

## **INTRODUCTION**

Good afternoon, and as we say in Hawaii—Aloha!

Appreciate the kind introduction and the invitation today. Many thanks to Richard and Barry and Doug for including me, and for organizing this important discussion.

This is a tougher speech I have given in my past life than most because I had to figure out what to wear.

It is wonderful to be back in Singapore among many long time and very good friends. My first visit here was as a young Commander of a submarine—making a port call at Sembawang in 1987.

I think I have been here at least twice a year for the last 6 years and found it to be a place where I gain some of the best and most objective insights into the region. I'm confident I'll find that to be the case here these next couple of days.

I get asked a lot about how it feels to be retired. In the 5 months since then, I've been to....

- Japan and Korea w/ Former Secretary Bill Perry.
- China with the Governor of Hawaii.
- 3 trips to Washington D.C.
- Today.....well I'm here!

Doesn't appear to me I have made a lot of progress in the retirement business! However, one thing that has changed when you retire as a 4-star Combatant Commander -- a lot of things do go away. The car, the boat, the plane and you guessed it—the Speech Writer.

So, today – good or bad – you are listening to me!

Actually, I think this transition has gone pretty well – contrary to any rumors, I have not walked out to my driveway and gotten into the backseat of an empty car. But, I do have one confession of sorts...I pulled up in front of a restaurant last week and left the car for the valet. About 30 minutes later a guy walked up to the table and said...Admiral Fargo – I nodded – Would you mind giving us the keys?

- You know, he probably walked away shaking his head and telling folks – the Admiral thought that was his parking spot.

I was in Command in the Pacific for almost 6 years. Between U.S. Pacific Fleet and Pacific Command. With the exception of two years in Bahrain (96-98), most of my operational career over 34 years has been here.

This afternoon—to deal properly with a Rising China and provide a little context for our discussions--I thought it would be helpful to talk to what I believe to be six new trends that have emerged over the last 3-5 years and which I think represent the most significant changes—in Asia and the Pacific—more specifically East Asia...And also provide the backdrop for the future. Certainly a backdrop for our relationship with China. So lets start.

**First, when you step back and take stock, it is hard not to be impressed with the Democratization of Asia.**

- It wasn't too long ago that my predecessors used to worry about things like military dictatorships and coups as a principle concern.
  - South Korea -- just over 10 years ago, was still ruled by the military.
  - Thailand -- for example, until 1992, coups were a regular “feature” of the political scene.
  - Indonesia – GEN Suharto ruled for more than 30 years. (12 Mar 67 to 21 May 98).
- Today we still have our fair share of concerns but in a much different and more positive sense.
  - In Korea – President Roh was impeached after a visceral reaction to a speech.
    - But the masses spoke—judiciary worked—restored the President—Democracy stronger today for it.
  - In Thailand when I asked my friends who are generals whether they intend to go into politics when they retire - most look at me like I'm missing the big picture and talk about the business world (by the way—I feel the same way).
  - In Indonesia—The country elected a retired general but it was because he has served effectively in a civilian capacity and he won in a free and open election of 200M people. (And as you will see in these remarks, I am optimistic on Indonesia.)

- The closest thing to the word coup in my tenure was a minor mutiny of a few officers in Philippines-- who were disgruntled over corruption. Even with the concerns in the Philippines today, I don't think the mainstream military wants to be in the middle of the political crisis.
  - So things have changed dramatically....and for the good.
  - So, where are we at today?
    - 36 of 43 countries in Asia-Pacific declare themselves democracies or republics. (Not—Brunei, Burma, China, North Korea, Laos, and Vietnam).
      - Some as young as 6 years old, like Indonesia.
      - And even the non-democratic states like Vietnam and China, as we have heard this morning are moving rapidly towards market-based economies.
        - The obvious exception is North Korea.
    - In the Asia-Pacific, we will have had 14 elections this past year.
      - I mentioned Indonesia but it's worth repeating: Violence free, 200 million people, 17,000 islands. They got the ballots out and determined a result in a week; Three times.
        - The people of Florida, in my country, should be in awe of this accomplishment.
      - In Japan—a 2-party system has developed.
      - India—the largest democracy in the world has both gone through nuclear crisis and turned the economic corner.
        - Not long ago India shunned Western investment. That's changed. Visit Bangalore or make a toll free call to get your computer fixed, and you will understand.
        - In fact you could argue this conference or another session should address the Rise of both India and China. It would expand this discussion by another 1 billion people.
- (Indian Helo Story)
- But, I think it is important and we need to understand clearly:

- While democracy contributes directly to Regional Security and stability, it doesn't necessarily make relationships or life in the region easier.
  - Domestic political concerns more prevalent—make all this much less tidy:
    - Philippines - Iraq pull out was driven by domestic politics.
    - Concerns over Transformation of our military in Korea presence were really the same story.
    - Foreign Policy often takes a back seat to domestic issues—Of course elements of Nationalism pop-up, all the time.
  - Bottom line—within the region, we will have to work harder--harder at engaging and partnering and understanding this phenomenon—with each other.
- And**
- China has to understand that it will be dealing with ever maturing democracies. And sometimes multiple voices.

**A second theme, connected to the first—Modern, moderate Islam flourishes in this region.**

- Two immediate examples from my previous point on Democratization are the elections in Malaysia and Indonesia:
  - In Malaysia we have a strong leader with exceptional Islamic credentials who has articulated that Islam is consistent with democracy and a progressive social and economic structure.
  - In Indonesia, I worried that in the midst of the election—and in deference to the Islamic parties—the government would back off going after the terrorists—in this case the JI. That wasn't the case.
  - It is pretty clear when you visit these countries that their citizens are devout but not about to give up their freedoms.
- There are problems to be sure... outside forces—are pumping money into pesantrens—that fail to educate—and in some cases breed both terrorism and unrest. But the countries of South East Asia are working to address this problem. Albeit the forces of discontent have a 10-year head start.
- We know that Islam is compatible with a modern, progressive world. We witness a wonderful example in SEA. This should be a shared interest between China and the United States and together we should reinforce it.

### **Third, Japan is adopting a worldview of security, more appropriate for a global economic power.**

- We have witnessed significant change in the past 3 years...really a sea change.
- Japanese Government has passed or implemented:
  - Extensive Legislation. Seven New Laws for Emergency Situations.
  - Pumped 100M gal of fuel to ships in Operation Iraqi Freedom / Operation Enduring Freedom in the North Arabian Sea. Deployments previously impossible to support.
  - Deployed some 600 troops to Samawah, Iraq—which by the way was a source of great pride. As a Senior JSDF told me: “This is an opportunity to regain confidence of the world.”—lost 60 years ago.
- In my estimation, this change in their security architecture will continue at a very measured pace.
  - Missile Defense will be next — some sort of collective defense arrangement will be worked out – driven by North Korea.
  - My sense is this change will be fine. The mission will be Humanitarian assistance, peace keeping, peace enforcement. Not unlike what we have seen in Iraq and East Timor and Tsunami response.
  - The changes in capability will be modest and defensive.
  - It should not be threatening to East Asia. But we all recognize that the history card is out there and this change has the potential to be both controversial and complex.
- China will have to deal with this. And we would all do well to encourage a strict adherence to the facts with respect to adjustments in Security posture. It doesn't serve anyone's interest to amplify any level of tension between Japan and China. We should help smooth the peaks and valleys.

### **Fourth, Multilateral approaches to security are becoming more common.**

- Remember this is a region built essentially on bilateral relationships—and those will continue to be an essential and important component.

- But everyone understands the big problems will be dealt with' in almost every scenario—multilaterally—in fact, I can't name an Asia - Pacific regional issue in the past 5 years that hasn't been dealt with in this fashion.
  - Six-party talks are, of course, the most important and immediate example.
  - East Timor is an example on a different, lower scale.
  - Tsunami response is the best and most recent example.
  - “Eye in the sky” initiatives with respect to Maritime Security in the Malacca Strait may be the next success.
  
- Worth spending a few moments on why the collective Tsunami effort was successful.
  - This complex relief effort didn't just happen because we wanted it to...or because we decided to act together quickly—which we did.
  - It was possible because of a set of habitual relationships—really habits of cooperation that had been established over many years.
    - Exercises, exchanges, combined training, visits, and well developed relationships.
  - The Thais said yes to our request to operate from Utapao Air Base immediately because we had exercised with them in the same manner year-in and year-out. Exercise **Cobra Gold**.
  - Malaysia provided support and access to their bases based on a phone call to their Chief of Defense. We were comfortable making that call because we had met or talked a dozen times.
  - Australia/Singapore/Indonesia coordinated their activities immediately and directly through both Government and especially military to military channels.
  
- We established a set of principles at the outset that would guide our effort.
  - Speed and tempo were essential. If we waited for assessments to be completed, lives would be lost.
 

We had to provide relief simultaneously with the assessment.
  - These are all proud and sovereign countries. They had to remain in charge of the relief effort within their country. Our role was to support their directed needs.

- This had to be a unified effort. We would call the organization a Coordinated Support Force to make it inclusive and encourage participation by organizations not comfortable with a rigid command structure. Coordinate vice compel or command became the thrust of our arrangement.
- We would leverage our previous experience with respect to combined and multi-national operations to great advantage. We had developed Standing Operating Procedures on a multi-national level and now was the time to use them.
- Most important, we recognized that while there were things that we could do to at the outset, ultimately the sustained effort to feed and house the displaced and rebuild these nations would be provided by professional relief organizations and once again, the host nation itself.
  - That meant that the UN organizations would play a substantive role. This is something they are pretty good at.
- We invited all to work with us. Some 18 nations showed up.
- China really hasn't played in this arena yet. They have yet to attend important forums like the Shangri-la Dialogue or the Chiefs of Defense Conference. While some Chinese medical support was evident, the military didn't contribute to Tsunami relief. We should encourage their future participation. They have ample capacity to do so. Given their present and future position in the region, you could argue, they have a responsibility. Plus I think it improves transparency and therefore regional stability.

### **Fifth trend, the War on Terror**

- The War on Terror is important to nations of East Asia, but U.S. must avoid being perceived as solely focused on the issue...And we aren't—but it isn't well understood.
- Certainly, there is a great deal at stake in War on Terror in South East Asia.
  - We know JI is AQ-affiliated. Responsible for the Bali, Marriot and Australian Embassy bombings...and plots in this very city.
  - Of course the problem is much wider than Indonesia. The JI has a presence in Singapore, Thailand, Malaysia, Philippines, and Australia.
  - Terrorist disrupt the legitimate governments of these countries. Impact their economies. Divert resources that could be used to benefit the people and accelerate development.
- Collectively we have achieved some considerable success
  - 200 JI arrested--many have been tried and convicted.

- Much of the leadership – like Hambali – have been taken down.
- But we recognize clearly we can't win the war on terror through attrition alone
  - Terrorist can be created more quickly than they can be captured or killed.
- So we need to take a two-pronged approach:
  - Near term: we have to stop the violence—take the offense.
    - Can't resolve all sources of instability in a peaceful way.
    - Effort must include defeating actual attacks, disrupting the enemy's plans, and proactive defensive measures.
    - I don't see military action as a sole or even primary instrument. Intelligence sharing and law enforcement certainly lead much of this effort.
  - Long term: We have to strengthen our institutions and build good governance. This means:
    - Dealing with economic, political, or social grievances and providing mechanisms for their resolution.
    - A military that operates under political leadership.
    - Real education and opportunity.
    - Along with governments providing basic services.
  - This is truly difficult work. It takes time, investment, once again much more than military action.
- You may have heard me say this before, when people value their institutions more than they fear the terrorists, peace will prevail, and we'll reach a tipping point in the war against terrorism.
- And once again we have a Security Issue where the interests of the U.S. and China should clearly intersect.

**The Final Trend is, of course, the subject of this conference, The Rise of China**

- When I have toured Asia and the Pacific, you can't help but be impressed with some parts of China's diplomatic and economic strategies.
  - Their investment is seen everywhere.
    - Soccer stadiums and martial arts training in Fiji.
    - Military barracks in Tonga.
    - Gas deals in Indonesia. Energy from Australia.
    - Their diplomats are skilled and energetic. When I attended President Arroyo's Inauguration, the most senior representative worldwide was the Chinese Foreign Minister.
  - Their message is –we are benign, benevolent and we ask nothing...we should postscript—“for now”.
    - Much has been said about what is called a “soft power strategy”...it appears to be effective and making headway.
  - Certainly, it's opportunistic—In the Philippines, when U.S. voiced displeasure with the pull-out in Iraq, we saw an immediate effort by China to curry favor.
    - The urgency of President Arroyo's visit.
    - Invitation to the Philippine Chief of Defense.
- I do believe China will be a great power at some point. Much more so than the Soviet Union, because China is progressing on all fronts—economically, militarily, and diplomatically. That is not a bad thing. However, we can't give China a free ride. With new status, comes a new set of responsibilities.
  - I think that Ralph Cossa from CSIS, who is a moderate voice on China, had it right in a recent article when he said “They say you can judge people by the company they keep. The same can be said about countries.” The article went on to detail that if China wants a proper place on the world and regional stage, it has to quit courting some of the world's most repressive regimes. The invitation to Robert Mugabe and passing up Asean Regional Forum to visit Burma (Myanmar) were sighted.
- We all recognize clearly the significant military modernization that is underway. Growth reflecting this great power vision. Fueled by 7-10% economic growth.
  - 250 4<sup>th</sup> generation fighters.

- 12 modern diesel & building 2 new classes-nuclear subs (8 more diesel and 3 more nuke subs planned).
  - Sophisticated air defense (Russian).
  - Missiles: at least 500 short-range; unk med.-range; over 100 ICBM.
    - They have exceeded our expectations in their ability to build and acquire advanced systems.
- That said I don't believe China is looking for adversarial relationship with U.S. or India—they can't afford it.
- Lots of evidence. I believe China's withdrawal of the offer for Unocal is a relevant example.
  - They are terribly concerned about the potential for internal unrest if they can't expand the "Shanghai miracle" to the other "1 B Chinese".
  - Plus, as I mentioned earlier we all have a number of shared interests in the free movement of energy resources, terrorism, and transnational issues like SARS / AVIAN FLU / AIDS and of course North Korea.
- I said at the outset that democracy doesn't necessarily make things easier. And, of course, that is true when you discuss the RISE OF CHINA in the United States. You will get a range of views:
- From those that see economic opportunity and, in fact, increased stability with China's ascendancy as a great power.
  - To those that worry greatly about China's significant military build up and its potential implications.
- I would say that those that have sat in my chair take a relatively balanced view.
- We look for a cooperative, constructive relationship and some political reform.
  - We realize there isn't a day-to-day level of tension between the U.S. and Chinese militaries – as an individual implied at a recent conference I attended. I lived through the Cold War, at sea, and this ain't it.
  - We see value in a level of military to military engagement. It highlights:
    - quality of our capability
    - quality of our relationships

- We recognize that China will build a military that they believe appropriate for their view of a great power status. A Blue Water Navy will be a key element of this as China energy demand increases size of Saudi total production. While I don't see this as particularly threatening to the U.S., it bears continuous scrutiny and certainly has regional implications.
  - I personally believe China will grow their military capability even absent a the Taiwan issue.
- The question is, what will they do with it?
- Will they threaten/coerce their neighbors—use it to further economic objectives? Will they call the shots and set the rules.
  - OR
  - Will they contribute appropriately to the multi-national efforts ongoing today in the region which are a source of stability?
- We won't find an answer to that question today—although I'm sure we will have a few viewpoints to consider.

## **CLOSING**

We've a great number of dramatic changes occurring in our region these days, certainly none more important than the Rise of China and I believe—and often argued—that Asia and the Pacific are truly our global center of gravity now—and more so in the future.

I could speak to the reasons why in greater depth, but that's a speech for another day.

As we talk through our concerns for the future of this vital region, we should keep in mind the words of a fellow named Endicott Peabody who said, "Remember! Things in life will not always run smoothly. Sometimes we will be rising toward the heights—then all will seem to reverse itself and start downward. The great fact to remember is that the trend of civilization itself is forever upward..."

Thank you for the invitation to join you today. I look forward to your questions and insights.