would be the similarities, and what would be the differences?

Richard Bush

The North Korean regime is more stable and more secure than the Chinese regime was in the 1970s. Chairman Mao had waged war on his own party for a decade and created a level of social chaos that made the situation after his death dire. China's economy was stagnant from years of isolationism. Of course, if we speak in terms of social and economic development, the problems of the North Korean economy are also pretty dire today.

Over the last thirty years, Chinese efforts to open up to the world and reform have been quite impressive. The only way North Korea can find a way out of the trap it has set for itself is to open up in a similar manner.

Emanuel Pastreich

Let us focus on South Korea. South Korea has risen in global prominence, economically, politically, and culturally, over the last ten years, and especially over the last five years. What do you feel is South Korea's role in Northeast Asia and what thoughts do you have about the road ahead for South Korea?

Richard Bush

If there is a success story for American foreign policy in the post World War II era, it is South Korea! South Korea was devastated by the Korean War and reduced to a sustenance economy by that brutal conflict. But through hard work at home, and the alliance with the United States, the South Korean people were able to build a very impressive country. Korea

is now home to major corporations with global reach, a sophisticated military, and remarkable institutions for research and higher learning. Moreover, South Korea is increasingly playing an important role in international affairs. To a remarkable degree, South Korea has taken a stake in the international system and has committed itself to global institutions. South Korea has been willing to take significant responsibility as well in the global international economy. South Korea has taken a constructive path and is playing a leadership role; the successful hosting of the G20 summit in 2010 and the plans for the Nuclear Summit this year in Seoul are testimony to Korea's new global role.

At the same time, South Korea does face a few challenges. For example, South Korea has immense challenges in remaining competitive in an international economy that is marked by rapid technological change. South Korea also has to respond to the rapid rise of China and its implications for Korea's economy and its foreign relations. Of course the challenges that South Korea faces are faced by all advanced economies. Nevertheless, South Korea's geopolitical situation makes them more acute and the demands on Korean policymakers and the members of civil society are substantial.

And then there is the dilemma of North Korea. Should South Korea take a soft line of accommodation with North Korea and risk that its efforts are cynically exploited? Or should it take a "tough love" approach and risk major destabilizing incidents that could hurt its economy? The choice depends on what North Korea is doing, and how South Korea assesses those moves. The relationship is far from simple, and it is often quite unpredictable.

Emanuel Pastreich

We hear much about Korea's cultural role in the world these days. What do you think is the potential for Korea's culture globally?

Richard Bush

Traditionally, Korea was a great civilization with a remarkable tradition of learning. Korea was impressive, both intellectually and artistically, for a thousand years. It appears that the full potential of that Korean civilization is being revived these days. We see such vitality in Korean music, art, literature, and film. Its impact in the region and the world is growing. North Korea, however, is not contributing to that process at all. If anything, North Korea is distorting - hampering - Korea's full potential. The effort to restore and transform North Korea will be a major, major headache. That said, if the two were together, the combination could be quite impressive.

Emanuel Pastreich

I've lived in Korea for five years, and during that time I've seen all sorts of practices, approaches, in Korea where I thought, "That's not how I would do things." Koreans seem to be so poorly organized, without the sort of planning that I take for granted. On the other hand, I've seen Korea grow increasingly sophisticated in business, in government, in research over that time—they are clearly doing something right even if foreigners cannot understand it. The expertise of foreigners who come to Korea is on a different level now than it was five years ago. We see people from the global creative class flocking to Korea in search of opportunities these days.

Actually, this evening, our Asia Institute hosted the Indian ambassador right here in Seoul. The dinner featured a very lively discussion about the potential for Korea to expand its horizons. Countries like India, Mongolia, and Malaysia are becoming much more visible in Korea these days. At the same time, China remains the largest player in the region and a focus of attention for Korea.

Richard Bush

The main dynamic is one in which a more powerful China acts in ways that are not surprising, from a cold analytic point of view, but still worrisome. A more powerful China asserts itself, and will assert itself, in ways that can sometimes be disturbing if you are on the receiving end. That is a challenge both Koreas will have to deal with going forward. Then there's the issue of how those affected by China's actions respond. That is where South Korea has some choice, and some flexibility. In 2010, at different places on China's periphery, China acted in ways that disturbed the neighbors, taking actions that were perceived as aggressive or expansionist. Not all of those cases of assertiveness proved to reflect decisions by China's top leadership; sometimes conflicts or misunderstandings resulted from the autonomous implementation of a general policy by PRC agencies that pursue their own agendas.

In the South China Sea and the East China Sea, there are a variety of Chinese actors involved and each has a certain, somewhat parochial, vision of their mission that they act on. In many cases, the confrontations are certainly not what leaders in Beijing would have approved of, if they had been consulted, but they nonetheless have to clean up the mess. We have seen a series of these events in the South China Sea, in the East China Sea and in an incident near the Senkaku Islands.

We've also seen such ambiguous Chinese actions in the case of the Korean Peninsula as well, in the Chinese response to the sinking of the ROK Navy corvette Cheonan and the shelling of Yeongpyong Island. In these two cases, the Chinese decided to support the North Korean regime more strongly and assure the succession by not restraining North Korea as much as before.

In just about all of these cases, the parties concerned, and the United States, chose to push back a bit, to signal to China that these actions were inconsistent with those of a good neighbor, and that there was an expectation that China would show greater restraint. It appears that, because of South Korea's protests to the North Korean acts of war and the United States response, China is restraining Pyongyang more today in 2012 than it did in 2010, and that is a good thing. But relations with China form an ongoing process. We will see new manifestations of assertiveness in the future, and those affected will have to decide whether, and how, to accommodate or to push back.

Emanuel Pastreich

Regarding Kim Jong Il's funeral, what developments have you observed since then? What are the prospects for the future?

Richard Bush

Nobody on the outside has any clue what is going on in North Korea with regards to the power shifts resulting from the succession. We can only watch surface manifestations, which can be misleading. What has happened was what was expected. Beginning in 2009, the regime began preparing the transfer of leadership from Kim Jung Il to Kim Jung Eun. This transfer of power, which is still going on, took place quite smoothly in spite of Kim Jung Il's unexpected death. This appears to be a well-scripted event.

The events and commentaries that have followed were well-scripted. We might say this was Kim Jung Il's last directorial role.

One gets the impression that North Korea is working very hard to prove to everyone that everything is normal and that continuity is the order of the day. One suspects that perhaps stability is not as assured as they might like us to think. This is a transition process that does not occur over the span of a few weeks, but rather a couple of years. Most likely it will be contested at various points along the way. Whether Kim Jung-Eun will only have titles and no substantial power, or whether he actually will gain the authority that goes with those titles, remains an open question, with implications for all of us.

Kyung-seon Lee
Sungkyunkwan University

With the passage of time, it seems that the interest of Korean youth in reunification (once a rallying cry for the student movement) is decreasing. Government policies are lackadaisical and unimpressive. What hope, what meaning, do you think the possibility of unification offers for young Koreans?

Richard Bush

When we imagine a future about unification, it is essential that we consider the terms and conditions under which it might take place. Who will the agreement for unification favor and what are its implications for North Korea and South Korea? Young people in South Korea should take a keen interest in this issue because they will have to live with the consequences of reunification. If the terms of unification are good for South Korea, the future will be better. But in any scenario, unification will be a burden on the South, and on the international community. Young Koreans may end up paying for reunification throughout their working lives.

Finally, I would say that to the extent that division has kept Korea from realizing its full national potential, reunification will remove that obstacle.

Emanuel Pastreich

The year 2012 is a year of major changes in the political leadership of the region. There will be a new President in Russia, a new president in South Korea and possibility a new president in the United States (or certainly changes in the administration in a second Obama term). At the same time, Xi Jinping is preparing to take over from Hu Jintao as well. So the transition in North Korea comes at a moment of multiple transitions.

Richard Bush

Yes, you do make an important point with direct implications for the Korean Peninsula. The fact there will be leadership transitions in all those countries could prove to be a test of North Korean restraint. Some speculate that such transitions in the region might lead North Korea to sense this is the time to test a nuclear weapon again, to assert itself through other provocations. If, however, North Korea chooses to not to take advantage of this coincidence of timing, that would also suggest something about the new regime. On the other hand, it may remain restrained, if only to increase the possibility that a progressive president is elected in the ROK.

Emanuel Pastreich

As we look towards the transition in China, especially in terms of the relationship of Hu Jintao with Xi Jinping, what do you anticipate?

Richard Bush

Hu Jintao will have no positions in government after he gives up his posts. The process is phased. Xi Jinping will become the General Secretary of the Communist Party whenever the 18th Party congress is held. It could be September, October, or November. It could be the case that he will be named the chairman of the party central military commission. In that case he would also be replacing Hu Jintao. Then there is the National People's Congress in March of next year. At that point, if all goes according to plan, Xi Jinping will be named president of the People's Republic of China and Li Keqiang will be named premier. The most likely deviation from that script would be for Hu Jintao to retain the position of chairman of the central military commission. Hu Jintao had to wait for two years until Jiang Zemin was willing to give up that chairmanship. No one knows the probability, but it could create a division of command within the system. The transition should be quite straightforward. The question of who will be on the politburo and who will be on the politburo standing committee is less clear.

Choi Seung-Hun

Ajoo University, Korea

There has been a renewed interest in the possibility of reunification of the Korean peninsula since the death of Kim Jong Il. As the new Kim Jeong Eun administration tries to quickly establish its authority and assure social stability, what are the surrounding countries most concerned about? What changes in policy in those four countries can we detect?

Richard Bush

In the short term, the four surrounding countries and the United States are worried about stability, especially on the Korean Peninsula. That concern seems to have been allayed for the moment. In the United States, however, there is the opinion that this state of affairs in North Korea cannot last forever. Either North Korea will need to test another nuclear device, particularly a device with highly enriched uranium or engage in some other form of provocation. For the medium and long term the question for us is whether the new

leadership in North Korea will conduct an assessment of Kim Jong Il's policies and their effects on North Korea, and then proceed to make policy changes. With regards to real reform, I don't think anyone holds out any huge hopes. China would like to see real changes in North Korea, a move towards the Chinese economic model that would make North Korea less of a basket case. The United States and South Korea would certainly like to see changes in North Korea's defense policies, especially its nuclear policies.

I think it is too early to tell whether those sorts of changes will occur, but they are not a complete impossibility. It would be a mistake to assume they will happen. The countries involved in the Six Party Talks are sticking to their past policies and not making any big changes at this point.

Russia would very much like to be more involved in the game in Northeast Asia, and they are pushing their trans-Korean pipeline. It could be that when Vladimir Putin is president again there will be more emphasis on North Korea. But Russia is the least significant player in the Six Party Talks.

Emanuel Pastreich

So you don't imagine there to be a risk of a Putin-esque relationship in which the former president retains his political influence?

Richard Bush

I think that scenario is unlikely. When Hu Jintao gives up his positions in government, he will no longer play that role in government. There may still be opportunities for him to influence personnel position and maybe policy. It appears that Jiang Zemin, even though he gave up his last post in 2004, has influenced matters behind the scenes. For Hu Jintao that will be a personal choice, however.

Emanuel Pastreich

It's a very impressive change in China that we now have such a predictable and transparent turnover of power. Certainly China was not run that way before, if we look at the case of Lin Biao and Deng Xiaoping.

Richard Bush

Yes. This is one of Deng Xiaoping's greatest legacies: The transfer of power at the highest levels in China has been institutionalized.

Emanuel Pastreich

Coming back to Korea. In the economic realm, Korea has been a leader in efforts to promote free trade via major trade agreements with the United States and India, to name just two. Korea is putting forth a series of new proposals as well. I have watched Korea become a major trade center for the region and the world. What is your assessment of Korea's importance in economics and trade?

Richard Bush

Korea has been a leader promoting the liberalization of the international economic system and trade system. Such efforts have had very positive results as the countries of the world, and the companies within them are encouraged to maximize the use of their resources in a rational way and exploit comparative advantage. The distortion of economic activity promoted by protectionism creates waste.

The KORUS FTA legacy, which was carried on from President Bush to President Obama, has helped President Obama to position himself where he ought to be, more in the direction of free trade. I hope that as Korea pursues trade liberalization going forward that it pushes for high-quality agreements, like that with the United States. This is an issue in East Asia, where many countries are reluctant to open up only certain sectors because of economic and political issues.

South Korea, like the United States, must protect its most precious economic assets, including intellectual property. If a country like South Korea is going to base itself on a growth strategy of innovation, it needs to protect those assets. In that respect China presents a huge challenge for Korea because some of its growth is fueled by theft. This is an area in which Korea and the US should work together to exert more pressure on China to end this theft of intellectual property rights.

Jae-hyuk Lee YOUNG NAM UNIVERSITY

I don't think that reunification of the Korean peninsula is just a matter for North and South Korea to decide. As the unification of the Korean peninsula is delayed, what are the implications of this continued "divided state" for the rest of Northeast Asia? and for the world?

Richard Bush

As long as North Korea pursues the policies it pursues now, we will find ourselves stuck in a status quo that has some risks. We are accustomed to that status quo, but it creates real divisions within South Korea, but also within China. There are risks related to continuing this situation.

Above all, a continued divided peninsula means that the people of North Korea will continue to be miserable. That is a true tragedy. In part it is a national tragedy of a divided nation that cannot fulfill its true potential. But it is also a human tragedy that is saddening for everyone.

Emanuel Pastreich

The total number of patents in China exceeded those of the US this year. China might be in the intellectual property protection business soon.

Richard Bush

This figure regarding patents is only a rough indicator of the ability to innovate. Some of these patents are really more a matter of national pride. Others are a way complicating matters for the true patent holder. That is, Chinese entities will copy technology and then patent their technology domestically. When the foreign firm tries to assert its rights, the Chinese courts claim that the company has already filed a patent. The conventional wisdom is that by and large intellectual property theft remains a serious problem. It will only be when China recognizes its own interests lie with the protection of intellectual property that it will push for a system that benefits all.

**Ji-young Byun
Bukyung University**

It seems as if all through Northeast Asia and the world, leaders uniformly say that unification “must happen.” But we need only look at the Six Party Talks to notice that, in fact, each country approaches the issue of reunification with primary interest in possible benefits for itself.

What do you think China is most concerned with? Moreover, what do you think the larger geopolitical significance for the region will be of a reunification of the Korean peninsula?

Richard Bush

China wants stability above all. China would also like to avoid a situation in which there is a unified Korea that is hostile to China. That is a potential threat. Currently, for all the problems that North Korea causes China, it serves a valuable purpose today as a buffer that keeps the forces of the United States and of South Korea away from the border with China. Now, I happen to believe that this is an exaggerated fear on the part of the Chinese who hold it. There are assurances that Korea and the United States could provide to China that could allay its concerns. In any case, China wants any unification to be a peaceful unification that cannot be interpreted as a threat to China.

With regards to the geopolitical significance of reunification for the region, that also depends quite a bit on the terms of reunification. If one assumes that unification takes place under the aegis of the Republic of Korea, and that the entire peninsula will not only be united, but also wholly democratic, and prosperous, and more inventive, then that would be a positive for the United States. I have suggested that China might still be concerned about such a scenario, but the United States, Japan, and the international community would welcome such an outcome.

Emanuel Pastreich

If North and South Korea were united, and that united Korea shared a border with a unified China, that would be a geopolitical situation that has not existed for a long time, since the 1650s when the Manchus took over the border with Korea.

Richard Bush

Yes, that would be a very new world. I think that South Korea has the maturity to respond to such a new world and I certainly hope that China will.
