

Q&A Transcript

Brief Remark
Joseph Nye

Moderator
Byungkook Kim

Venue
Korea Foundation for
Advanced Studies
Conference Room, Seoul
South Korea

East Asia Institute
#909 Sampoong B/D
Eulji-ro 158
Jung-gu
Seoul 100-786
Republic of Korea

© EAI 2014

www.eai.or.kr

Is the American Century Over?

Nye

It's a good question. How would we know? [laughter] If the American economy were to go through a period of very low growth like Japan has in the last two decades say one per cent or less, then I think I would begin to worry. Another example would be if the Americans were unable to continue their investment in military capabilities for example, if you weren't able to have the investment in the defense budgets that are necessary. Or if the United States turned inward if the attitudes inside the United States were to say 'no more immigrants' Americans always complain about immigration but we fortunately can't do anything about it. But if we actually did something about it, if we really stopped immigration then that would violate this Lee Kuan Yew proposition, we would lose all the creativity that comes from the immigrants we get. So those are three indicators to me: low growth, military budget that can't keep up and inward *turning-ness* which cuts us off from our sources of external refreshment that comes from immigration. Those will be three indicators.

Moderator

What is your assessment of the likelihood of that happening?

Nye

There was a feeling after the financial recession of 2008, there was a feeling that this was the beginning of that period of low American growth. In fact, there were many people in China who wrote articles saying that this is the proof of American

about U.S. decline. And in fact, Chinese foreign policy became more assertive as a result of their belief that the low growth after 2008 while Chinese growth was high was proof that China was rising and U.S. was in decline. What they did was take a cyclical downturn and assume it was a sectoral trend. The fact that American economy is growing at 3 percent now indicates that that was a mistake. So I think if the Americans hadn't recovered from the great recession, then I think I would be worried. That doesn't mean there are no problems in the American economy, there obviously are. But I think a period of very low growth that continued after 2008 would be a cause for concern.

Moderator

When you were talking about the argument about the absolute decline of U.S. power, you listed up factors that gives [a] more optimistic view on the future of U.S. power. What are the weaknesses of United States as [a] super power? And how do they balance against the strength of the U.S.?

Nye

One of the problems that the Americans are having right now is a political polarization and people talk about it as a gridlock they say it is very hard to get things done. I think that is true but I think it is not unprecedented. If you look at the American government system, it was created to be inefficient. I mean the American founding fathers created the political system to preserve liberty not to maximize efficiency. And the net effect of that it is very hard at times to get things done. On the other hand, there is still a fair degree of power in the executive, particularly when it comes to foreign affairs. And even in a period where people say there has been this terrible gridlock, the congress before this, the first two years of the Obama administration, you passed legislation on health care which even though is controversial, nobody had been able to pass this since the days of Harry Truman, and you also were able to pass major stimulus package which was very important in getting out of the recession you were able to pass regulations on governing the financial industry to try to reduce some other risks of another financial crisis. So the argument that congress can't do anything is a bit exaggerated. But on the other hand it is true that the American system

is a system full of vetoes. I mean it was designed to be full of vetoes. So if you want an efficient system, don't imitate the United States. If you want liberty, yeah, but not efficiency.

Moderator

Let me ask you the same question but focused on China. China has a very authoritarian political order. It is proud of its efficiency and effectiveness. What is your view on the argument that that kind of system is more effective in resolving foreign policy issues and even remodeling international order?

Nye

I think I didn't want my comments earlier to in anyway denigrate the extraordinary accomplishments of the Chinese. I mean, I said as I started, Korea is a great success story and it is, when you look at Korea in 1960 and Korea today as a leading country in the OECD. That is an extraordinary accomplishment. China hasn't reached that level yet. But China has raised hundreds of millions of people out of poverty. And Deng Xiaoping's use of market has been quite extraordinary. So let's give China credit for what has been done. The question is whether it is a political system, one that can be exported, sometimes people call the Chinese system market Leninism. You combine markets with an authoritarian political structure. But it is not clear that's a market export. Notice, if you take that to Zimbabwe you get the authoritarianism but not the market, so it is not clear; unlike the Soviet ideology which they wanted to export throughout the world. It is not clear that the Chinese system is for export. But the other question is domestically how well will the Chinese system work as you get per capita income about \$10,000. If you look at the history of South Korea or Taiwan, you will notice the ability to run a country in an authoritarian fashion becomes very difficult when you reach around \$10,000 per capita income and a large middle class.

Moderator

It came earlier for Korea.

Nye

For Korea it came about 7 or 8 I think, so China is now

approaching about \$10,000 per capita income in purchasing power parity. They have at [that] stage have to deal with the problem of political participation. India was born with a constitution from Britain which solved part of the problem of political participation. China hasn't figured out how to do that yet. So I think the interesting question for China is: will this system continue to work efficiently as you begin to have more demands for political participation? And particularly with a lot of information that you get on the internet, even with control of the internet there's just a lot more information leaking around in the system. So I think the question for China is, they've done very well and can they continue in the same fashion?

Moderator

When I was listening to your lecture on the issues of power, I put myself not in the role of great power but middle power countries, especially ally middle power countries and asked the same question on East Asia. China is our big neighbor. When we see the trend we review that, we should not make a linear projection. But when we see the trend, we see middle power countries' economy is getting deeply integrated into the orbit of China's economy. When we talk about the global level, I buy all the arguments that you've made, but when we come down to the regional level and look at the same issue not from the position of super power but from middle power countries, issues become much more complex and maybe even full of security risks. So if the trend in economic side is linear, deeper integration into Chinese economy, but at the same time as you mentioned in your lecture, many of East Asian countries are militarily allied to the U.S. and even more are cooperating militarily with the U.S. So we see two different kinds of trends. One trend, Korea in the realm of military is running in the opposite direction of the trends in economic realms. I would like to ask you to put this continue. I ask that question in a different way. Would it be unimaginable to think about the possibilities of some of East Asian countries changing, adapting, adjusting security policy that would be in more conformity with economic trends?

Nye

It is a very good question and the answer may vary with different countries. So the answer you will get in Cambo-

dia and Laos would be very different from the answer you will get in Korea and Japan. But let's take Japan as probably the largest in terms of it's the 3rd largest economy and it has in the Japanese self defense forces. a considerable military capability. Some people would have said "but as Japan, as China gets more and more powerful economically, Japan would move away from its American alliance and find the Chinese alliance makes more sense. I think that is very unlikely for a couple of reasons. One is, China wants to be clearly ahead of Japan and when Japan wanted to join the UN Security Council China blocked it. So China's picture of East Asia doesn't have a picture of Japan as an equal. And in addition, you have territorial disputes Senkaku – Daiyu island dispute, it is not clear that China is willing to accommodate Japan on that or that Japan is willing to accommodate China on that. So in that sense, I think, if you ask 'what's happening?' What's interesting is in last few years, as the disputes has become more difficult, trade between China-Japan has maintained fairly high levels, Japanese investment in China dropped [by] half last year. And the Japanese are looking at this situation and saying not only is there cheaper labor in Vietnam or Bangladesh but also we are not so secure what's going to happen to our plan if there's another incident. So there's a case where instead of the economics leading to tighter integration is actually reducing. Vietnam would be another example. When China put the oil rig in the Paracel islands, you got riots, anti-Chinese riots in Vietnam. Even though there is an increasing economic interdependence between China and Vietnam. There's also a considerable degree of nationalism in Vietnam in terms of not wanting to be dominated by China. So I think it would vary by country. I mentioned also the Philippines as another case. I think if your country is like Cambodia or Laos, China can use its economic power pretty easily to control. There are cases in-between Myanmar or Thailand where they may have more influence on cases like Japan or Vietnam, doesn't look to me like it is going in that direction.

Moderator

One could also argue that alliance could be a safety net if the trend of economic integration deepens and widens into the future.

Nye

I think the fact the most countries in the region don't want to have to choose between the United States and China, they want to have their cake and eat it too, which is understandable. That maybe a good thing, it may be actually something that keeps the relations in the region more peaceful.

Moderator

You talked about smart power strategy; the ability to combine soft power and hard power in ways that make policy workable within the 21st century context of power diffusion. When we talked about alternatives to the American century, we have to also think about what their alternative would be and whether China could play that role. If the right strategy to pursue for any great power in the 21st century context of power diffusion and economic multipolarity and military polarity, do you think China has the capabilities, willingness to combine soft power and hard power in ways that not just, promotion of Confucianism, but promotion of wider, regional and global agendas?

Nye

It is an interesting question and I guess, you know, if China could overcome some of these territorial disputes, it might be able to do better. I have sometimes said to Chinese friends you ought to go back to the so called charm offensive that you had at the beginning of 2000s. And, if you did, you would do much better with your neighbors than the policy you are taking now. And, when I asked them why don't you do this? They say it's very hard given the climate of nationalism at home. But if they could overcome that, In other words, if China could say instead of insisting on dealing with each of these disputes bilaterally, where we can overall each of the separate countries, we will do a multilateral code of conduct for the mediation of disputes in the South China Sea, then China's natural advantages would have a better chance to play out. But it's very hard for them to do that in terms of their domestic politics, is it impossible for them to that? At some point in the future it could be possible, I don't see it right now.

Moderator

I have a lot of questions from the audience for you. [pause]

What is your assessment on South Korea's smart power?

Nye

I use the term smart power to refer to the fact that you need to combine both hard power and soft power. Sometimes after I wrote about soft power, people said oh he thinks all you have to do is be nice and you'll get what you want but unfortunately that's not the way the world is, but if you combine hard and soft power, you're likely to do better than if you just use hard power alone. So I've argued that a smart power strategy is one in which a country has hard and soft power reinforce each other. The Americans sometimes do it right and sometimes do it wrong. If you take the invasion of Iraq, the hard power, very quickly overthrew Saddam Hussein, but there was no soft power and the result was a mess. So that was what I would call not a smart power strategy. Smart power means the ability to combine the two. Let me give you an example from a small country, Singapore. Singapore is pretty good at smart power the following example. Singapore is never big enough militarily to defeat Malaysia or Indonesia or much less than China, but it does say if we have enough military capability that when somebody attacks it will be uncomfortable they call it being a 'poison shrimp', then it's less likely to be attacked. And at the same time we can be a hub of Asian relations if we can have people coming from other countries in the region to pass through the National University of Singapore, in other words if we can develop both soft power and enough hard power to be a poison shrimp, we can be a success. I think they have been. So I would argue that Singapore has a smart power strategy.

Moderator

I have a question on Japan. If Japan's Abenomics fails, and Japan's economic situation gets aggravated, would the balance of power and regional order in East Asia be changed? How would the U.S. and its alliances be affected?

Nye

I think that the Abenomics has had a setback in the last quarter as we've seen. We have to see what happens after the Japanese elections, whether this will continue and whether there'll be a rejuvenation of the efforts that Abe has been making. I don't know the answer. I think the US-

Japan alliance will remain strong regardless. I mean the U.S.-Japanese alliance was strong when Japanese growth was 0 to 1 percent and I think Americans were delighted with the Japanese economic recovery to 2 to 3 percent, I don't think even if Japan's growth rate retreats back to 1 percent or 0 percent, I don't think it will change the U.S.-Japan alliance because that's based on this general proposition that we need to shape the environment in the region to provide incentives for China. There is also the fact that keeping close relations with Japan will be important in terms of whatever happens in North Korea, nobody knows what's going to happen in North Korea, but having strong capabilities with Japan is going to be important at the same time that we have strong capabilities with South Korea.

Moderator

What is your view on the issue on trilateral cooperation?

Nye

I have said to my Japanese friends when I'm in Tokyo and I say to my Korean friends when I'm in Seoul 'get over history' you know, you have wasted the last several years disputing things that are 80 years old when you have just north of here, a real unpredictable threat and the idea that Japan and Korea are not cooperating in defense as closely as they should when they face something as dangerous as the Kim Jung-un regime. It doesn't make sense. Think ahead, not backwards.

Moderator

Another interesting question, this one is on China's relationship with Middle East. The question is this, can the conflictual situation in the Middle East somehow influence even prevent the rapid economic industrial growth that China needs so much for domestic political order, social stabilities and so on, I think this question reminds me of a comment from one of my colleagues abroad that U.S. presence in the Middle East and its proactive engagement has benefited China.

Nye

I think if there were real disaster in the Middle East, if there were a revolution in Saudi Arabia or if there were wars in which the Straits of Hormuz were closed or if there

a nuclear Iran which led to something with wider conflagration, this would be terrible for Chinese growth. It would be terrible for the world. The world economy would suffer badly, but it will certainly be a major setback for China. I think this is one of the incentives for China to be responsible in the Middle East and it's interesting if you look at the Chinese behavior in the Iran negotiations, the permanent countries plus one the Germans, the Chinese have been actually pretty supportive on that so they haven't been a spoiler on it. I think they realize that if they spoil they were to spoil the P5+1 arrangements, it would probably hurt them. so I will give them credit for being far-sighted on that.

Moderator

This deals with the issue of Chinese foreign policy, but from a different angle. We've been hearing and reading news reports about China and Russia getting closer in the security realm and trying to develop more cooperative arrangements. The question is this, what do you think about the proposition that China will challenge U.S. roles in East Asia with support of Russia?

Nye

A lot of people talk about a Russian-Chinese alliance, and I don't see it myself. If you mean by an alliance something like the relations between China and Russia of the 1950's, there will be diplomatic coordination. Both Russia and China often have problems with the U.S. and it's often very convenient to coordinate the diplomatic action essentially at the cost of the U.S., but that's not the same as a real alliance. If you ask would the Chinese and the Russians have enough confidence in each other to have an alliance of the type that they had in the 1950's, I think the answer to that is no. Russia has a lot of empty real estate in Siberia and China has a lot of extra people and I think the Russians worry a little bit about what that would look like.

Moderator

So what would be the immediate goals or objectives that the two countries would have when they meet [and make] the gesture of getting closer in security?

Nye

You see this in the security council, the Chinese often gear their behavior on security council issues to the Russians, they let the Russians cast the vetoes and the Chinese sort of abstain behind them on a number of issues. There are a lot of times when China doesn't want to get out front, but it's convenient to align with the Russians but not being exactly the same, so that's an example what I call diplomatic coordination. That's not the same as a real alliance in which let's say the Russians will be willing to sell top flight military equipments to China or if you look at Russian doctrine, nuclear weapons that Russians insist on maintaining their short range nuclear missiles. Why? They're not going to use them in Europe.

Moderator

A lot of questions... let me uh... how many [minutes] do we have left? Are we almost near the end? She's the boss... [pause] The question is this, the United States and China has held strategic and economic dialogue annually since the year 2009, which reflects the uh... I'm translating Korean into English, that's the reason, I'm taking some time, to ask you this question, which explains, reflects the ah, the rise of China, what do you think the two countries have accomplished through those strategic and economic dialogue and what are the limitations of the talks thus far?

Nye

I think the strategic and economic dialogue is very useful, not that it has created great agreements but it has helped the two countries to orient their policies, for example there was a lot of discussion about China having an undervalued currency and the way that was affecting trade and monetary relations. There are not meetings back and forth that I think you could argue that the de-facto revaluation of the Renminbi had something to do with the persuasion that occurred in dialogue after dialogue. If you count both inflation and the gradual increase in the value of the Renminbi, that was discussed a lot in the strategic and economic dialogue, so that would be one example. Another example might be the agreement of Obama-Xi Jinping reached on climate it wasn't an earth shattering agreement, it ratified certain things that both countries were aiming to do anyway, but compare that to the bitterness of relations

between the U.S. and China after the Copenhagen meeting on climate in 2009, well... this is progress. So I think the S&D has been a useful exercise.

Moderator

This is a question on Korea, inter-Korea relationship. It is very broad but the topic is very hot here. What is your assessment about the likelihood of reunification?

Nye

If I knew the answer to that, I would have been a rich man. I would take certain bets. I had thought frankly, and this is to show how wrong I can be, I had thought that the regime in the north would not last as long as it has lasted. They seem to me to have a communist monarchy, a contradiction in terms, and to have some regime to last as well as it has, after it starved its own people, ah is a puzzle, so I would of predicted a collapse sooner, but I was wrong. I think I'm now more cautious about putting bets on this. I think personally, one day the Korean peninsula will be united, but I'm no longer, I used to say in a decade or so, I no longer put any numbers on it.

Moderator

What is your assessment on the preferences of China? Does it want to create a new order? Or is it thinking about strengthening its position, its role within the existing order?

Nye

I think more the second. I mean there are some people who say that China cannot rise peacefully, that it wants to create a hegemony, the book I cited at the beginning of my talk, "When China Rules the World," Martin Jock says that China is bound to want to reorder the world in its own image, I don't see much evidence of that right now. I mean, if you look at the benefit China gets from the World Trade Organization, that it gets from the IMF, the UN and so forth, it's not about to overthrow these, I think it would like to have its own order in East Asia, I think it would like to have control of the seas, the South China Sea and the East China Sea, I think it would like to dominate the region, I don't think though that it has an aspiration to overthrow the global institutions or to challenge the United States globally. I think it wants to have its own sphere of

influence regionally. That can be the cause of some friction, but it doesn't have to be unmatchable.

Moderator

What would be U.S. policy added to that kind of...

Nye

I think the U.S. policy has been this rebalancing to Asia, in other words, the U.S. is going to increase its capacity to be a reliable ally, the U.S. and Japan are working on new defense guidelines, the U.S. is going to have 60% of its naval resources in the Pacific by 2020, there's been an announcement of having Marines that'll rotate through Australia, these are on the military side, but also the Trans-Pacific Partnership trade agreement indicates a desire to increase American economic presence and I think again, the argument is not to isolate China, we don't want to do that, but the argument is to have a greater American presence. And that means that if China tries to bully neighbors like it did with the Philippines, or Vietnam, those countries may have more options, if they see that the Americans are present, than if they feel they're left alone with China.

Moderator

The last question is about North Korean nuclear crisis, the question is, how to resolve that crisis, if possible.

Nye

I should ask you that, I think we have to continue to try and contain it. I don't think we want to accept that this is a permanent fact of life. But we have to realize that it's taking longer than we expected, and uh, speaking personally, I would be willing to talk to the North Koreans but I wouldn't believe what they told me. Uh you know we had in 2012, the Obama administration had the so-called Leap Year Agreement, and it took Kim Jong-un what? about three weeks to violate it. And uh, so the problem is that, we want to keep the neighboring countries, the other five of the six parties working to try to contain this, but we shouldn't essentially believe the kinds of things the North Koreans tell us, because they have violated their word so often in the past, which means that we want to keep a continual effort to contain this from getting out of control, but

not have illusions that we can suddenly solve this, in other words to sign an agreement, we've done that and we've seen the results.

Moderator

I met Professor Nye for the first time in my life when I was a junior in college, President Park talked about Professor Nye being a rockstar in the academic community now. Well in my memory he was a rockstar 40 years ago and continues to be, and when he talked about the absolute decline of nation-states and how that cannot be uh, analyzed in parallel with the life cycle of human beings, he made a comment that he is in decline, that is not true, he is the great mind that I met as a student, in my college years, and I thank you very much for joining us today, to share your wisdom, I'm sure all of us, some of us might have different ideas, but I'm sure that all of us enjoyed your lecture, your talk, your answer to questions, thank you very much Professor Nye.

Nye

Thank you very much and here's to the rise of South Korea. ■