

**Major General Peter Abigail:** Well, ladies and gentlemen, this morning in our first session we will deal with the general theme of global powers in a decade of strategic change. Having a look at the program you will see that during the course of the next two days we will progressively refine our thinking and discussions down to the implications for South East Asia and Australia of the key themes that we have identified affecting strategic situations in the coming decade. But this morning we are going to start at the global level and the level of global powers.

We will be conducting this in two sessions leading up to the morning tea break. Mr Kishore Mahbubani will talk about the great powers and Asia and then after the coffee break we will have two speakers, Walter Russell Mead from the United States and Paul Kelly, talking to us about different perspectives on America grand strategy in this century.

Our first speaker, Mr Kishore Mahbubani, brings to us this morning an extraordinary experience both as practitioner and scholar. He is the Dean of the Lee Kuan Yew School of Public Policy at the National University of Singapore. We will use all of the time through until the programmed morning tea at 10.35, which will give us an opportunity for a much extended question and answer and discussion session leading up to that particular time. That's an opportunity that we really do appreciate because Mr Mahbubani is certainly operating above and beyond the call of duty. He flew into Canberra yesterday. He flies out this evening to go to Geneva to another conference where he is presenting a paper and then by the weekend has to be in Washington. So we are certainly very pleased that he has taken the time and made the effort to participate in this, our first international conference. I now invite Mr Mahbubani to take the podium and discuss the great powers and Asia.

### **The great powers and Asia**

**Mr Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, National University of Singapore:** Thank you very much, Peter. You know, in America you begin a speech with a joke, but since Australia is part of Asia, now we Asians begin a speech with an apology. In my case it's a genuine apology. I'm apologising for the

fact that I can't spend more time, as Peter explained. This is a very unusual week for me. I'm going to be in four continents in seven days. But because my time here is so short I thought the best contribution I can make in this brief time that I have with you is to be as blunt and as provocative as possible in my opening remarks and, as my friends know, that's not very common.

What I propose to say essentially is that virtually all the analysis that you read about great powers and Asia is wrong. Of course, that is, as you can see, a rather big statement to make and I'll try to defend it in my remarks. I'll also try to explain why there's so much confusion about the role of great powers in Asia. Part of the reason, of course, is that if you really want to talk about the great powers of the future, they will be in or around Asia. There's a study done by Goldman Sachs which says that in the year 2050 the four largest economies in the world will be No. 1, China, No. 2, United States, No. 3, India, No. 4, Japan. But if you look around the world today and you want to see or study great power meetings, what do you see? You see meetings of the G8 taking place, you see meetings of the permanent five taking place. These are snapshots of the past, not snapshots of the future. So you have on the one hand what appear to be meetings of the great powers of the day but essentially reflecting the pictures of the past and no indications of the pictures of the future.

When Western analysts try to look at the future and try to understand what the world will be like when the new Asian powers arise, these Western analysts go back into European history and say, 'Let's study the lessons of history. What happens when great powers rise?'. The lesson of European history, of course, is that when great powers rise war breaks out, new competition breaks out. I'm amazed at the number of times I read Western analysts saying that, 'Europe's past is Asia's future'. That seems to be the prevailing premise when talking about great powers in Asia and that premise essentially is completely wrong. I'll try to explain why it's completely wrong.

It's completely wrong because this is not the 19th century, this is not the 20th century, this is the 21st century. The whole texture of human history has changed in 100 years. In the case of Asia, Asians remember not European history but they remember Asian history. From their Asian history they see how many centuries they have lost in trying to catch up with the West. Finally for the first time in probably 200 years not one, not

two, but several Asian countries now have the prospect of catching up and reaching Western standards of living. It is at this moment of great opportunity when they are focused on their economic development that all the Western analysts say that these Asian countries have nothing but war on their mind. I can tell you that war is the last thing that they have on their minds.

What you have instead - and this is the biggest change in human history - you have in Asia what I call the arrival of a tidal wave of commonsense, where all Asian policy makers in virtually all corners are saying, 'This is the moment of history that we've been waiting for. This is the time when we can make it and this is when we should focus on our growth and development'. This tidal wave of commonsense explains the single most important feature of the Asia Pacific region in any kind of strategic discussion: the fact that the guns are silent. There are virtually no major wars anywhere across the Asia Pacific region. This is unusual. If you look back even over the last 60 years, you can see how many of the big conflicts have taken place in our region. There's been the Vietnam War, the Korean War, the Sino Indian War, the Indo Pakistani wars, all the big wars have been here. But now the guns are silent.

Why is that the case? It has not happened by accident. It's a result of the decisions made by policy makers that this is the time to focus on development. This is why, by the way, you see many strange things happening, like, for example, the Indo-Pakistani entente. There may be many reasons for that but surely one reason is the awareness on both sides that if they're going to succeed in their economic development, they cannot drag each other down through this relentless conflict. This also explains why you've had this very bizarre thing happening immediately after the huge tsunami in Sumatra. You have finally after 30 or 40 years a peace agreement in Aceh. I have heard one anecdote about how the peace agreement in Aceh came about. I was told that at one Indonesian cabinet meeting some Indonesian cabinet minister asked, 'How much is this Acehnese war costing us?'. The answer was, 'Well, it's about X billion dollars'. He said, 'Okay, why don't we do the sensible economic thing. Let's give half X to the Acehnese and say "This is for your development" and the other half we keep is our profit? We don't have to spend it any more on the military expenses in Aceh'. Of course, the fact that the Indonesian Government could tell the Acehnese, 'Hey, just give up your cause for independence. You can have the maximum autonomy you

want under the new Indonesian democracy. All the rights you want you can get anyway. So why don't we stop and start again?'. That's how it happened. A conflict like Aceh which seemed so intractable switches off. But such conflicts are switching off because of the larger change in the chemistry of the region.

Please let me make a slightly provocative comment here. Probably one of the biggest contributions that the Iraq War has made to our generation is that it provides, in a shrunken world where everyone can watch on their TV sets daily what's happening, a vivid daily demonstration of the folly of war. The world can see that the world's greatest power, the United States of America, which spends more on defence than the rest of the world combined with its enormous armed forces, is struggling and floundering in a small country called Iraq. The message it sends is a very powerful one around the world. If even the United States has to struggle in such military conflicts there's a lesson here for all of us. Be careful before you proceed to engage in any kind of military conflict. That's why, as I said, the guns are silent.

In my view, this tidal wave of commonsense is going to continue and is going to grow. As more and more people in Asia join the middle class throughout this region, they develop a vested interest in peace and stability. Believe me, their dreams, their aspirations, are basically to have as comfortable and as good middle class life as populations in the developed world. This is the moment they're going to do it and this is what they're focusing their energies on. This is also why the guns are silent.

But, having said that, let me also acknowledge that, yes, with the rise of great powers there will be competition, there will be rivalries, there will be moves that will be made on all parts to reposition themselves in the face of new emerging powers. I'd like to focus in the second half of my remarks on what's going to happen on that front. In this region, the four critical powers will be United States, China, Japan and India and the question will be essentially how these four position themselves vis-a-vis each other and what they will do. Of course, as of now there can be no doubt that the single most important player is still the United States of America. What America does essentially will set the tone for any kind of movements on the great power front.

The problem we face in our region is that paradoxically America is both the greatest source for stability in the region and also at the same time the greatest source for instability in the region. Let me explain why. I believe that every country in the region - perhaps even North Korea - would like to see the continuation of a strong American presence in the region. It basically stabilises the region. Any kind of change requires repositioning of the other powers. If the US stays everyone accepts the current balance of power and no-one needs to change. At the same time, the reason why the countries in the region are comfortable with the United States is because the United States more than any other country has essentially sparked the rise of Asia in countless ways. As some of you know, I've written a book on this, called "Beyond the Age of Innocence: Rebuilding Trust between America and the World". It has sparked the rise of Asia through the creation of great liberal and open economic order. It has sparked the rise of Asia by encouraging decolonisation 50, 60 years ago. It has also sparked the rise of Asia by training virtually the entire generation of policy makers all throughout Asia you see today. They've all been trained in North American universities and they bring back with them, when they return to Asia, the same sense of confidence about the future, the same sense of belief that they can change and make their societies a better place as Americans have. So there is a natural positive synergy within America and Asia which I think is good, which everyone wants to see carry on. Indeed, given a choice, no-one wants to vote and ask the United States to leave.

But the reason at the same time the United States creates an enormous amount of concern is because there is a feeling that America may be changing. America may be switching from being, in a sense, essentially a status quo power to becoming a revisionist power. Now, nothing is decided yet. Washington is in flux. The policy makers in America are in flux. But this sense of fluidity is having a ripple effect on the region and certainly most importantly on the whole Sino-American relationship. If you were a Chinese policy maker you would be asking yourself a very simple question: will the United States allow the rise of China or will the United States try to block the rise of China? This has to be the most important question of the day. The relation between the world's greatest power and the relationship between the world's greatest emerging power, that's what's going to determine in some ways the overall dynamic of the region.

The problem we have is that no-one has a clear answer to this question. If you try and read the signals from Washington DC you get conflicting signals. You get, on the one hand, the very strong reassuring statements made by President Bush. I remember Colin Powell saying only a couple of years ago, you know, 'This is the best relationship the United States has ever had with China'. You have the reassuring statements made by the Secretary of State, Condi Rice. Then on the other hand you have - some of you I believe were present - the Shangri-La dialogue in June this year in Singapore where Donald Rumsfeld stood up and gave a speech. In his speech, he essentially warned China over its excessive military expenditures and called on China to open up its society.

At the end of the speech I stood up and I asked him a question. I said, 'Mr Secretary, having just heard your remarks, my sense is that what's new in your remarks is that essentially you're sending a new warning to China to be careful, beware of American power'. He denied it. In fact, he scolded me. His scolding was reinforced when the *Wall Street Journal* wrote an editorial excoriating me for asking Donald Rumsfeld that question. But I remember as I walked out the room Stan Roth, a former assistant secretary of state, pulled out his blackberry and showed it to me. He said, 'Kishore, you are right. CNN has announced that Rumsfeld has issued a warning to China. *New York Times* has announced Rumsfeld has issued a warning to China'. If you are a Chinese policy maker trying to figure out exactly what is American policy towards China, it would not be surprising for you to be confused because you can get both sets of signals.

There is one important point I want to make here. Whenever Americans talk about the promotion of democracy in China they assume that they're just trying to export a natural good to China. They're telling China, 'If you become democratic it'll be great for you. Life will be wonderful. You will be a much better society'. Some Americans are puzzled: why aren't the Chinese leaping at this opportunity? But the Chinese, knowing how difficult it is to make the massive political economic and social transformation that they're carrying out simultaneously in China and having watched what happened to Russia when Gorbachev chose glasnost ahead of Perestroika, they don't want China to go down Russia's route. Every time they hear Americans preach

democracy to China what appears in their minds is the feeling that, 'Hey, they want us to set up a Gorbachev so that China can also implode and fall apart like Russia'. Something as simple as this can be a source of a major misunderstanding between US and China. So while on the surface you have in a sense a good bilateral relationship, underneath the surface there is an enormous amount of concern, enormous amount of uncertainty about the real signals that United States is sending to China.

This brings me to China's position. The Chinese clearly have tried to make it as manifestly clear as possible that if they can they would like to emerge peacefully, quietly, possibly like Japan and Germany, as a new civilian economic power. The reason why there is some credibility to what the Chinese are saying, the reason why they want a peaceful external environment, is because they realise that their internal environment, the internal challenges of holding together a country of 1.3 billion people, carrying it through rapid economic change, having peaceful political transition, is going to be a big challenge. They have enough problems at home. They don't want to go out and to try and save the world. They would just like to create a peaceful external environment so they can focus on their internal development. So there is some basis for believing they do not want to become another Soviet Union as they rise and become powerful.

But, at the same time, the Chinese have to be prudent. They have to work on the basis that a containment policy of China may emerge. From time to time statements made by American policy makers have suggested the following: 'Perhaps we should get together with Japan, India, Australia, and try and box China in'. Hence, China cannot rule out that possibility. It is quite natural for China to carry out what I call pre-emptive strikes against containment. The way China is carrying out pre-emptive strikes against containment is to essentially share its economic prosperity with its neighbours. This is why, by the way, for example, China has proposed a free trade agreement with South East Asia. I'm sure that the Chinese people love the South East Asian people. But in history, as Nixon says, 'Alliances are forged not out of love but out of fear'. To prevent any South East Asia becoming a potential source of containment of China, China will go out and share its prosperity with South East Asia.

If you look, by the way, at trade figures - I'm sorry that I don't have them with me here - look at how much trade has grown between China and each and every one of its neighbours - with South East Asia over 30 per cent; with India from a few hundred million dollars 10, 15 years ago, to \$13 billion now. Of course, the most amazing one is the fact that at the height of the troubles within China and Japan when there were demonstrations in China against Japan, Sino Japanese trade for the first time surpassed US Japanese trade. These trade figures illustrate, I think, a conscious pattern, a conscious policy, on the part of China to create economic interdependence between it and its neighbours.

Here, having said that, let me just very quickly mention a very important side point. Every time I mention trade and interdependence and I say, 'This is why it's so different in the Asia Pacific region' I'm always referred to a book written by someone called Norman Angell, who said in the beginning of the 20th century that there'll be no wars between any two European powers because of growing trade interdependence. Norman Angel was obviously wrong. In the early part of the 20th century he didn't see World War I, he didn't see World War II. Because Norman Angel was wrong then, they say that anyone who thinks that trade interdependence in today's world will prevent war is also wrong. I mention that because I want to emphasise that we live 100 years later, we live in a different environment and this trade interdependence is much more real.

Hence, this is what China is doing in response to a possible containment policy. It is buying political insurance. So what is Japan doing? Japan clearly has a preference to see a continuation of the status quo. Here, paradoxically, despite all the problems between China and Japan, it still serves Chinese interests to see a strong US-Japanese alliance instead of an independent Japanese military capacity. An independent Japan, especially one that feels vulnerable, will inevitably go nuclear. I know that the Japanese policy makers will consistently make statements, 'We are against going nuclear'. They will forever repeat that. But when I talk to my friends who are experts in this field, they tell me that if ever Japan decides to go nuclear it will not be a matter of years, it'll probably be a matter of months - some even suggest a matter of weeks. It has all the ingredients in place. For Japan to go nuclear will be, I think, a huge step

backwards for the region. To prevent that from happening all of us, including China, should want to see a continuation of the US/Japanese alliance.

Why then are there so many difficulties between Japan and China? There are many reasons for this but I suggest to you that one critical variable that is underestimated in the analysis of the China/Japan equation is what I call the cultural variable. China and Japan have been neighbours for thousands of years. For most of this history China has been up here, Japan has been below. This was a very natural relationship because much of Japanese culture came from China, for the Japanese traditionally looked up to China. In the last, I guess, 150 years Japan has been here, China has been below. So it's quite natural for the Japanese to think, 'Hey, we have performed much better. We don't have to look up to China'. Today for the first time both powers are becoming economically successful. Since there is a tendency in the Asian world view to accept hierarchies, both sides have to struggle to decide which is number one, which is number two?

This is a very important part of the underlying tensions that you see between the two. Of course, what they do vis-a-vis each other makes a huge difference. Here I'm going to cite one specific example. I know that we are all puzzled by what happened in April 2005 on the breakout of riots in China against Japan. I suggest to you that it was triggered by one thing: by the famous two plus two statement that was issued by the American Defence Secretary and Secretary of State and the Japanese Defence and Foreign Ministers. That statement was explosive. Traditionally, in the past, only America had declared that it had a security interest in Taiwan. In the two plus two statement, both the United States and Japan declared that they had a security interest in Taiwan. For the Chinese the Japanese crossed a red line when they declared they had a security interest in Taiwan because Japan was the country that had in fact caused the separation of Taiwan from China. Until the release of this two plus two statement, Japan had maintained a very careful one China policy. In that two plus two statement it crossed a line. I hope that this explains the deterioration in Sino-Japan relations. So if you can manage the Taiwan issue - and I'm happy to talk about that later - then I think you can manage the Japanese/Chinese relationship.

Finally, I'm going to be very brief on India because I know Varun Sahni's going to speak about it tomorrow. I believe that as India emerges the last thing that India wants is to become an American card or to be a player in somebody else's game. When India emerges it wants to emerge as a power in its own right and be seen as an independent player. Hence, while India is working hard to develop a good relationship with the United States, it is also working hard to develop a good relationship with China. It doesn't want to join any kind of containment policy of China because it is big enough to be its own player in its own right. The Indians also have memories of how American policies towards South Asia had in the past been damaging to India. Hence they'll be very cautious about joining any kind of alliance with America.

I am now going to conclude with the paradoxical observation that, all this great power competition, has, served to reinforce the underlying dynamic of greater economic cooperation throughout the region. The best example of this can be found in South East Asia. South East Asia, which was strategically relevant in the Cold War, became strategically irrelevant in the post-Cold War era. I believe that many of the problems South East Asia suffered in the 1990s were a result of its strategic irrelevance. Now it has once again become strategically relevant because of China's decision to share its prosperity with South East Asia and to propose a free trade agreement with South East Asia. In response, Japan immediately says, 'Hey, if China's going to develop an economic partnership with South East Asia, we cannot allow South East Asia to be purely a Chinese lake'. Hence Japan also has proposed a partnership agreement with South East Asia. Now that Japan has proposed a partnership agreement with South East Asia, India is saying, 'Hang on a second. For 2,000 years of history South East Asian culture have been enormously influenced by Indian culture. It should not be a Chinese lake'. So India too is proposing an economic partnership agreement with South East Asia.

What we see therefore is a competitive race to promote greater economic partnerships in the region. That can only mean a reinforcement of the fundamental dynamic towards a greater focus on economic development and growth. That will be the fundamental dynamic of the region in the next 20, 30 years. Thank you very much.

**Major General Peter Abigail:** Kishore, thank you very much. I think some ripples from that tidal wave of commonsense just made their way through the Federation Ballroom and I thank you very much indeed. Kishore has given us some very fertile ground, I think, to till in our question session. We will run this through until 25 to, so we've got 20 minutes. We are set up and the first question will be from Harlan Ullman down here in the front please. No, no, we'll bring a mic to you.

**Dr Harlan Ullman:** Kishore, thank you very much for a beguiling and interesting conversation. I want to come back a little bit to Norman Angel, however, who you remember had won a Nobel Prize for his economic work. The reasons why Angel got it wrong, I think, are somewhat relevant here. He underestimated a lot of the political issues but also the fragility. A single bullet in July in 1914 brought Europe into war. There were greater factors here. So my question to you is how do you deal with the fragilities that are very present to try to prevent them from spilling into a future situation where something can really undo things? For example, a single bullet in Pakistan that took out President Musharraf will change your calculation, a situation in North Korea going nuclear. You made reference to the fact of Japan's potential for going nuclear very quickly and I agree with that.

In the year 2050 the Goldman Sachs report did not say that oil at current price levels would be about \$2,000 a barrel. You just scale it up. You have this tremendous potential for collisions over energy, over environment, other things. You note that China may be the largest GDP in the world, but so what? At that stage they may have half a billion or billion people living under the poverty line. That will include all sorts of other pressure. Now, I think your remarks were enormously interesting and I hope that they will pass to become true in the future. But my question after that rather long predicate is: what do we do to ensure that these vulnerabilities and fragilities, which are very, very prevalent and present, do not precipitate in the year 2050 or something? What that single bullet did in 1914.

**Mr Kishore Mahbubani:** Thank you, Harlan. You know, I wish that I studied European history a lot more than I have. But my sense is that I've tried to imagine the minds of the policy makers in the year 1910 and their perception of the world and their views of how you conduct interstate relations. My sense is that at that point in

time in 1910, a hundred years ago or so, the growth and development and success of any society was seen as a zero sum game. If Germany became more powerful, then England and France felt that they suffered and had to act against it. If we lose Austria then somebody else grabs it. The big change in Asia is changes in the mindset of the leaders of this region.

I was in Vietnam last week attending a session on public policy training. I was going there as the Dean of Lee Kuan Yew School of Public Policy. I watched these young Vietnamese policy makers describing how they would reinvigorate the Vietnamese Public Service and so on and so forth. I said, 'Hey, where am I? I'm in Vietnam. This is the place where - when was it? - 30 years ago you saw some of the most ferocious fighting going on'. As recently as 20 years ago the Vietnamese were occupying Cambodia. You had a million Chinese soldiers and a million Vietnamese soldiers facing each other in one of the toughest borders in the world. If you go to that border today, Harlan, there are virtually no Chinese troops, virtually no Vietnamese troops. You will see a tremendous amount of cross border trade and a lot of smuggling, but no tension. So that actually is a vivid demonstration of how the underlying chemistry of the region has changed.

What I am suggesting to you is that the texture of world history in 1910 and the texture of world history in 2005 are very different. From the Asian point of view, it helps to ask: 'Where were we a hundred years ago?'. India, a country of 300 million, was being run by a hundred thousand Englishmen a hundred years ago. Can you conceive of that happening today? I don't think any Indian of this generation wants to go back to that phase of history. If you ask the young people in Bangalore, what is the aspiration, they will answer that they want to have a lifestyle of the kind you have in California. That's what the middle classes want. This may also explain Harlan, why the South Korean population, is far more critical of America than it is of North Korea! The reason is that they believe that the belligerent statements of America on North Korea could potentially spark a conflict in the peninsula for which they will suffer the most. So they believe that between Pyongyang and Washington DC, Washington DC is more belligerent than Pyongyang is.

Since you specifically mentioned North Korea, let me discuss it briefly. Whenever we speak of it we have to say, 'Oh, how dangerous the North Korean situation is. Oh, they may go nuclear. Oh, terrible things could happen'. Frankly, if you observe North Korean behaviour carefully, they are in their own way quite rational. They know which lines not to cross. They know how to play the game of brinkmanship. They have a wonderful sense of timing. They know when America is bogged down in Iraq and they know when they can push their luck a bit more. They are very rational and very careful players. This is true of China too. The American policy makers who go to Beijing are always asking : 'Hey, why aren't you doing more in North Korea? Why aren't you preventing North Korea from going nuclear?'. Yes, it will be hugely damaging to China if North Korea went nuclear too because it would spark a new nuclear race. But at the same time, if the Korean issue was completely resolved and you no longer had a problem on the North Korean peninsula, there would be one less reason for Washington DC to call China.

At a time when China is facing new pressures from America, it makes perfectly logical sense for Chinese policy makers to say, 'Let's keep some political chips on the table that we can play with also'. That's why the North Korean issue will always simmer but never get to the boil. You will have problems in this region but if the Asian priority is to focus on economic development, then they will try to ensure that these problems are contained and boxed in. The biggest proof I can give for my thesis is to ask you to watch every issue around the region and watch how everybody is now trying to manage it. You can't solve many of them. Many of these you can't solve overnight: Whether it's the Sino-Indian border problem or the Indo-Pakistani problem. You can't solve them overnight. However, if you can box them, contain them, manage them, then you can carry the region forward.

**Major General Peter Abigail:** Ross Terrill.

**Professor Ross Terrill:** Thank you. I think the reasons for the guns being silent go well beyond the tidal wave of commonsense. The Korean War and the Vietnam wars would not have become big conflagrations if US/China relations had been good. They were hostile. Since the end of the Vietnam War US/China relations has been decent and the US has felt the need to enter no new conflict in East Asia since then. The last

quarter century of peace, yes, you may be right, Mr Mahbubani, that there's a stronger desire for peace. But it's also that US leadership has kept Japan and China in a kind of balance by having decent relations with both. That historically was very difficult for Washington to do and it's also because of the openness of American and other markets to the products of East Asia. So there were reasons for these things, not some (inaudible) in human nature.

Second comment, if I may. You say that Western analysts are wrong about the outcome of the rise of new powers because they use Western models. Well, the Japan case is an Asian model and the Japan and German rises have similarities. Now, the fact that they both ended badly in World War II doesn't necessarily mean, as you say, that the rise of a power has to end badly. But again there's a reason for it. They both had authoritarian political systems as they rose and both their goals and their methods were affected by that. Since their defeat in 1945 both came up with an entirely different polity and entirely different international policies. That's not a European lesson or an Asian lesson. It seems to be both. To touch on Senator Hill's third point this morning when he said Australia encourages the growth of democracies and free markets.

**Mr Kishore Mahbubani:** I'm sorry, your second point about authoritarian regimes, which ones were you referring to? I missed that.

**Professor Ross Terrill:** That the rise of Germany and Japan from the late 19th century, ending in catastrophe, has its reasons in their political system.

**Mr Kishore Mahbubani:** I'm very glad that you made the point that there's been no change in human nature. I agree with that. I agree that there's been no change in human nature at all. What I see in Asia is not a change of human nature but a change of history. Look at Europe. It was at war for several centuries. Before 1945 Europe was at war for at least 300 years or so. The biggest wars were fought in Europe. Today you have now not just zero war but zero prospect of war in Europe. Was that a result of a change of human nature? Did the Europeans become different people or did history move on and did new circumstances arise? I suggest to you that the Europeans are still the same. Germans are Germans; the French are French; the British are

British. But there's a new historical dynamic. In this new historical dynamic it doesn't make sense for France and the UK and Germany to go to war with each other. Here, if I may make a somewhat mischievous point, I would say that the Asians benefited enormously from Europeans going to war twice. By so doing they destroyed their empires and helped the decolonisation of Asia quite a bit.

Having watched what happened in Europe I believe that the Asians have learnt a few lessons. In the 19th century we tried to follow the Europeans and say, 'Okay, the only way to succeed is to behave like Europe'. Indeed, if you look at Japan, for example, Japan was the first Asian country to modernise. What was the first thing Japan did after succeeding in modernisation? It fought a war with China in 1895 and with Russia in 1905. The reason why the Japanese did that is because that's how you were supposed to behave as a great power: you become powerful, you go to war and you show your military muscle. Today that's not how most leaders think. In fact, what you see now is just the folly of war. So it's not that human nature has changed.

Circumstances have changed. If you go and talk to the policymakers, whether in New Delhi or in Beijing or in Hanoi, and you try and figure out what's the primary focus of their minds, what they focus on, you will find they are not interested in accumulating the largest armed forces in the world. They want the largest GNP in the world or the highest per capita GNP. This is a completely new historical dynamic.

On the second point about authoritarian regimes, please let me make another politically incorrect point. It's so easy in the West to have a black and white view of the world with white being democracies and black being authoritarian regimes. There is no doubt that in the long run there is no choice. Every single society in the world has to evolve and become a democracy. There is no other choice. Even China eventually will have to in its own way struggle and achieve a democratic society. But it took most European countries - even took America - centuries to attain full democracy. I forget now when the women got the right to vote in America. I forget now when the blacks got the right to vote. I forget now when you did not need property rights to vote in America. All this took time. So in the same way I think the Asian policy makers are smart, they will go for a gradual and slow transition.

The kind of fascism that you saw in Japan and Germany before World War II is completely different from the kind of authoritarian regime, for example, you have in China. Yes, in the Western lexicon both are authoritarian regimes. But to say that is like saying, that, tigers and elephants are animals. Yes, they are animals but they're very different. So the Chinese authoritarian regime, will behave completely differently from the Japan and Germany of the past. You will not see a repeat of history. When you talk of history repeating, I urge you to remember that history is not just about the past 200 years of what the European powers did. History is also of the past 2,000 years. Look at the Sino Vietnamese relationship and try to figure out what went wrong and what will go right. The Vietnamese got it wrong in the late 20th century because they forgot what they had done in previous centuries towards China.

In 1985, I was giving a talk in Columbia University on the Indo-Chinese situation. As I began my speech three Vietnamese diplomats, three Communist North Vietnamese diplomats sat down in front of me. I said that it was not surprising that the Vietnamese military gave the Chinese military a bashing when the Chinese invaded Vietnam in 1979. I said then, 'The only mistake the Vietnamese made was that they forgot that in previous times whenever a Vietnamese army defeated an invading Chinese army the Vietnamese emperor would immediately send a delegation to Beijing and say, "We are terribly sorry we defeated your army. Please accept our apologies and this is a small gesture" and they give some kind of tribute'. The three Vietnamese diplomats sitting in the front row, Communist diplomats, nodded their heads and indicated their agreement. There is a longer pattern of history - 2,000 years. So those older pre-European patterns of history will also come back into play. So Asia may not necessarily have to repeat the last 200 years of European history, I see that powers emerge and powers go to conflict. There are other ways and means of also adjusting to new power.

You finally mentioned Senator Hill. I'm not sure what you meant when you said that Australia is also in favour of promoting democracy. Every country is in favour of greater democracy around the world. But, frankly, every country, including the United States of America, is very prudent in what it does. For example, the United States will promote democracy in countries which are of no strategic interest to it, but it will not touch Saudi Arabia. Recently they did not touch Uzbekistan. I want to emphasise that

point because I can't tell you the number of times Asians have come to tell me in private about Western double standards. There are always two sets of conversations, okay. There's one set of conversations where you have Americans and Westerners in the room and everyone speaks and says, 'Hey, we're all the same' and so on and so forth. Then when the Americans or Westerners will leave the room, the Asians say, 'What are these guys talking about? They've got double standards'. The number of people who recite to you the double standards on democracy is phenomenal.

Look, for example, at a recent Economist editorial on Uzbekistan. For the first time the Economist put down on print what is normally said in private. It asked why the west had sanctions on China over Tiananmen and zero sanction on Uzbekistan when what you saw in Uzbekistan was as bad as what happened in Tiananmen? It also said that the question might be asked, 'Why is it that there are no sanctions in Russia on Chechnya?'. The answer the Economist gave was that, 'Well, since the West has vital interest in Russia it should not put sanctions on Russia. But since the West has no vital interest in Uzbekistan it should put sanctions on Uzbekistan'. Basically the message of the Economist editorial was that if the West had a vital interest in a country it could forget democracy. So the message to everybody else is that double standards are okay. Hence, we in South East Asia can say, 'We have a vital interest in Myanmar. It's our neighbour. That's why we don't impose sanctions'. So the question of double standards is one you always have to address whenever you mention the word 'democracy'.

**Major General Peter Abigail:** Kishore, thanks very much. There are a number of people who want to ask further questions but, given the length of the questions and the length of the answers, I'll have to close it at that particular point so that we can have a bit of a break. I invite those who do have questions for Kishore to follow up during morning tea and later on during the day. Kishore, thank you very much indeed. You have raised a wide range of issues that I know we will return to repeatedly over the next couple of days. Certainly there was some provocation there and there was a little bit of mischievous behaviour for which we truly thank you. I invite everybody now to join me in thanking Kishore for this morning.

We'll break now for morning tea. It's served out in the atrium and I ask could you be seated back in here at 11 please.