

**DITCHLEY PARK PRESENTATION**  
***EAST ASIA SECURITY***

*PLENARY SESSION ONE: OPENING REMARKS*

THANK YOU, SIR JEREMY, FOR INVITING ME TO OPEN THIS CONFERENCE.

SINCE MY PURPOSE IS TO SET THE SCENE AND TO STIMULATE OUR SUBSEQUENT EXCHANGES, I HOPE YOU WILL ALLOW ME A FEW IDIOSYNCRATIC VIEWS.

I WILL BRIEFLY ADDRESS THREE THEMES: WHY THE ISSUE OF EAST ASIAN SECURITY IS PERTINENT, ON WHICH I WILL MAKE FOUR POINTS; WHAT DO WE KNOW AND CAN STATE WITH REASONABLE CERTAINTY ABOUT THE FUTURE OF THE REGION, WHERE I WILL RAISE SIX POINTS; AND THIRDLY, WHAT ARE SOME OF THE KEY FACTORS OF UNCERTAINTY, AND ON THIS, I WILL MAKE 3 POINTS.

1. WHY IS EAST ASIAN SECURITY A MATTER OF CONCERN?

*i. HISTORY*

IN THE 62 YEARS SINCE AUGUST, 1945, WHEN JAPAN UNCONDITIONALLY SURRENDERED, BRINGING TO AN END THE

CONTINENTAL AND PACIFIC WARS, THE EAST ASIAN REGION, FROM RUSSIA TO AUSTRALIA, HAS EXPERIENCED TWO MAJOR GROUND WARS IN VIETNAM AND ONE ON THE KOREAN PENINSULA; SERIOUS CLASHES THAT THREATENED WARS BETWEEN TAIWAN AND MAINLAND CHINA, BETWEEN RUSSIA AND CHINA, CHINA AND VIETNAM, AND VIETNAM AND CAMBODIA. IN ADDITION, BORDER DISPUTES HAVE OCCASIONALLY IGNITED LOW LEVEL EXCHANGES OF FIRE BETWEEN THE TWO KOREAS; ALMOST ALL THE COUNTRIES IN THE REGION CLAIM UNRESOLVED TERRITORIAL ISSUES.

*ii. TECTONIC PLATES*

GEOPOLITICAL TECTONIC PLATES ARE ON THE MOVE, AT NOTICEABLE SPEEDS. IN LESS THAN 30 YEARS, CHINA HAS EMERGED FROM ISOLATION TO A POSITION OF GLOBAL INFLUENCE; JAPAN IS SEEKING TO ASSUME INCREASED INTERNATIONAL RESPONSIBILITIES, WHILE SIGNIFICANTLY EXPANDING ITS SECURITY LINKS WITH THE UNITED STATES; KOREA HAS BECOME THE WORLD'S 9<sup>TH</sup> LARGEST ECONOMY, AND CAN MAKE POLICY CHOICES THAT DETERMINE THE INTERNATIONAL LANDSCAPE IN NORTH EAST ASIA; ASEAN IS THE INDISPENSABLE PARTNER IN EACH OF THE COMPETING VISIONS OF POLITICAL, ECONOMIC OR SECURITY ARCHITECTURE FOR THE REGION.

*iii. RESOURCE COMPETITION*

RESOURCE COMPETITION IS REAL: JUST LOOK AT PRICE TRENDS FOR OIL, NICKEL, COPPER, LEAD, ZINC AND OTHER BASIC INPUTS. UNTIL THE TURN OF THE CENTURY, INCREASED COMPETITION FOR THESE INDUSTRIAL METALS HAD BEEN LARGELY PLAYED OUT IN THE OPEN MARKET BUT THE PLACE OCCUPIED BY STATE -CONTROLLED RESOURCE COMPANIES HAS INCREASED SIGNIFICANTLY, ESPECIALLY IN CHINA AND RUSSIA. THESE COMPANIES CAN BE AND FREQUENTLY ARE SUBJECT TO THE POLICIES OF THEIR HOME GOVERNMENTS. NOT BEING DRIVEN BY THE LOGIC OF THE MARKET, THIS NEW REALITY HAS ADDED A HIGHER DEGREE OF UNCERTAINTY AND RISK WITH REGARD TO ACCESS TO RESOURCES, AS WELL AS POLITICAL CONSIDERATIONS TO THEIR DISPOSITION.

*iv. WILD CARDS*

FINALLY, I WOULD ADD TO THIS LIST A SET OF WILD CARDS, SUCH AS THE UNPREDICTABLE AND MOSTLY IMPENETRABLE COMPETITIVE INTERESTS AMONG MILITARY AND CIVILIAN DPRK ELITES OVER SHORT TERM NUCLEAR STRATEGY AND THE LONGER TERM PROSPECTS OF THEIR REGIME; THE CONSTANTLY SHIFTING CALCULATIONS OF CHINESE AND TAIWANESE LEADERS OVER THE FUTURE OF CROSS STRAITS RELATIONSHIPS; AND THOROUGHLY UNEXPECTED DEVELOPMENTS SUCH AS THE P3 INCIDENT OVER THE SOUTH CHINA SEA IN 2001.

ALL THIS TO SAY THAT THERE IS AMPLE REASON TO FOCUS ON THE CHALLENGES TO SECURITY IN EAST ASIA.

2. WHAT CAN WE SAY WITH CERTAINTY, TODAY, ABOUT THE FUTURE OF THE REGION? I WOULD SUGGEST: QUITE A LOT.

*i. NATIONAL INTERESTS*

THE COUNTRIES OF EAST ASIA REGION, FROM NORTH TO SOUTH, WILL BECOME INCREASINGLY WEALTHY CONSUMER SOCIETIES, VERY OPEN TO TECHNOLOGICAL ADVANCEMENT, WHERE NATIONAL INTERESTS ARE DEFINED AS ECONOMIC GROWTH AND DEVELOPMENT, ACCESS TO MARKETS, CAPITAL AND RESOURCES, WITH ATTENTION TO SECURITY AND, INCREASINGLY, A LIVABLE ENVIRONMENT.

*ii. SOVEREIGNTY*

NATION STATES WILL REMAIN THE LEAD ACTORS, BUT THE TRANSFER OF MODEST AMOUNTS OF SOVEREIGNTY, A PROCESS LAUNCHED BY ASEAN EXACTLY 40 YEARS AGO, WILL CONTINUE AND ACCELERATE, ALTHOUGH NOT REACHING THE LEVEL OF EUROPE.

*iii. CENTRIPETAL TENDENCIES*

INTEGRATIVE, CENTRIPETAL TENDENCIES, THOSE THAT ENCOURAGE GREATER COLLABORATION AND COMMONALITY, LEADING TO TREATY ARRANGEMENTS UNDERPINNED BY

INTERNATIONAL LAW, WILL BE DRIVEN FORWARD BY A NUMBER OF SIGNIFICANT FORCES.

MANY STATES IN THE REGION HAVE RECOGNIZED THAT IT IS ESSENTIAL TO LIBERALIZE AND OPTIMIZE THE EFFICIENCY OF THEIR ECONOMIC ENVIRONMENT AND INTER-STATE RELATIONS, IF THEY ARE TO ENSURE THE CONTINUING RISE OF THEIR STANDARDS OF LIVING. ARRANGEMENTS TO THAT END ARE ALREADY TAKING SHAPE, THROUGH BILATERAL AND PLURILATERAL FREE TRADE AGREEMENTS AND ECONOMIC COOPERATION AGREEMENTS, AND THIS PROCESS IS CONTINUING.

INTEGRATION WILL ALSO BE SPURRED BY SHARED NOTIONS OF ASIAN IDENTITY, BY THE RISING COMPETITIVENESS OF ASIAN SOFT-POWER AND POPULAR CULTURE, ESPECIALLY WHEN MEASURED AGAINST THAT OFFERED BY THE WEST, PRIMARILY THE UNITED STATES.

INTEGRATION WILL BE ENCOURAGED BY COMPETITION FOR BENEVOLENT REGIONAL LEADERSHIP, A CONTEST PRIMARILY AMONG CHINA, JAPAN AND ASEAN.

IT WILL EMERGE FROM THE NEED TO MANAGE AND PROTECT VAST QUANTITIES OF ACCUMULATED FOREIGN EXCHANGE RESERVES, ON THE BASIS OF THE GROWING SENSE THAT THOSE WHO POSSESS THOSE ASSETS MAY BE BEST PLACED

TO DETERMINE THEIR USE, RATHER THAN LEAVING THESE DECISIONS TO THE IMF OR DISTANT CAPITAL MARKETS. WE SAW THIS TWO WEEKS AGO IN THE POST-CHANG MAI DISCUSSIONS AMONG ASIAN FINANCE MINISTERS AND THEIR CENTRAL BANK COUNTERPARTS, WHO ARE SEEKING TO DEVELOP MORE ROBUST RESERVE POOLING ARRANGEMENTS TO STAVE OFF CURRENCY CRISES SUCH AS EXPERIENCED IN 1997.

FINALLY, INTEGRATION WILL BE SPURRED BY REGIONAL INFRASTRUCTURE DEVELOPMENTS, SUCH AS IS SEEN AMONG SINGAPORE, MALAYSIA AND INDONESIA IN THE REGION AROUND SINGAPORE; BETWEEN CHINA, LAOS AND VIETNAM BOTH IN THE UPPER REACHES AND DOWNSTREAM REGIONS OF THE MEKONG; BY CHINA AND MYANMAR; AND EVENTUALLY BETWEEN TAIWAN AND FUJIAN PROVINCES, IN THE KAESONG AREA BETWEEN NORTH AND SOUTH KOREA, THE NORTHERN GROWTH TRIANGLE OF NORTH SUMATRA, PENANG AND SOUTHERN THAILAND, AND THE TUMEN RIVER AREA INVOLVING NORTHEAST CHINA, RUSSIA AND NORTH KOREA.

*iv. CENTRIFUGAL TENDENCIES*

IT IS EQUALLY CERTAIN THAT REGIONALLY DISAGGREGATING, CENTRIFUGAL FORCES WILL CONTINUE TO DETERMINE THE SHAPE OF EAST ASIA, DRIVEN PRIMARILY BY VARYING DEFINITIONS OF LONG-TERM NATIONAL INTERESTS, AS WELL

AS FUNDAMENTAL DIFFERENCES IN VALUES AND INSECURITIES.

POLITICALLY, WE CONTINUE TO SEE CLEAR EVIDENCE OF THE STRATEGIC COMPETITION BETWEEN CHINA AND JAPAN. CHINA'S VISION OF AN EAST ASIA COMMUNITY CONSISTING OF THE ASEAN PLUS 3, HAS BEEN STYMIED BY JAPAN'S DESIRE TO INCLUDE INDIA, AUSTRALIA AND NEW ZEALAND, IN AN EFFORT TO DILUTE CHINA'S GROWING INFLUENCE AND TO INCLUDE MORE DEMOCRATIC STATES AMONG THE EAS COMMUNITY. ON THE OTHER HAND, JAPAN'S EFFORT TO RAISE ITS REGIONAL, AS WELL AS GLOBAL PROFILE, BY OBTAINING A PERMANENT SEAT ON THE UN SECURITY COUNCIL HAS BEEN, SO FAR, EFFECTIVELY COUNTERED BY CHINA, WHO ENSURED THAT VOTER SUPPORT FOR JAPAN'S BID IN THE ASIAN REGION (AND BEYOND, FOR THAT MATTER) WOULD BE LIMITED.

ANOTHER ABIDING FACTOR IN THE YEARS TO COME IS THE FACT THAT ASEAN POSSESSES THE GREATEST, PERHAPS THE ONLY CONVENING POWER IN THE REGION. UNABLE AND UNWILLING TO COMPETE HEAD ON WITH EITHER CHINA OR JAPAN, ASEAN NEVERTHELESS SETS MANY OF THE GROUND RULES FOR REGIONAL COOPERATION, FROM APPROACHES TO MEMBERSHIP, TO THE CONSENSUAL, NON-BINDING "ASEAN WAY" OF DECISION-MAKING. ASEAN RULES DEFINE NOT ONLY THE OPERATING PRINCIPLES OF THE ASEAN

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PARTNERSHIPS, BUT ALSO ASIA PACIFIC ECONOMIC COOPERATION, THE ASEAN REGIONAL FORUM AND THE EAST ASIA SUMMIT. ASEAN'S VERY CAUTIOUS OPERATING RULES AND CONSERVATIVE APPROACHES WILL CONTINUE TO DEEPLY INFLUENCE INSTITUTIONAL EVOLUTION IN THE REGION.

THE LIMITS OF INTEGRATION WILL ALSO BE SET BY PROTECTIONISM, WHETHER BY THE JAPANESE AND KOREAN AGRICULTURAL SECTORS, OR BY SPECIFIC ASEAN INDUSTRIAL SECTORS (SUCH AS AUTOS), OR BY THE MIXED RESPONSE THAT WILL ARISE IF AND WHEN THE UNITED STATES PRESSES FORWARD WITH A SERIOUS PROPOSAL FOR NEGOTIATING A WTO CONSISTENT FREE TRADE AREA OF THE PACIFIC.

***v. CHINESE GROWTH***

ABOVE AND BEYOND THE CERTAINTY OF THESE CENTRIPETAL AND CENTRIFUGAL FORCES, LET ME GO OUT ON A LIMB, AND OFFER ANOTHER CERTAINTY: IN MY VIEW, WE CAN ALSO BE CONFIDENT THAT CHINA'S GROWTH ENGINE WILL CONTINUE TO DRIVE THE REGION FORWARD, CERTAINLY FOR THE NEXT HALF DECADE, IF NOT LONGER. I APPRECIATE THAT ASSERTING THIS IS REACHING A BIT, AND I AM SURE THAT VERY DIVERGENT VIEWS WILL BE EXPRESSED ON THIS POINT DURING THE CONFERENCE. BUT ALLOW ME TO POSIT THAT CHINA'S RUN IS NOT OVER; THAT IN AN ERA OF

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GLOBAL GROWTH IN THE NEIGHBOURHOOD OF 3% TO 5% WITH ATTENDANT INTERNATIONAL DEMAND FOR CONSUMER AND INVESTMENT GOODS IN BOTH DEVELOPED AND DEVELOPING COUNTRIES; WITH, IN CHINA, SIGNIFICANT AMOUNTS OF UNTAPPED OR UNDERUTILIZED AND AVAILABLE FACTORS OF PRODUCTION – IN LABOUR, IN CAPITAL, IN UNTAPPED DOMESTIC DEMAND, IN INFRASTRUCTURE DEMAND – ALL OF THIS WILL RESULT, IN THE LARGELY UNREGULATED AND IN MANY RESPECTS UNTAMABLE “WILD EAST” THAT IS THE CHINESE ECONOMY, IN SUSTAINABLE CHINESE GROWTH RATES OF 7% TO 10% FOR THE FORESEEABLE FUTURE, TO THE GREAT BENEFIT OF THE REGION AND THE BROADER GLOBAL ECONOMY.

*vi. TECHNOLOGY*

EVEN MORE CERTAIN IS THE FUTURE TECHNOLOGICAL LEADERSHIP, OF GLOBAL SIGNIFICANCE, OF JAPAN, KOREA, TAIWAN AND, INCREASINGLY, CHINA, IN INFORMATION TECHNOLOGIES, ENVIRONMENTAL PROTECTION TECHNOLOGIES, BIOTECHNOLOGIES, IN TECHNOLOGIES TO ACHIEVE GREATER ENERGY EFFICIENCIES, AND SO FORTH.

ALL OF THESE FACTORS CAN BE COUNTED UPON, IN MY VIEW, TO SHAPE THE EAST ASIA OF THE FUTURE, WITH SIGNIFICANT IMPACT ON THE SECURITY OF THE REGION.

3. FINALLY, THIS SCENARIO MUST NOW BE TEMPERED BY ADDING THREE SIGNIFICANT FACTORS OF UNCERTAINTY.

*i. SECURITY ARCHITECTURE*

SECURITY IN EAST ASIA IS CURRENTLY UNDERWRITTEN BY THREE ARRANGEMENTS.

FIRST AND MOST OBVIOUSLY, THERE IS THE SET OF WELL ESTABLISHED HUB AND SPOKE SECURITY ARRANGEMENTS BASED ON US MILITARY POWER AND CONFIRMED BY TREATIES. THE RELIABILITY OF THESE ARRANGEMENTS, PARTICULARLY IN CASES OF OVERT MILITARY AGGRESSION, IS BEYOND DOUBT.

AN EMBRYONIC AND INFORMAL SECURITY COMMUNITY IS SLOWLY DEVELOPING UNDER THE AUSPICES OF THE SHANGHAI COOPERATION COUNCIL, BUTTRESSED BY AN EVOLVING CHINESE AND RUSSIAN STRATEGIC PARTNERSHIP, AS WELL AS VARIOUS CHINESE BILATERAL ARRANGEMENTS AMONG THE "STANS" ON ITS FAR WESTERN FLANK.

THERE IS A THIRD SECURITY COMMUNITY OF SORTS WHICH EMBRACES THE ENTIRE REGION, UNDERPINNED BY DEEPLY SHARED ECONOMIC DEVELOPMENT INTERESTS, AS A POSITIVE REINFORCEMENT, AND BY THE VERY HIGH COST OF DISRUPTING THESE ECONOMIC LINKAGES IN FAVOR OF

OTHER, SO FAR LESSER OBJECTIVES, SUCH AS, FOR EXAMPLE, RESOLVING TERRITORIAL DISPUTES BY UNILATERAL MILITARY ACTIONS.

THE BASIC CONUNDRUM IS HOW THESE THREE VARIEGATED AND OVERLAPPING SECURITY FRAMEWORKS WILL WORK OR COMPETE WITH EACH OTHER IN THE COMING DECADE. THE MEMBERS OF THE USA-LEAD SECURITY COMMUNITY, ON THE ONE HAND, AND THE SCO FAMILY OF AUTHORITARIAN REGIMES, ON THE OTHER, HAVE VERY DIFFERENT NOTIONS OF HOW TO MAINTAIN THEIR SECURITY, DIFFERENT VIEWS ON HUMAN RIGHTS, RULE OF LAW, DEMOCRACY AND THE ROLE OF GOVERNMENT IN SOCIETY. THIS FUNDAMENTAL CLEAVAGE NOT ONLY PREVENTS THE EMERGENCE OF A TREATY BASED EAST ASIAN SECURITY COMMUNITY; IT CREATES UNCERTAINTIES OVER THE EVOLUTION OF THE LONG TERM.

THESE UNCERTAINTIES ARE EVIDENT IN THE DEBATE OVER THE LACK OF TRANSPARENCY OF CHINESE MILITARY SPENDING, OR THE SOFT CONTAINMENT OF CHINA PROPOSED IN JAPAN'S ARC OF FREEDOM AND PROSPERITY. FURTHERMORE, FUNDAMENTAL DIFFERENCES IN WORLD VIEWS CAN BE AMPLIFIED, WILLY NILLY, BY NATIONALIST SENTIMENTS THAT LEAVE LITTLE ROOM FOR RATIONAL DEBATE OR ANALYSIS. NEITHER THE ASEAN REGIONAL FORUM NOR, POTENTIALLY, A POST- SIX PARTY TALKS

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ARRANGEMENT WILL, IN THE FORESEEABLE FUTURE, BE IN A POSITION TO BRIDGE THESE DIFFERENCES.

ANOTHER QUESTION ARISES FROM THE NEXUS OF POLITICS AND SECURITY IN THE UNITED STATES. THE US HAS NOW AND WILL POSSESS WELL INTO THE FUTURE THE LEAD IN THE TECHNOLOGY AND THE FINANCING OF MILITARY OPERATIONS. THERE MAY BE, HOWEVER, IN THE MINDS OF POTENTIAL ADVERSARIES, LESS CERTAINTY ABOUT US CAPABILITY TO ACHIEVE ITS POLITICAL OBJECTIVES THROUGH MILITARY MEANS. FURTHERMORE, FROM VIETNAM THROUGH LEBANON THROUGH SOMALIA AND NOW IRAQ, US PUBLIC OPINION HAS PLAYED AN INCREASINGLY IMPORTANT ROLE IN FIRST PROVIDING PUBLIC SUPPORT FOR MILITARY ACTION, BUT SUBSEQUENTLY SETTING THE DEADLINES BY WHICH THE TROOPS HAVE TO BE BROUGHT HOME, WHETHER INITIAL, STATED OBJECTIVES HAVE BEEN REACHED OR NOT. I AM SURE THAT THIS WILL BE AN IMPORTANT SUBJECT OF DISCUSSION IN THE COMING DAYS.

*ii. CHINA*

WHILE I AM POSITIVE ABOUT CHINESE ECONOMIC GROWTH, IT IS THE EVOLUTION OF POLITICS AND GOVERNANCE IN CHINA WHICH WILL MORE CLEARLY EFFECT THE SECURITY OF THE REGION. THE ISSUE IS NOT WHETHER THE COMMUNIST

PARTY WILL LOSE POWER: IT WON'T, AT LEAST NOT SOON. ACCORDINGLY, THE PRINCIPAL LOCUS OF CHANGE REMAINS WITHIN THE PARTY, AS IT ADDRESSES – OR DOES NOT ADDRESS - INCREASINGLY DIVISIVE REGIONAL AND URBAN INCOME GAPS, THE CORROSIVE EFFECT OF MASSIVE CORRUPTION AT ALL LEVELS OF GOVERNMENT AND POLITICS, AN UNTRUSTWORTHY LEGAL SYSTEM, THE DETERIORATION OF THE ENVIRONMENT, THE LACK OF PUBLIC RECOURSE, THE CONSTRAINTS ON CIVIL SOCIETY.

HOWEVER, SELF-SERVING CADRES AND BUREAUCRATS ARE NOT THE ONLY PLAYERS DRIVING THE INTERNAL DEBATE IN CHINA. ALSO INVOLVED AND CONTROLLING SOME OF THE LEVERS OF POWER IS AN INCREASINGLY TECHNOCRATIC CLASS OF OFFICIALS WHOSE DECISIONS ARE BASED LESS ON SELF-INTEREST AND MORE ON A PROFESSIONAL AND RATIONAL UNDERSTANDING OF CHINA'S PROBLEMS AND THE MEANS TO SOLVE THEM. THE RISE OF TECHNOCRATIC, MERITOCRATIC MANAGERS IN BOTH THE PUBLIC AND PRIVATE SECTORS IS CLEAR TO ANYONE WHO DEALS WITH CHINA, BUT IS NOT SUFFICIENTLY STUDIED OR ITS IMPACT WELL UNDERSTOOD. BUT IT IS THERE, AND IT TOO IS SHAPING THE FUTURE OF CHINA.

THE SUCCESS OF THESE PROGRESSIVE FORCES IN ADDRESSING THE NEED TO INTRODUCE GREATER TRANSPARENCY, ACCOUNTABILITY AND PUBLIC

ENGAGEMENT IN DECISION MAKING WILL DEEPLY INFLUENCE LONG TERM DOMESTIC STABILITY. THEIR SUCCESS WILL ALSO REASSURE CHINA'S NEIGHBORS OF THE COUNTRY'S INTENTIONS AND RELIABILITY AS A REGIONAL PARTNER. SUCH DEVELOPMENTS WILL ALSO PROFOUNDLY INFLUENCE THE INTERNAL POLITICS OF TAIWAN. I AM CONFIDENT THAT CHINA WILL EVOLVE TOWARDS A MORE BENIGN AND REASSURING FORM OF GOVERNANCE, BUT I DO NOT PRETEND TO KNOW WHEN THIS WILL EMERGE, NOR WHAT WILL TRANSPIRE IN THE INTERIM.

*iii. DPRK*

THE DPRK PROVIDES THE GREATEST SOURCE OF UNCERTAINTY FOR THE FUTURE OF THE REGION, BECAUSE IT IS POTENTIALLY DESTABILIZING IN THREE DIFFERENT WAYS.

FIRSTLY, ITS EFFORTS TO USE THE NUCLEAR OPTION AS A BARGAINING CHIP HAS PROFOUNDLY ALTERED THE REGIONAL DYNAMIC: IT HAS CONTRIBUTED TO MOVING PUBLIC OPINION TO THE RIGHT IN JAPAN; CREATED SERIOUS IMPEDIMENTS TO THE SMOOTH MANAGEMENT OF ROK/USA RELATIONS; DISTORTED CHINA'S FOREIGN POLICY PRIORITIES, AND RAISED THE SERIOUS RISK OF NUCLEAR PROLIFERATION, EVEN LEAVING ASIDE THE NUCLEARIZATION OF CONFLICT ON THE PENINSULA.

THE DPRK IS DESTABILIZING AS WELL FOR REASONS THAT HAVE LITTLE TO DO WITH THE NUCLEAR ISSUE, AND EVERYTHING TO DO WITH INTERNAL DPRK ELITE POLITICS. AS IT HAPPENS, I HAVE TRAVELED A GREAT DEAL IN THE DPRK – I WAS ACCREDITED AS AMBASSADOR THERE FOR FOUR YEARS – AND I HAVE ACTED AS RELUCTANT BUT INESCAPABLE HOST TO 50 OR SO NORTH KOREANS WHO AT ONE TIME OR OTHER ENTERED THE CANADIAN EMBASSY GROUNDS IN BEIJING, ULTIMATELY, ON THEIR WAY TO SOUTH KOREA.

THE KEY POINT TO MAKE IS THAT ONE EFFECT OF ECONOMIC DEVELOPMENT IN NORTH EAST CHINA IS THE LEAKAGE, INTO THE DPRK, OF LARGE AMOUNTS OF CHINESE CONSUMER GOODS, CHINESE CELLPHONES, CHINESE (AND ROK) DVDs AND VIDEOS, AND THE MACHINES TO USE THEM.

HOWEVER DANGEROUS THIS COMMERCE IS FOR THOSE ENGAGED IN IT, IT IS NEVERTHELESS TAKING PLACE TO A VERY LARGE EXTENT. THIS HAS TWO NOTABLE CONSEQUENCES: THE PEOPLE OF THE DPRK ARE MUCH BETTER INFORMED OF DEVELOPMENTS OUTSIDE THEIR COUNTRY THAN WE MIGHT ASSUME. THIS WAS EVIDENT FROM SPEAKING TO OUR LONG-TERM GUESTS IN BEIJING.

SECONDLY, THERE IS AN EMERGING KOREAN COMMERCIAL ELITE ON BOTH SIDES OF THE CHINA/DPRK BORDER WHO HAVE A STRONG INTEREST IN ENSURING THAT THEIR BUSINESSES ARE UNIMPEDED AND AN EQUALLY

FUNDAMENTAL INTEREST IN KEEPING WHAT THEY HAVE ACCUMULATED. THERE IS EVIDENCE THAT THESE DEVELOPMENTS ARE CREATING INCREASED TENSIONS AMONG THE ELITES THEMSELVES, WITH ATTENDANT INCREASED COMPETITION FOR BENEFITS. ACCORDINGLY, THE SECOND SOURCE OF POTENTIAL INSTABILITY IS NOT THE RISK AND CONSEQUENCES OF REGIME CHANGE BUT RATHER THE UNKNOWN DYNAMICS AND EFFECTS OF LEADERSHIP CHANGE, POSSIBLY OF A VIOLENT NATURE. HOW WILL WE KNOW WHAT IS HAPPENING IN THE DPRK IN SUCH AN EVENTUALITY? HOW WILL THE MILITARY BE USED, AND WHAT WILL BE OUR READING THE SITUATION IN SUCH AN OPAQUE ENVIRONMENT? HOW WILL BE DISTINGUISH INTERNAL UPHEAVAL FROM PREPARATIONS FOR AGGRESSION?

THE THIRD DPRK THREAT IS REGIME COLLAPSE ITSELF. MY OWN VIEW, SUBJECT TO CORRECTION THE NEXT TIME WE SWITCH ON THE BBC OR CNN, IS THAT THIS IS THE LEAST LIKELY DEVELOPMENT IN THE SHORT TO MEDIUM TERM. THE ELITES, INCLUDING THE MILITARY, ARE UNITED IN THEIR INTEREST IN KEEPING WHAT THEY HAVE. THE CAPACITY OF THE DPRK PUBLIC TO OPPOSE THE REGIME IS EXTREMELY LIMITED. THE STRENGTH OF THE REGIME REMAINS ITS MULTIPLICITY OF POLICE, MILITARY AND OTHER INSTRUMENTS OF COERCION, AND ITS ABILITY TO FORCE DEPRIVATION ON ITS OWN POPULATION, WITH LITTLE POLITICAL BLOWBACK.

THIS SITUATION WILL NOT LAST FOREVER, BECAUSE THE SPILLOVER OF CHINA'S ECONOMIC DEVELOPMENT IS UNRELENTING AND THE OPPORTUNITIES THIS PROVIDES ARE IMMENSE. BUT IN THE SHORTER TERM, THE REGIME ITSELF, HOWEVER HATEFUL, RETAINS STRONG ELEMENTS OF STABILITY.

CONCLUSION:

I POINTED OUT IN MY OPENING REMARKS THAT THE REGION HAD EXPERIENCED A GREAT DEAL OF OVERT CONFLICT SINCE THE SECOND WORLD WAR. WHAT IS EQUALLY NOTABLE IS THAT VERY LITTLE OF THAT CONFLICT HAS OCCURRED OVER THE LAST 30 YEARS. PERHAPS WE CAN USE THIS CONFERENCE TO IDENTIFY THAT BALANCE OF INTERESTS AND FORCES THAT HAVE LARGELY KEPT THE PEACE FOR THE LAST GENERATION, AND USE THESE LESSONS FOR THE NEXT GENERATION AS WELL.

THANK YOU VERY MUCH.

JOSEPH CARON

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