

THE Williamsburg CONFERENCE

Wye River, Maryland
May 18 – 20, 2006

Asia
Society



50TH
ANNIVERSARY
1956–2006

THE Williamsburg C O N F E R E N C E

Wye River, Maryland
May 18 – 20, 2006



Founded in 1956 by John D. Rockefeller 3rd, the Asia Society is an international, nonprofit organization dedicated to strengthening relationships and deepening understanding among the peoples of Asia and the United States. The Asia Society presents a wide range of public programs, including major arts exhibitions, performances, lectures, international conferences, and K-12 educational initiatives about Asia. Headquartered in New York City, the organization has regional centers in the U.S. in Houston, Los Angeles, San Francisco and Washington, D.C. Regional centers in Asia include Hong Kong, Manila, Melbourne, and Shanghai.

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Agenda

Asia 20/20: Focus on the Future

The 34th Williamsburg Conference was held in Wye River, Maryland, from May 18 to 20, 2006. The conference, hosted by the Asia Society, was convened by Carla A. Hills of the United States, Tommy T. B. Koh of Singapore, and Minoru Murofushi of Japan.

Thursday, May 18, 2006

Luncheon hosted by Asia Society

Guest speaker: Norman Ornstein

Meeting with Senator Joseph Biden

Venue: Room SD-430, Dirksen Senate Office Building

Meeting with Senator Richard Lugar

Venue: Room SD-430, Dirksen Senate Office Building

Opening Reception and Dinner

Keynote Address: *20/20: America's Future in Asia and the Pacific*

Richard Boucher, Assistant Secretary of State, South and Central Asian Affairs, U.S.

Friday, May 19, 2006

SESSION ONE: Strategic Relationships in Asia

Chair: Tommy T. B. Koh, Ambassador-at-Large, Ministry of Foreign Affairs

- How are strategic relationships in the Asia-Pacific region changing and what are the drivers of this change?
- What are the most important challenges and opportunities resulting from these

changes?

- How is the rise of India and China impacting strategic decisions in Asia?
- What is the future role of the United States in Asia?
- With the diversity of cultures, economies, and political systems in the region is Asia a viable unit of organization?
- What role should regional institutions such as the East Asia Summit play in Asia's future?

Presenters

Carolina Hernandez, President, Institute for Strategic and Development Studies
Cheng Li, William R. Kenan Professor of Government, Hamilton College
Dennis Wilder, Acting Senior Director for East Asian Affairs, National Security Council

SESSION TWO: Asian Economics: Trade Flows, Trade Agreements, and the Global Trade Regime

Chair: Carla A. Hills, Chairman & CEO, Hills & Company, International Consultants

- What are the implications of increased intraregional trade flows?
- Is the proliferation of bilateral and regional trade agreements in the region good for participants? For the region? For the global trade regime?
- What are the implications of regional currency swap arrangements and the implications for the IMF?
- What are the implications of countries in the region providing the financing for increasing U.S. debt?

Presenters

C. Fred Bergsten, Director, Institute for International Economics
Lawrence Goodman, Managing Director, Head of Emerging Market Strategy, Bank of America

SESSION THREE: Energy Security: The Future of Conflict?

Chairs: Minoru Murofushi, Former Chairman, ITOCHU Corporation;
Vishakha N. Desai, President, Asia Society

- Can energy needs in the region be met with existing resource levels?
- What are the implications of competition for resources?
- What are alternative scenarios for how the increasing need for resources will impact Asia and the world?
- What approaches can help alleviate the pressure of increasing demand for energy?
- What type of leadership will be required to best address this growing crisis?

Presenters

Tsutomu Toichi, Managing Director, The Institute of Energy Economics
Daniel Yergin, Chairman, Cambridge Energy Research Associates

Saturday, May 20, 2006

SESSION FOUR: New Technology: Changing Lives

Chair: Jamie Metzl, Executive Vice President, Asia Society

- How are new technologies (IT, biotechnology, nanotechnology, etc.) impacting international relations, business relations, and people-to-people relations in the Asia-Pacific region? How will the further development of these and other technologies impact the Asia-Pacific region?
- How are countries in Asia adapting their education systems, business practices, and government policies to make the best use of IT? What works? What doesn't?
- What are alternative scenarios for how new technological developments will transform the social, economic, and political landscape in the world?
- How should governments and international institutions respond to the challenges and opportunities of these new technologies?

Presenters

Pramod Bhasin, President & CEO, Genpact
Edison Liu, Executive Director, Genome Institute of Singapore
John Rennie, Editor-in-Chief, *Scientific American*

SESSION FIVE: Human Security Challenges in the Twenty-first Century

Chair: Richard C. Holbrooke, Chairman, Asia Society

- How do pollution, infectious diseases, population movements, transnational crime, terrorism, environmental damage, uneven development, exponential population growth rates, gender inequality, and rapid urbanization undermine human security and what can be done to address them?
- What Asian countries are doing the best at enhancing human security and why? What can be done to replicate these successes elsewhere?
- What are the short, medium, and long-term dangers of not sufficiently addressing these problems?
- How are issues of human rights being addressed around the region? Is there a common definition of human rights?
- How are Asian societies working to enhance gender equality?

Presenters

Lincoln Chen, Director, Global Equity Initiative, Harvard University
Nicholas D. Kristof, Columnist, The New York Times
Sima Samar, Chair, Afghanistan Independent Human Rights Commission

SESSION SIX: Wrap-up and Looking Forward

Chair: Vishakha N. Desai, President, Asia Society

- What are the shared perceptions and misperceptions between the United States and Asian countries? Between Asian countries?
- How can we build on the accurate understandings and fix the inaccurate ones to create 20/20 vision in 2020?

Foreword

As the Asia Society marks its fiftieth anniversary this year, we celebrate the steady growth of prosperity and stability in Asia over the last five decades, and the maturing of the relationships between the United States and our Asian partners.

The convening of the Asia Society's 34th Williamsburg Conference in Wye River, Maryland, from May 18 to 20, 2006, provided the Asia Society and the assembled delegates with an opportunity to reflect not only upon how far the Asia-Pacific community has come over the past fifty years, but also upon how we can work together to address the many challenges we will face in the future.

With the rustic beauty of Maryland's Eastern Shore as a backdrop, fifty-one delegates from fifteen countries and economies engaged in thoughtful and often heated discussion and debate about key issues in contemporary Asia-Pacific affairs: strategic relationships, international trade, energy security, emerging technologies, and human security. Delegates used these discussions on today's Asia as a springboard for debate about what the future may hold for Asia and its relations with the United States.

On the afternoon of May 18, before traveling to Maryland, conference participants had a special opportunity to meet on Capitol Hill, in Washington, D.C., with two of the U.S. Congress's most important foreign affairs figures: Senator Richard G. Lugar, chairman of the Senate Foreign Relations Committee, and Senator Joseph R. Biden Jr., the committee's ranking minority member. Senators Lugar and Biden provided a candid appraisal of the current state of U.S. foreign policy and its priorities now and in the near future. In doing so, they helped set the scene for the broader discussions on U.S.-Asian relations that followed over the next two days. A similarly invaluable contribution was made by Richard A. Boucher, Assistant Secretary of State for South and Central Asian affairs, who touched on various issues impacting U.S.-Asian relations while delivering the dinner lecture at Wye River on the evening of May 18.

At Wye, delegates focused on the need for members of the Asia-Pacific community to work together now and in the future to narrow the global trade imbalance, forge regional integration, promote energy security, and tackle human security challenges. Yet they also lamented Asia's rising nationalism and growing social inequality and poverty, both of which threaten collaboration and goodwill.

These patterns of convergence and divergence reflect another major conference theme—the benefits and perils of globalization. Delegates described the empowering capabilities of new technologies and the innovation they spawn worldwide, as well as the economic benefits accruing from rapidly expanding trade and investment.

Delegates stressed that Asian states and communities must also reckon with the growing numbers of people displaced by shifting manufacturing operations and increased competition, as well as with environmental and public health crises accelerated by an increasingly borderless world.

To help guide this critical dialogue, we were very much aided by our outstanding partners and Williamsburg co-conveners. We applaud Carla A. Hills, Tommy T. B. Koh (who generously came out of his co-convener retirement), and Minoru "Jack" Murofushi for their steady leadership. We thank our additional chair from this year Richard C. Holbrooke. We also thank Senators Lugar and Biden and Assistant Secretary Boucher for being generous enough to take time out of their busy schedules to speak to Williamsburg Conference attendees on May 18. And, as always, the richness of the conference discussions was made possible by a brilliant set of presenters and group of delegates. Finally, we owe a debt of gratitude to the staff at the Aspen Wye River Conference Center, whose hospitality allowed for a comfortable stay for all participants, and to the Inn at Perry Cabin, which provided a memorable evening of food, drink, and entertainment.

More thanks are in order to the many individuals and groups who made this conference possible: our sponsors (Citigroup; The Lee Foundation; ITOCHU Corporation; Kansai Electronic Power Company, Inc.; Mitsubishi Corporation; and the Tokyo Electric Power Company, Inc.). As always, Asia Society staff worked tirelessly to ensure a successful event, and special recognition is owed to Hee-Chung Kim, Mike Kulma, and Justina Wong. Finally, we thank Michael Kugelman of the Woodrow Wilson International Center for Scholars' Asia Program, who served as conference rapporteur.

A tremendous note of gratitude is owed to two of our departing co-conveners, Carla A. Hills and Minoru Murofushi. We wish both Carla and Jack well, and hope they will remain affiliated with the Williamsburg Conference in the years ahead. The conference can only benefit from their insight and guidance.

For the past thirty-four years, the Asia Society's Williamsburg Conference has played an important role in building the personal bonds and understanding necessary for the healthy growth of relations between and among the United States and the states of Asia. We look forward to building on this strong tradition as relations across the Pacific become ever more important to the future of the world.

Vishakha N. Desai
President

Jamie F. Metzl
Executive Vice President

Strategic Relationships in Asia

Strategic relations of Asian nations are in a state of flux—growing economies, the search for natural resources, regional integration, and the War on Terror provide ample opportunities for cooperation, yet they also contain the seeds for differences. Meanwhile, the United States remains a major player in the region as it reorganizes its military bases in East Asia, concludes a nuclear agreement with India, and strengthens relations with certain nations in Central Asia—all while continuing to fight a war in Afghanistan.

One particular strategic development that impacts intra-Asian as well as U.S.–Asian relations is the rise of China. There was surprisingly little discussion of the strategic consequences of the rise of India. Williamsburg Conference delegates spent a considerable portion of this session discussing China’s increasing clout and implications for both Asia and the United States. They also examined the strategic role of the Association of Southeast Asian Nations (ASEAN) and the United States in Asian regional integration, and they considered the potential constraints to cordial relations among Asian nations.

China’s Rise

Thirty years ago, in the aftermath of the destructive Cultural Revolution, China’s economy was practically nonexistent. Yet today China is a drastically changed nation experiencing extraordinary economic growth. It is now the largest export market for Japan and Taiwan, and the second largest such market for Australia. Its trade relations with India, Asia’s other rising economic giant, are growing. Further, China is now making significant progress with African and Latin American markets. According to Chinese government statistics, overall Chinese trade with Africa rose from slightly more than \$10 billion in 2000 to \$40 billion in 2004. China aspires to double its GDP and per capita income by 2020 and then again by 2050. It hopes that in several decades its per capita level will match that of European nations. What implications does all this have for China, China’s neighbors, and the United States?

Positive Implications: Stability and Freedom?

Some delegates underlined the benefits of China’s rise. They predicted a peaceful rise that will avoid conflict with all nations, including the United States and Japan.

According to this viewpoint, China’s growing prosperity is perceived as an opportunity for, not a threat to, Asian nations, because Asians gain a vital trading partner in China. In essence, China’s trade relationships throughout the region embed China in a multilateral system. In this way, China contributes to regional stability and strengthens regional integration. For these reasons, Asian countries are not likely to join any sort of anti-China alliance.

Additionally, China’s economic rise could help usher in more local freedom and democracy. Already, China has witnessed local grassroots elections, a rise in the number of nongovernmental organizations (NGOs), and the emergence of new leaders grounded in the rule of law. And President Hu Jintao—more so than his predecessor, Jiang Zemin—aims to narrow growing disparities in China between the rich and poor and between coastal regions and the hinterland; to create jobs and reduce unemployment; and to protect the environment (even as energy security has become a high priority in Chinese foreign policy). In seeking to promote this internal harmony, the Chinese leadership hopes to earn legitimacy and credibility from the Chinese people as it seeks to build stable relations with its Asian neighbors.

One participant wondered whether China’s growing prosperity will induce a “democratization of prosperity”—that is, if there will soon be a widespread proliferation of televisions and automobiles across China, and if such equity will soon generate demands for more freedoms among China’s people. Cautiously optimistic participants contended that while Jeffersonian democracy may not be forthcoming in China, there are indications that China’s political future may one day yield a democratic system with Chinese characteristics.

Negative Implications: Economic Liberalization without Political Freedoms?

This rosy picture of China’s evolving political situation amid its economic growth did not persuade other participants. They referred to China’s suppression of Internet freedoms and its harassment of NGOs (for example, democracy assistance groups in China—as in several other countries—have recently been monitored and subject to interference by national authorities).

These participants also questioned whether the rule of law has any chance of surviving in China with the continued rule of the Chinese Communist Party. An independent judiciary and party rule are incompatible concepts, because democracy or other types of representative government cannot be responsive in the

In seeking to promote this internal harmony, the Chinese leadership hopes to earn legitimacy and credibility from the Chinese people as it seeks to build stable relations with its Asian neighbors.

absence of independent institutions. Such concerns about China's political future were cited during earlier conference discussions as presenting a possible "drag" on China's economic progress. An inability to master the political aspects of economic development—such as transparency, good governance, and freedom of the press—could potentially hinder China's rise.

One participant, after hearing about Hu's emphasis on reducing disparities, countered that the economic gaps generated by fast growth are often problematic—and noted how the Great Depression followed on the heels of the United States' rapid growth during the first two decades of the 1900s. Further, participants were asked to be mindful of the sheer uncertainty surrounding China's political future—while one can be fairly confident that in twenty years India will have a parliamentary democratic system, such assurances do not exist with China. Countries would be sensible, then, to be cautious about making predictions about China's position twenty years from now.

Plumbing the Sino–U.S. Relationship

In the United States, many competing views drive policy on China. Some regard China as a rising military power that may represent a geopolitical threat. Just days after the Williamsburg Conference, the Pentagon released its annual report to Congress on China's military power. The report concluded that China's military buildup is striving for power projection capabilities into the western Pacific, where it could target U.S. aircraft carriers and other nations' militaries. The report judged that China's military "has the greatest potential" to compete with the United States.

Another school of thought, however, regards China much like India—a growing bastion of stability that offers tremendous economic opportunities for the United States. These divergent perceptions compete with each other and seek to influence the policy makers in Washington. For example, some argue that the United States should strengthen its relations with India to counterbalance a resurgent China. Others urge the United States to engage China and regard it as an economic competitor but not a threat.

American Perspectives: Cooperation with Caveats

Some participants asserted that the George W. Bush administration harbors no ill will toward China; that there is no anti-China alliance; and that there is no desire to balance China by pushing for closer U.S.–India relations. For a U.S. president who fears protectionism, nativism, and isolationism, such noninternationalist policies would make little sense. Rather, the United States seeks to engage China—even though there are areas of disagreement. The two nations have cooperated on issues

such as avian flu and World Trade Organization (WTO) membership. However, the administration is not satisfied with many of China's policies: nontransparency regarding the military; persecution of its Christians; frequent violations of the rule of law; efforts to lock in energy resources instead of working within the market; poor protection of intellectual property rights; and support for "unsavory" regimes. Administration officials prefer that China's economy be more consumer-led and less export-driven. And they insist that China must relentlessly push North Korea to cease its nuclear weapons program.

These participants carefully chose the words they used to describe China and its nuanced relationship with the United States. While the United States wants good relations with China, it also wants China to be a "responsible stakeholder." It is difficult to apply a single descriptor to such a complex association, one participant submitted, but it should be regarded as a strategic relationship—not a strategic partnership (a term that was used at least once during the conference to refer to the United States' deepening relationship with India).

Asian (and Some American) Perspectives: Concern with Mixed Signals

Several participants from Asia underscored the ambiguous and unsettled nature of the Sino–U.S. relationship. They pointed out that the two nations are not yet true friends, and they sought better explanations for the labels used to describe the relationship—for example, what does the term "responsible stakeholder" mean? And one participant lamented how the United States sends mixed signals—it calls for friendship with China, but causes difficulties for Chinese scholars seeking to enter the United States.

Some participants—Asian and American—argued that these mixed signals extend to high-level diplomacy as well. For example, President Hu's visit to the United States in April 2006 produced several trade agreements as well as a commitment for cooperation in space—yet it also featured two controversial incidents: a Falun Gong member heckled Hu during the White House welcoming ceremony, and the White House decided to accord Hu a state luncheon, as opposed to a more prestigious state dinner. Hu's state visit sparked the session's most contentious debate, with many delegates particularly critical of the state luncheon decision. They noted that Prime Minister John Howard of Australia, who visited Bush soon after Hu, received a state dinner, and they questioned whether Australia's strategic importance to the United States is high enough to warrant such diplomatic treatment, especially in comparison to the snub of Hu. The Chinese leader's recent visit, it was noted by one participant, will be remembered as the first time diplomatic protocol was "downgraded."

The rebuttal to this criticism was that Australia's foreign policies dovetail with

U.S. policies more so than China's. Australia, for example, contributes troops to the War on Terror, while China does not. And Australia, unlike China, does not repress its citizens. At any rate, the decision not to hold a state dinner for Hu, concluded one participant, amounted to a strategic view—"by giving less, by putting the feet to the fire, you're more likely to get a proper outcome." All the same, state dinners represent the type of "soft" diplomacy needed to win people over and to form friendships.

Asia's Regional Integration

Over the last forty years, regional integration in Asia has broadened considerably through the establishment of increasingly inclusive institutions and frameworks for cooperation. One of the first regional institutions, ASEAN, was established thirty-eight years ago. More recently, private sector-driven economic integration has generated informal yet broad integrative arrangements, such as ASEAN +3 (the "3" being Japan, South Korea, and China), which led to currency swaps and monetary cooperation. Meanwhile, the emergence of India and the proliferation of Asia-wide trade flows have hastened the formation of an even broader integrative dynamic—the East Asia Summit, first convened in December 2005. This grouping comprises Northeast Asia, Southeast Asia, Australia, New Zealand, and India. Delegates also pointed out infrastructural indices of Asian integration, such as the prospect of Asian highways and transcontinental railways.

ASEAN as Convener of Asian Integration

Participants portrayed the ASEAN organization as a driver of broad Asian integration. Indeed, as early as the late 1990s, the organization envisioned itself as the architect of the evolving regional order.

However, to maintain its "convener" role in Asia's integration, ASEAN must accelerate its own integration. It has already taken several steps in this direction. In 2003, ASEAN adopted the Bali Concord II. This accord established a three-pillared framework: ASEAN as a security community (emphasizing norm-sharing and conflict-resolution); an economic community (striving to attain a single market by 2020); and a sociocultural community (focusing on joint measures to tackle contemporary challenges such as unemployment and AIDS). Additionally, ASEAN aims to adopt a charter by 2008.

Establishing these new integrative mechanisms is a challenge, because ASEAN

member nations are very diverse, with different views on political systems, the rule of law, and governance. The military government of Myanmar, for example, has vastly different priorities about political freedoms than do democracies such as the Philippines and Thailand. ASEAN, whose member states total half a billion people and reflect ethnic as well as cultural diversity, is perhaps a microcosm of Asia as a whole. As one participant put it, Asia is beset by diversity so profound that it sometimes appears to lack a sense of cohesiveness. In ASEAN, we have unity in diversity.

Despite these challenges, ASEAN has strong supporters. China, it was noted, supports ASEAN's leadership role in Asian integration. And ASEAN's experience in intraregional reconciliation with Japan indicates that success in regional cooperation is a realistic possibility.

The Future Role of the United States in Asian Integration

Even as Asian integration grows more inclusive, questions arise about American participation. Are Asian nations excluding the United States? Should the United States be part of these arrangements? Is the United States interested in being part of them?

Some participants, echoing a viewpoint expressed at last year's Williamsburg Conference, noted the distancing that has recently occurred between the United States and Asia's regional institutions. They recalled the decision of U.S. Secretary of State Condoleezza Rice to skip the July 2005 meeting of the ASEAN Regional Forum (ARF). ASEAN's members have traditionally been sympathetic to the West. Yet, this trend is changing as some members such as Myanmar, Thailand, the Philippines, and Malaysia are moving closer to China and away from the United States.

However, while several Asian and American participants sparred over the degree of U.S. "paternity" over ASEAN, both sides did see eye-to-eye on the continued need for the U.S. presence in Asia. Asians value the role the United States plays in Asia, even as they often express displeasure with what they perceive as U.S. protectionism and double standards on human rights. Meanwhile, American interests in Asia are guided by a desire for free markets and fostering democracies in Asia. The United States does not seek hegemony in Asia, one American participant declared, but instead to be a part of the region's "healthy systems."

Constraints on Strategic Relations

Despite continued economic interdependence and growing regional integration, participants identified two major factors that may inhibit healthy relations between Asian nations.

Rising Nationalism

Across Asia—and especially in Japan, China, and on the Korean peninsula—nationalist sentiments have flared, in turn fueling actions that Asians often regard as provocations. Prime Minister Junichiro Koizumi of Japan outrages Chinese and Koreans with his repeated visits to the Yasukuni Shrine, which honors millions of Japanese killed in wars dating from the mid-nineteenth century—including Japan’s World War II war criminals. Meanwhile, China’s state-sanctioned nationalism has created an environment ripe for the anti-Japanese demonstrations over Japan’s school textbooks that occurred a year ago.

Several participants agreed that unresolved historical problems affect these sentiments. For example, World War II is always on Chinese minds. Resolving these problems will require open-mindedness—Japan must understand, for example, what China suffered during World War II. At the same time, Asian nations should take note that Japan has been a peaceful nation for sixty years. One participant cited education, patience, tenacity, and courage as the criteria for working through these disagreements. Asian nations outside the Korea-China-Japan triangle were particularly encouraged to help these three nations move toward reconciliation.

Struggling Democracies

Participants noted how weak institutions, the lack of rule of law, and diminished state capacities have come to characterize some of the region’s newest democracies, particularly in Southeast Asia. Corruption and scandal are rife, and public support for democracy has often been in decline. The absence of the rule of law was singled out as a particular concern for the Philippines and Thailand, where extraconstitutional means were used to overthrow democratically elected leaders. One Asian participant observed that Asians admire the independence of the U.S. judicial system: when Americans are handcuffed for misdeeds within the business community, “we’re very impressed.” However, when Asians witness the same scene in Asia, they tend to ascribe political motives to the penalties being meted out. Another Asian participant argued that to surmount these challenges to democratization, one must create a legal, rational model of the state—one based on merit, nonpartisanship, and the rule of law. Currently, such models are largely lacking in most Asian countries.

Asian Economics: Trade Flows, Trade Agreements, and the Global Trade Regime

In 2000, China, Japan, South Korea, and the ASEAN 10 established a network of bilateral currency swap arrangements, a first step toward financial integration in Asia. Shortly thereafter—following the examples of Europe, the United States, and Latin America—China, Japan, Singapore, South Korea, and Australia began to negotiate a series of bilateral and regional trade agreements, which stimulated a surge of intraregional trade. Delegates discussed whether the proliferation of bilateral and regional trade agreements, which now cover half the world’s trade was good for the participants, good for the region, and good for the global trade regime. Some delegates expressed concern that the web of rules generated by these bilateral and regional agreements, as opposed to a single set of rules under the multilateral trade system, was creating enormous complexity for firms engaged in trade. Delegates also expressed concern about the global fiscal imbalance, particularly its effects on Asian nations and the United States. Recognizing that the Doha Round of Multilateral Trade Negotiations is stalled, delegates discussed the idea of broadening pan-Pacific trade agreements, within the framework of the Asia Pacific Economic Cooperation (APEC).

Navigating the Global Trade Imbalance

The Utility of Currency Rate Adjustments

The current U.S. account deficit is large and growing rapidly. The United States must borrow \$8 billion per day to finance its debt. This could eventually lead to a decreased demand for dollar assets, a fall in the dollar, a rise in U.S. interest rates to attract foreign investment, and greater volatility in U.S. equity markets. It was argued at this session that these circumstances should persuade China (which has a huge trade surplus vis-à-vis the United States) and other Asian nations to permit their currency values to rise—something they refused to do during the last dollar decline in the 1980s. Even with inflows of \$20 billion per month over the last few years, it was noted, China has blocked significant rises in its currencies. Other Asian nations, not wanting to jeopardize their competitive position, have followed China’s example.

Some delegates disagreed with the criticism of Asian governments’ currency

policies, and offered rationalizations for the decisions by Asian governments to prevent their currencies from rising. It was pointed out that while China runs a surplus with the United States, it actually runs large deficits with other Asian nations. Regarding China's self interest, some delegates were skeptical of using Japan as a model for arguing that allowing currency values to rise with market forces will yield positive outcomes. As one delegate noted, (responding to the assertion that Japan had tripled the per capita wealth of its citizens through rises in the yen) today's China is very different from 1980s Japan. Some delegates concluded that the United States by overspending and undersaving was the problem. Still others wondered why the U.S. Congress has not taken action to deal with the imbalance.

Currency Swaps, the Liquidity Threshold, and Sound Policy

In the aftermath of the Asian financial crisis in 1997, Asian nations agreed to bilateral currency swaps as part of the Chiang Mai Initiative of 2000. These swaps allowed an Asian country stricken by a foreign exchange crisis to borrow foreign currency—usually U.S. dollars—from another Asian country (usually from within the ASEAN +3 group) to bolster its reserves until the crisis had passed.

Though the establishment of these currency swaps has increased trade flows, these swaps need a good policy context in order to be sustained. For example, in order to be successful, currency swaps must have sufficient liquidity. One participant argued that while policies often address the minimum amount of liquidity a country needs in order to prevent an exchange rate crises, it does not give sufficient attention to the maximum amount of liquidity. It was felt that pinpointing this maximum liquidity threshold is particularly important with respect to the current global trade imbalance. For example, the U.S. trade deficit with China brings large inflows of dollars into China each month. These large inflows, if converted to renminbi, risk generating more liquidity than currency swaps can handle, triggering inflationary pressures. Sound policy must identify the appropriate amount of liquidity needed to support swaps.

Smart policies are also required to manage the involvement of the International Monetary Fund (IMF) within the currency swap scheme. In November 2005, the ASEAN +3 ministers reached an agreement that the size of swaps that could be withdrawn without IMF support could be increased from 10 to 20 percent of the countries' individual swap agreements. This greater independence from the IMF, however, generates important concerns: can countries participating in swaps get along with less IMF oversight? And, if the swaps were to fail, the IMF would then become the lender of last resort and be put at great risk.

Who's to Blame?

The question of who is responsible for the U.S. trade deficit sparked spirited debate. Some delegates questioned why Asians, who have learned to save and invest wisely, are being asked to carry the burden of excessive U.S. spending by adjusting their currencies. Others countered that Asian nations are running large surpluses only because they refuse to heed market forces, and without their massive interventions their currencies would appreciate. This refusal, it was argued, puts a disproportionate burden of adjustment on other countries. Singapore was cited as an example; it currently has one of the world's biggest account surpluses, yet it blocks the market adjustment process, which, it was argued, overburdens those nations that do permit their economies to respond to market forces. This suggestion that Singapore's currency adjustment policy was irresponsible was immediately contested with the argument that while Hong Kong and Malaysia have fixed exchange rates, and nations such as Japan use a free-floating exchange rate, Singapore rationally has opted for an exchange rate that floats so long as it remains within a band. An IMF policy review, noted one delegate, has found that Singapore's exchange rate regime to be "perfectly reasonable."

Sparring over the question of blame eventually yielded to the conclusion that no one nation should be held uniquely responsible. Regardless of whether the trade imbalance is adjusted by China, the United States, or market forces, all nations will be affected. The nature of the global economy, in fact, ties the fate of all countries together. It was pointed out that in the context of Sino-U.S. trade, China's export-driven expansion and trade surplus vis-à-vis the United States could not occur but for the Americans' willingness to import goods made in China and China's willingness to buy U.S. debt. This dynamic was described as "mutual codependency syndrome." In effect, no one nation in a global economy can recuse itself from righting the imbalance. The challenge lies in allocating equitably the adjustment burden among all countries.

In effect, no one nation in a global economy can recuse itself from righting the imbalance. The challenge lies in allocating equitably the adjustment burden among all countries.

Possible Outcomes

Participants sought to project the eventual fate of the imbalance. Their comments centered around three prospective scenarios:

- *Resolution with few harmful effects.* The cautiously optimistic scenario was rooted in the view that the current global trade imbalance, while a salient feature of the world economy, is not now and never will be a crisis. Those holding this view point to several indications that the imbalance is in the process of correcting itself. First

they cite a predicted decline in American consumption. Current U.S. spending is high, they say, because of low interest rates and high levels of liquidity generated by the world's central banks. Yet, along with the decline in housing prices and rising domestic inflation in the United States, import prices (particularly energy) have risen—which suggests that U.S. spending in the coming months will decrease. In fact, several weeks after the Williamsburg Conference, U.S. Federal Reserve Chairman Ben S. Bernanke made a similar prediction, pointing to increasing inflation, a cooling housing market, and diminished consumer spending. A second indication of a possible correction is increased domestic spending by Asian and oil-producing states with surpluses. A third indicator is a decreased Euro rate, and a fourth is a falling dollar rate. As long as these trends continue—with multilateral oversight—this view holds that there can be a gradual and successful adjustment of the global imbalance.

- *Soft Landing.* Participants generally did not anticipate a “hard landing,” which was defined as a currency imbalance so pronounced that the market bails out on the dollar (such was the case in the 1990s, when the dollar attained all-time lows), triggering high inflation and interest rates as well as the inflationary/recessionary pressures causing “stagflation.” While this outcome was not predicted, the possibility of a “soft landing” was discussed as a possibility. A “soft landing” could entail a two- to three-year dollar decline (similar to what transpired in 2002–2003) and a seven- to eight-year bear market for the dollar. A soft landing could also produce other troubling outcomes: higher interest rates, a plummeting stock market, lower U.S. demand for Asian exports, and consequently decreased Asian production for export.
- *Domestic political turmoil.* Failure to address the global imbalance adequately could have political ramifications in China as well as in Europe and the United States. When President Hu Jintao of China visited President George W. Bush earlier this year, the leaders discussed the importance of boosting Chinese domestic consumption—which the Chinese leadership also regards as one means of calming rural discontent in China. Yet at least one participant argued that the bilateral trade imbalance was not sufficiently discussed at the Hu-Bush summit, contending that the omission could be costly to China for two reasons. First, the Sino–U.S. trade relationship is already fraught with tensions, such as friction over China's failure to protect intellectual property rights; China's restricting U.S. service providers, such as insurance and telecommunications, access to Chinese markets; and disagreement over trade in auto parts. Failure to resolve

these trade issues makes it much more difficult to cooperate in resolving the currency issues. Second, China's domestic political situation could be destabilized if friction over the bilateral imbalances continues to escalate. China has gained immeasurably from the global trade system. Its entry into the WTO in 2001 has helped China to promote internal reform. Yet this could all backfire if the trade imbalance is not resolved, and as a result the U.S. Congress enacts legislation that creates economic hardship and unrest in China. Meanwhile, it was argued, if Asian nations continue to shirk their responsibility to contribute to narrowing the imbalance, Europe and the United States could be forced to adjust up to 90 percent of the trade imbalance—a prospect that domestic politics would be hard-pressed to support.

Revitalizing APEC

The other major discussion point of this session was the idea of extending trade agreements that the United States has entered into with Singapore, Australia, and Vietnam throughout the entire Asia-Pacific area—in other words, revitalizing the spirit of APEC. Unlike the sometimes-testy deliberations over the global trade imbalance, there was general consensus about the importance of APEC. Most delegates agreed that a revitalized APEC would provide opportunities for cooperation and would be good for relations between Asia and the United States. There were some, however, who warned of political factors in their home markets that could prove challenging.

Opportunities for Cooperation

Broadening the geographic scope of American and Asian trade would foster better cooperation between the two regions, and would avoid the imposition of an economic dividing line down the middle of the Pacific Ocean. U.S.–China relations would also be well served in such an arrangement, as issues between the two nations could be raised in a regional context, thus providing a new framework for the two countries to discuss topics of interest and concern. A reinvigorated APEC would also offer a fallback position in case the World Trade Organization's Doha Round negotiations fail, or would help maintain trade liberalization momentum if the negotiations succeed.

Other delegates supported broadening APEC even further in an effort to promote better cooperation. One idea was to establish plurilateral regional arrangements inviting any nations interested in open markets to participate. While conceding that the rise of new powers has historically stoked instability, it was argued that broadening trade zones in this way could both allow for the peaceful emergence of China and create a new “concert of interest” between the United States and China (in a way

reminiscent of the United Kingdom's cooperation with the United States to facilitate the latter's rise years ago).

Domestic Political Challenges

Several American delegates, however, were less sanguine than their Asian co-participants about the feasibility of an APEC free trade agreement. They noted that domestic political problems could arise if the global trade imbalance is not resolved first, and that U.S. political considerations could also militate against American support for and participation in the pan-Pacific approach favored by many of the Asian participants. Trade is currently not a popular topic in the U.S. Congress.

During the informal discussions that preceded the conference sessions, there were some comments describing the unique nature of American politics today. It was pointed out that there is unprecedented partisanship between the two major American political parties, and the political center has nearly been eclipsed by ideological strains on the left and right. Also, there is acute political parity—the Republicans control both the U.S. House of Representatives and the Senate by razor-thin margins, and only a few seats separate a takeover by the Democrats. Finally, the president can depend neither on support from Democrats, nor expect constant support from a fractured GOP. All these developments point to a highly charged environment in which every political decision is magnified, given the stakes involved.

In this context, the challenges of a full-fledged American effort to redesign APEC are real. For the United States to be able to acquiesce in such an arrangement, the U.S. Congress would need to be heavily involved. It would set forth a list of requirements as it does for all trade agreements. These legislative requirements are heavily influenced by the interests of various domestic constituencies, particularly labor unions and representatives of protected sectors of the U.S. economy that often opposed trade agreements. The legislative requirements inevitably complicate U.S. efforts to conclude bilateral free trade agreements (illustrated by current difficulties in negotiating one with Thailand) and would undoubtedly make any attempt to craft a broad regional trade agreement with APEC quite daunting even though meritorious.

The American's focus on the difficulty, however, should not be mistaken for a U.S. disregard of APEC. At last year's Williamsburg Conference, many delegates had criticized the United States for forgoing opportunities to work with APEC. For example, they faulted the Americans for using unilateral military action instead of working multilaterally with Asians through APEC to address U.S. post-September 11, 2001, security concerns in Asia. At this year's conference, however, American delegates insisted the United States deeply believes in APEC's relevance, and is interested in seeing it succeed.

Energy Security: The Future of Conflict?

In recent years, demand for energy resources in Asia has exploded, impelled in particular by the economic expansion of China and India. The December 2004 Asian tsunami and Hurricane Katrina have further affected energy demand. Crude oil prices have doubled and may rise further. Meanwhile, the repositories of most of the world's oil happen to lie in some of the most politically volatile areas of the world. A major question emerges: can energy supply be sufficiently increased to meet the heightened demand? If so, how and in what ways?

Underlying all these concerns is the realization that energy security is truly an urgent matter of global concern, making an indelible impression on world affairs and the global economy. Delegates spoke about this globalization of energy security. And, in an effort to determine if growing energy demands can be met, delegates considered efforts toward conservation and energy alternatives, as well as prospects for Asian regional cooperation on energy.

The Global Nature of Energy

Energy Security in World Affairs

Delegates underscored the prominence of energy security on the global agenda. It is a top priority of many governments and the number one talking point for this July's G-8 summit. There are depleted resources in the United States and Europe; there is enormous global competition for oil resources; and there are growing geopolitical risks in the Middle East. Most of the world's oil is controlled by producing governments—many of them autocratic or unstable—and not by private oil companies. This fact crystallizes the uneasy coexistence of oil and politics, as well as the threat posed to energy resources worldwide.

Energy security figures in just about every hot-button international affairs issue—from Russian-American relations to Middle East politics. Volatility in the Middle East is often cited as a major determinant of oil demand and supply; one delegate noted how the incendiary rhetoric of Iranian president Mahmoud Ahmadinejad routinely sends world oil prices soaring.

For Asia, the stakes are high: most of Asia's oil comes from the Middle East, and there is an expectation that future Asian demand for Middle East oil will only increase.

However, instability in certain areas of Asia may impact the flow of oil, as well. Several delegates warned of the catastrophic effect on the global oil supply if a terrorist attack closes the Straits of Malacca, a narrow body of water that bisects western Malaysia and Indonesia's Sumatra Island. By some estimates, approximately 600 oil tankers and 11 million barrels of oil pass through the straits daily—while 80 percent of China's imports also pass through this area. According to one scenario, if a terrorist were to ram a boat into an undocked oil tanker, a resulting oil spill (particularly at a narrow point of the straits) could shut down the shipping route for weeks. Terrorists have demonstrated an interest in oil and shipping targets—in October 2002, al-Qaeda attacked a French tanker based off Yemen. The terrorist group has previously hatched plots to attack U.S. warships that access the Malacca Straits, and there is evidence that al-Qaeda has monitored video footage of Malaysian police patrols along the straits.

Not only does political instability endanger the world's oil resources, but oil also exacerbates political instability. Several delegates noted how many global flash points are intertwined with the oil issue—with Asia figuring in many of these hot spots. China acquires ample amounts of oil from the Sudan; this fact likely accounts for China's intransigence regarding any sort of UN Security Council action in Darfur. Similarly, the search for energy resources has generated Sino-Japanese tensions in the oil-rich East China Sea, where both nations lay claim to the same (resource-laden) waters. Japan asserts sovereignty over waters spanning east of the dividing line between Okinawa and eastern China. The Chinese, while disagreeing with this Japanese zone of control, have drilled from a point west of this area. There has been talk, however, that China's drilling platform could be tapping into undersea deposits that creep into the Japanese-claimed zone.

Even as energy security has become a worldwide concern, it still suffers from limitations. One of these is normative: the lack of a global consensus on what the term should mean. In China, energy security serves as a necessary guarantee against social turmoil and development problems. In Russia, it provides a rationale for controlling pipelines. In Europe, the term is used in the context of the level of dependence on Russian gas. And in Japan, energy security is attained through seeking out new resources.

Another limitation is the vulnerability of the oil industry's infrastructure and supply chain. Oil refineries are a potential al-Qaeda target—the group allegedly claimed responsibility for an unsuccessful attack on Saudi Arabia's Abuqaiq refinery earlier this year—yet they are not sufficiently secured. The question, however, is who finances this security, and who is ultimately responsible for implementing these security measures—government officials or the private sector?

Impact of Oil on the Global Economy

In recent years, oil prices have risen significantly in the world economy. Participants did not argue this fact, but instead chose to examine why the prices are higher, and how the world economy has been affected. Critically, demand and supply shocks are occurring simultaneously. The demand shock—an explosion of demand—is largely driven by Asia's economic growth. Last year, in fact, marked the first time that Asia consumed more oil than North America—an indication of the structural changes in global oil markets. China's oil demand grew by 16 percent in 2004, a spike partly attributable to electricity problems that obliged it to rely more heavily on oil. Together, China and India stimulate this burgeoning energy demand. This increased demand is due not just to these countries' robust economic growth, but also to demographic shifts. For example, human migration in both nations from rural to urban areas affects the demand for oil, while general population increases boost the sale of cars—and drive up oil demand.

The global supply shock—a decrease in oil supply—is due to an aggregate disruption of production. Politics plays a part. Oil production in postwar Iraq pales in comparison to prewar output, while instability in Venezuela and Nigeria has hampered production in these nations. And production in the Gulf of Mexico was compromised by last year's hurricanes. The oil market has grown very tenuous, vulnerable, and crisis-prone. Each of these developments—as well as the tensions surrounding Iran's nuclear program—has driven up global oil prices.

The outlook for prices is uncertain—these could range in the future between forty and eighty-five dollars per barrel. Yet, significantly, despite the demand and supply shocks, the global economy has so far withstood the higher oil prices. One participant attributed this perseverance to oil's lack of leverage over the global economy, and also to the flexible responses of nations and central bankers to inflationary pressures.

Progress on Conservation

Delegates agreed that there are no serious energy shortages; the resources are available. The problem lies instead in their “deliverability,” or in problems that ensue once the resources are above ground. For example, extracting energy resources is difficult in unstable political environments, a concern likely to worsen in the future with the expectation that the largest oil growth will come from a small, unstable group of countries. For Asia, the stakes are high: most of Asia's oil comes from the Middle East, and there is an expectation that future Asian demand for Middle East oil will only increase. For these reasons, efficient use and conservation of existing energy resources is of paramount importance in Asia.

Japan's Conservation-Conscious Energy Strategy

Though several Asian countries—particularly China and India—were chastised for using their energy resources inefficiently, delegates were often complimentary of Asia's ability to conserve. China, for example, was praised for passing regulations for higher efficiency, and for a media campaign that espouses energy efficiency. The United States was also commended for being more energy-efficient now than it was in the 1970s. Japan is highly dependent on Middle Eastern oil. It consumes more than 20 percent of Iran's oil exports. And to the chagrin of the United States, Japan is planning to begin work this year on one of Iran's largest and most modern

Japan's new national energy strategy provides a case study of an Asian country that has reacted to the increased importance of energy security by vowing to limit its energy consumption, as well as developing alternative energy supplies.

post-1979 onshore petroleum fields. At the same time, however, Japan is starting to think differently about its oil consumption habits. This change of heart can be attributed to rising oil prices, the search of Chinese oil companies for oil resources, and the recent development of China's government scouring the East China Sea for energy resources.

Japan's new national energy strategy provides a case study of an Asian country that has reacted to the increased importance of energy security by vowing to limit its energy consumption, as well as developing alternative energy supplies. This new strategy intends to attain five numerical targets by 2030. It seeks to improve

the efficiency of energy consumption per GDP by 30 percent. Japan also aspires to reduce oil dependency to less than 40 percent—including a 20 percent reduction in its dependence on oil in its transportation sector. It hopes to increase from 15 to 40 percent the ratio of oil developed and imported through national producers. Finally, it aims to promote efficient use of nuclear energy by increasing the ratio of electricity generated by nuclear power to at least 30 to 40 percent.

Measuring the Promise of Alternatives

When President Bush stated in this year's State of the Union address that the United States is "addicted to oil" and touted alternate energy sources as a way of moving away from this dependence, he may have voiced concerns felt by many nations—particularly those in Asia. Try as it might to limit and conserve its oil resources, Asia must still reckon with the fact that acquiring oil is fraught with challenges. Oil is expensive, highly coveted, and located in some of the most dangerous parts of the world. Total dependence on oil runs major risks in today's volatile international environment.

Delegates considered the possible benefits—and costs—of alternate energy sources.

Coal

Several delegates emphasized the popularity of this resource across Asia, noting that demand for it is predicted to rise. Yet its usefulness may be outweighed by its environmental costs—"dirty" coal emits a great deal of carbon dioxide (CO₂). These emissions are considerable in Asia. China, for example, generates very high amounts of CO₂ per year. India is also a large consumer of coal. Such realities, several delegates agreed, amplify the need for clean coal technology.

Ethanol

Delegates marveled at the global proliferation of this resource. One participant labeled the new interest in ethanol a "gold rush." In this context, Brazil represents the new gold standard for ethanol use. Fifty-two percent of the nation's sugar crop is used for ethanol—and the country is now largely energy independent. Meanwhile, in the midwestern United States, corn crops are increasingly being tapped for ethanol energy. In Asia, China's Jilin Fuel Alcohol Co., Ltd., plant currently produces ample amounts of ethanol fuel—by some estimates, around 100 million gallons per year.

There was, however, considerable skepticism about ethanol. Delegates pointed out that it is not a "silver bullet." Several delegates wondered if ethanol will ever truly catch on, and if it can truly expend as much energy as is typically assumed. Ethanol, in fact, is less energy-dense than gasoline, meaning that a gallon of ethanol will cover less mileage than a gallon of gasoline—indicating that ethanol will need to be significantly more affordable than gasoline to be a practical solution for consumers.

Nuclear Energy

Delegates described nuclear energy as efficient, convenient, and relatively affordable. It is also a boon to the environment, so long as accidents do not occur. In fact, one participant argued that, despite what the Chinese may say, the United States supports China's use of nuclear power—because doing so allows China to employ a nuclear reactor to reduce fossil fuel emissions.

Discussions on nuclear energy, however, are often overshadowed by security concerns. Delegates touched on the vulnerability of nuclear energy to accidents and waste, but they expressed the most concern about dual use issues, nuclear weaponry, and, by association, the recently concluded U.S.–India nuclear deal. While one of the deal's intentions is to promote the peaceful use of nuclear energy, Asian delegates were often critical of the accord. They levied accusations of "double standard" against the United States, noting how the Americans have not struck similar nuclear cooperation

Left to right: Vishakha N. Desai (United States), Minoru Murofushi (Japan), Tommy T.B. Koh (Singapore), and Carla A. Hills (United States)



Left to right: Tommy T.B. Koh (Singapore), Carla A. Hills (United States), and Richard C. Holbrooke (United States)



Senator Joseph R. Biden with delegates



Left to right: Chu Yun-han (Taiwan), Chung Oknim (Korea), and Roger Cohen (United States)



Left to right: Dennis Richardson (Australia), Sima Samar (Afghanistan), Peter Y. Sato (Japan), and Yukio Satoh (Japan)



Participants of the 34th Williamsburg Conference



Yu Myung-Hwan (Korea) and Dennis Wilder (United States)



Senator Richard G. Lugar with delegates



Left to right: Chan Heng Chee (Singapore), Assistant Secretary of State Richard A. Boucher (United States), and Harry Harding (United States)



Left to right: Nicholas D. Kristof (United States), Le Van Bang (Vietnam), Cheng Li (United States), Edison Liu (Singapore), Christine Loh (Hong Kong), Stephen H. Long (United States), and Rajan Menon (United States)

bargains with North Korea or Pakistan.

A few delegates also argued that in cases in which the United States has signed bilateral nuclear agreements, the Americans often renege on their commitments. One delegate recounted the fate of a peaceful nuclear energy treaty that China signed with the United States in 1985. Because of U.S. domestic political considerations, it was argued, the treaty did not take effect until 1997. And, since then, China has not received nuclear reactors from the United States—it has had to secure them instead from Europe. Others sought to defend U.S. policy, countering that India has a much better proliferation record than North Korea. Additionally, the United States can pursue policies other than a nuclear agreement to assist Pakistan with its energy needs (such as working on pipeline routes, establishing electricity, and developing clean coal and wind power).

The Role of Venture Capital

One indicator of alternate energy sources' potential is their growing attractiveness to venture capital investors. In particular, small, private companies specializing in "clean technologies" such as solar power and wind power and other energies such as ethanol are receiving infusions of such capital. Venture capital investors regard these firms as appealing investments because of their favorable rates of return, the relatively low costs involved, and the high quality of talent and technologies.

Nonetheless, in weighing the advantages of alternative energy sources with those of oil, it became apparent to a few delegates that some alternate sources may be good for energy security but bad for the environment, or beneficial to the environment but prohibitively expensive. When making choices about energy, it is important to establish priorities—do we want energy security; do we want to prevent global warming; or do we want cheaper alternatives to gas? Striking the right balance in priorities is a major challenge.

Cooperating on Energy Security

Though heightened demand for oil and its substitutes can spawn competition and tension, Asian and American delegates were unanimous in emphasizing the opportunities for regional cooperation on energy security. Several reasons were cited to justify this regional cooperation:

- The shared interests of Asian nations on energy security. Building on this convergence, many Asian regional organizations now feature energy working groups.

- The need to strengthen nonproliferation, especially with the growing interest in nuclear energy.
- The need for an environment to sustain technology transfers.
- China. Integrating this nation into a regional cooperative regime can minimize the chances of its becoming a destabilizer.
- India. The inclusion of India in cooperative efforts has strategic significance, as it can serve as an intermediary between oil producers in the Middle East and oil consumers in Asia.

Though heightened demand for oil and its substitutes can spawn competition and tension, Asian and American delegates were unanimous in emphasizing the opportunities for regional cooperation on energy security.

Current Initiatives

Several energy cooperation initiatives are currently in place in Asia. One of these is the Asian-Pacific Partnership for Clean Development and Climate (APP), an effort that strives to find solutions to global energy security problems, and to promote regional cooperation in technology development. The partnership's membership includes Australia, China, India, Japan, South Korea, and the United States. One delegate envisioned the APP as a complementary framework to the Kyoto Protocol.

Several delegates contemplated the possibility of Asia one day having its own version of the International Energy Agency (IEA), the Vienna-based international agency that manages global oil stockpiling and (in more recent years) focuses on climate change policies, market reform, and energy technology collaboration. The ASEAN +3 grouping has already made progress in discussions on oil stockpiling and exchange; it was predicted that if the Chinese, Koreans, and Japanese can cooperate on oil stockpiling, then the chances of an Asian IEA grow even more realistic.

Challenges to Regional Cooperation

This year, China and North Korea reportedly reached a deal to permit joint oil exploration in the Yellow Sea. The agreement—a strictly bilateral arrangement between two nations that enjoy relatively good relations—is illustrative of how geopolitical considerations can still trump regional cooperation. Delegates conceded that in some areas, cooperation is still elusive. Several Asian nations claim sovereignty over the oil-rich East China Sea; to resolve this conflict, it will presumably be necessary to allow joint development in disputed areas—yet no such cooperation has arisen. The rising nationalism sweeping across Asia presents an additional obstacle to cooperation.

Future Optimism

These problem areas notwithstanding, delegates were optimistic about prospects for energy cooperation in the future. Several participants at this session, picking up on a theme that first surfaced earlier in the conference, submitted that the U.S.–India nuclear accord demonstrates that cooperation on the delicate issue of nuclear energy is not a mere fantasy. This is a powerful realization, they noted, at a time when tensions still run high over the nuclear programs of North Korea and Iran. The session concluded with the observation that the squabbles and arguments characterizing the sessions on strategic relations and the economy had disappeared during this session, yielding to talk of collaboration. Perhaps, one participant noted, this cooperative environment may spur geopolitical partnerships, using energy security as the catalyst.

New Technology: Changing Lives

While strategic relations, trade flows, and energy security have formed the underpinnings of international relations for quite some time, emerging technologies are a more recent phenomenon. Williamsburg Conference participants weighed in on the revolutions in three new technologies that affect Asia: nanotechnology, biotechnology, and information technology. The interplay of these revolutions—and the newly networked model they engender—raises many questions about the future of global society. To this effect, delegates debated the backlash these new technologies may cause, as well as how the nation-state fits into the equation.

Three Empowering New Technologies

In describing these three technologies, participants noted how each one allows humans a profound degree of influence—over science and perhaps over the economy, as well.

Nanotechnology

Nanotechnology is the technology of the very small. Its name derives from the term (nano) denoting one billionth of a meter—the scale used for nano materials. It was described as a science for controlling how materials are structured down to their tiniest part—at the fundamental level of atoms and molecules. This ability to construct materials at the most basic level ensures nearly perfect control.

Nanotechnology is difficult to describe and define, as it is diverse and rapidly changing. For this reason, the technology is prone to misleading hyperbole—such as the notion that nanotechnology produces “tiny little robots” that run through and fix human bodies. The technology is now found in several products (including sunscreen, carbon, flatscreens, and medical delivery systems), though a few thousand companies claim to be in the nanotechnology business. Some estimates project that the nanotechnology sector will comprise one trillion dollars in goods and services by 2015. Currently, American, Japanese, and European total investment in the technology is worth around one billion dollars annually—though private sector investment in nanotechnology may rise faster.

The empowering elements of these new technologies create an environment ripe for innovation, as more power over science means more opportunities to be creative.

Biotechnology

Biotechnology is an “engineered” science that exemplifies a major shift in science, and particularly biology, during the twentieth century. Science has evolved from a field emphasizing observation to one that can actually “engineer” changes. Observation science means watching a tadpole gradually become a frog. Engineered science, however, empowers us with the ability to effect the transformation of a tadpole into a frog, with no need to wait for the process to occur naturally. Biotechnology, in fact, may be evolving into something affording even more power and control—“predictive” (or synthetic) science, which enables one to identify scientific processes and to gauge the speed of these processes using a normative standard.

An example of applied biotechnology is work with the human genome. Biotechnology seeks to tap into existing knowledge about the human genetic code in order to understand human cancer cells. In doing so, scientists can spearhead medical studies that will take significantly less time than those conducted during the 1990s, when biotechnology had not evolved to what it is today. For example, in the 1990s, to study genes, one would identify a single biomarker, run the study, and make a conclusion ten years later. Today, however, many more biomarkers can be used in any one study, with much faster results. If one were to quantify the difference in the speed and complexity of analysis today with that of the 1990s, it measures anywhere from a five order to seven order magnitude—a 10,000 to 100,000 to one million fold difference.

Information Technology

Information technology (IT) is meant to serve global customers by delivering a variety of processes from all over the world. The range of services IT provides is broad—and includes global supply chains, investment bank research, and data management redesign in hospitals. IT firms are in high demand and may hire more than one thousand new employees per month. One IT practitioner at the session gave voice to the same theme of empowerment mentioned in discussions of the previous two technologies—IT firms “unleash” global talent, and make it available. It is the job of IT professionals to provide a talent base that can start working on projects faster, and at a better cost, than competitors.

It was asserted that an “inflection point” may soon be reached at which all corporations will regard the use of labor overseas as a competitive edge, and not simply as a cost-saving move. Investment banking was cited as a sector begging to be transformed—with its high costs, it would behoove investment firms to base several dozen employees at the home office and then to shift other staff and transactions elsewhere.

Innovation—Drivers and Enablers

The empowering elements of these new technologies create an environment ripe for innovation, as more power over science means more opportunities to be creative. Delegates spoke of the various drivers and enablers of innovation amid these three technological revolutions.

Mastery over Fundamental Material Parts

The ability to control materials down to their most fundamental parts—such as on the level of atoms and molecules—enables humans to use these materials to create many different types of products. Nanotechnology figures in an eclectic mix of products. The largest commercial area of nano development is currently as zinc in sunscreens—because of nanotechnology’s ability to engineer products that absorb ultraviolet light. It is also combined with carbon to serve as an extremely durable (harder than diamond) additive to plastics. Nanotechnology is being incorporated into new types of flatscreen displays. It also plays a valuable role in the medical industry—nano particles are being used in medical delivery systems, and researchers at the Massachusetts Institute for Technology are assessing their value as tumor-killing devices. It is also cropping up in battery technology, the textile industry (in stain-resistant clothing), in light body armors for the military, and in purification systems.

Growing Computational Power

The trend toward increasing computational power means that it should become easier to overcome complex problems, because computation allows for easier manipulation. The three new technologies discussed during this session are highly computational. One delegate observed that the key role computation plays in new technologies demonstrates the importance of Asian expertise.

“Off-the-Shelf” Solutions

Preexisting knowledge that can be used to fuel new breakthroughs has become highly available, eliminating the need in past years to build an invention from scratch. In effect, it is now easier to be an innovator. An inventor need not build a transistor in order to build a new circuit. Similarly, scientists can use existing information about the human genetic sequence as a springboard for studies on human cancer cells. Instead of inventing, one can simply “string something together” because of work done in the past.

The Disaggregated Society

Computation and the proliferation of knowledge have combined to forge a new global environment ripe for innovation. The result has been a diffusion of expertise around the world—what participants often referred to as a “disaggregated” world. Disaggregation is reflected vividly in the IT world, with many corporate activities being distributed—or “outsourced”—overseas. Yet it may reflect a more general trend—delegates spoke of pharmaceutical companies conducting trials overseas, and of media firms beginning to branch out abroad.

This new culture of innovation is on display not just among scientists, but also among IT specialists. One participant recalled a recent trip to Google’s offices. He discovered that once a week, employees are expected to work on new ideas and potential projects. Incentives for new discoveries and breakthroughs are considerable. The environment literally serves innovation—if one is walking around the campus and has an idea, it can immediately be scrawled on a wall specially constructed for “information graffiti.” Similarly, IT specialists in China, India, and the Philippines were described as young, energetic, and happy with their jobs—creating a talent base that specializes in working on projects fast.

The Looming Backlash

For all the good these new technologies can bring, there are possible repercussions. Delegates spoke at length about the potential harmful effects of the revolutions in new technologies, and how the benefits of these technologies could backfire.

Inequality and Disparity

Outsourcing is a notable manifestation of disaggregation, and while it may generate a dynamic global workforce and boost competitiveness and corporate growth in some parts of the world, it risks precipitating large scale unemployment elsewhere as entire sectors move abroad.

Participants’ comments on the question of outsourcing, jobs, and inequality represented two different viewpoints. One set of remarks emphasized the macroeconomic benefits accruing from disaggregation. Outsourcing decisions are made by corporations for the sake of strategic advantage. Foreign companies have been outsourcing IT work to India for fifteen years; so many Indians now work for foreign companies that the impact is felt across the country—in fact, 40 million people may join the middle class each year in India, generating a leveling factor. Further, noted those participants who stressed the economic dividends, outsourcing technology has historically translated to greater competitiveness and growth, while

companies that choose not to outsource have suffered. Those subscribing to this view agreed, however, that even with the broad benefits of outsourcing, the human cost is considerable. For example, outsourcing hastens the spread of computers worldwide, yet it causes bank tellers to lose their jobs.

The other set of comments focused squarely on human costs. Inequality must be addressed, one delegate insisted, because outsourcing could conceivably wipe out entire sectors in the United States. In Asia, globalization and outsourcing have widened inequalities. Equity models of growth are being abandoned, and Gini indices in many Asian nations (including China, Hong Kong, Malaysia, Singapore, and Thailand) demonstrate more inequality than indices in the United States. (The Gini coefficient is a measure of a nation’s income inequality.) Outsourcing, it was argued, is done thoughtlessly, as wealthy companies close down entire factories simply to save a few million dollars. Of crucial importance is the difficulty of retraining some of those who lose their jobs. These problems may have implications for politics and good governance in Asia, as well.

Several delegates pointed out that outsourcing, and globalization writ large, does not choose its victims—people suffer in both the developing and developed world. Additionally, entire countries can suffer. Work is typically outsourced to large nations with highly educated populations (including China and India)—implying that smaller countries could get left behind. Given these concerns, a few participants underscored the importance of helping those who do not benefit from outsourcing and of cushioning the plight of those left behind. Those displaced by technology diffusion need education and temporary assistance, especially health insurance. One of the biggest fears of those recently rendered jobless by technology shifts, one participant stated, is not having health insurance—a fear particularly notable in the United States. Other participants called for debate on more proactive means to help prevent protectionism and backlash against the effects of globalization.

In Asia, globalization and outsourcing have widened inequalities.

Security Concerns

A secondary fear of delegates, briefly mentioned, was the security threat these new technologies could trigger. The fact that they are dual use—capable of being used for commercial or military purposes—and beyond the control of national or international oversight is troubling. At least one participant portrayed a “new world of danger” featuring “nanoterrorists” and “genome terrorists.”

Whither the State?

Disaggregation renders obsolete traditional ways of conceiving of realist statecraft, such as balance of power and sovereignty. Just as globalization may challenge the nation-state's preeminence in international affairs, disaggregation may undermine the nation-state's free rein to control scientific and technological development. While the state previously provided the entire physical structure for developing new technology, this structure is now much more portable, diffuse, and capable of being created anywhere in the world. What is the proper role of the state in today's disaggregated, networked world? Many participants asked this question.

Framing the Debate on the State's Role

Delegates sought to frame the question by identifying suitable units of analysis. Some spoke broadly of nationalism versus transnationalism or even anationalism. A paradox emerges from this dichotomy: even as technological innovation is disaggregated and transcends (or even becomes independent of) the nation-state, some of the major winners in the technological revolutions are nation-states—such as the nation of Singapore, which has mastered the ability to “reaggregate” talent from local sources.

Others set forth a dynamic between technonationalism and disaggregation—which implies the state's need to reconcile national efforts to build technology and promote science with highly distributed processes of innovation worldwide. This arrangement can be discerned when considering national pressures such as the role of the state in trade agreements—because the nationality of a good or service is always a prime consideration when negotiating such arrangements. A few delegates broadened this national versus transnational framework to include cities as hubs of innovation—as someone noted, cities are already regarded as financial hubs; why not recognize them for being a locus of innovation as well?

Nurturer, not Controller

The state's interest in promoting technological innovation is unquestioned. The state recognizes the high value of new technologies, and this encourages innovation. Biology, for example, has evolved from a largely isolated pursuit into an economic driver eagerly seized on by national governments, especially in Asia. Before the twentieth century, biology was predominantly Eurocentric and practiced mostly by men, and in particular by monks. In the twentieth century, biology expertise began shifting to the United States, where scientists regarded the discipline as a means of finding ways to tackle disease. In the last twenty years, however, biology has become regarded not just as a means of curing disease but also as a wealth generator—in Asia, governments view biotechnology as a means of producing jobs and hence a means of

stimulating economic development.

Given the high stakes innovation holds for the nation-state, how should it act toward emerging technologies? A consensus emerged among delegates that states should largely play a hands-off role, while encouraging a national environment that is conducive to freedom and creativity. India was cited several times as a nation whose low-profile role in technology development has allowed industries to move forward and brought great successes in innovation. States should provide education for future innovators. For example, one way for the United States to reverse the trend of its eroding technological leadership is to improve its educational system, in which its students lag behind those in other countries. States should also offer resources to support growing technologies—in this vein, one delegate recommended that states play a venture capital role in order “to capture” innovation. Above all, states should be nurturing, not controlling.

Fostering a Culture of Innovation

The degree to which states can provide educational resources and develop an atmosphere fit for innovation depends on the national culture. While the state should be entrusted to foster innovation, this type of culture can only flourish if the existing political system provides ample freedoms—in other words, innovation cannot be “decreed.” For a nation to be innovative, explained several delegates, it must uphold the rule of law. Strong legal mechanisms can protect innovators' intellectual property rights; they can minimize corruption; they can ensure that those with the best ideas are appropriately rewarded; and they can undergird an environment that allows for free thought.

China was singled out for failing to provide such a culture. The “fuel” for innovation, as one delegate put it, includes freedom of information (and a free press) and the ability to share ideas. By controlling information in the media and on the Internet, China's government is in effect “shackling” itself and preventing innovation.

On the other hand, the existence of a democratic political culture does not guarantee a nation will immerse itself in emerging technologies and contribute to disaggregation. One delegate observed that Japan has not been highly engaged in biotechnology and nanotechnology and wondered why this is so. Another delegate's response: Japanese CEOs have not eagerly embraced disaggregation because the nation's corporate standards are so efficient and unique that they are regarded as difficult to replicate overseas.

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Reckoning with Uncertainty

New technologies, in their short period of existence, have already begun transforming relationships on the local, national, and global levels. And with their potential to displace, they present major challenges to policymakers in Asia and worldwide. Ultimately, however, because these technologies are so new, it is unclear exactly how they will influence nations and the world—and international security—several decades from now.

Human Security Challenges in the Twenty-First Century

By definition, threats to human security—ranging from human rights violations to environmental concerns to public health crises—impact billions of people. New technologies are a mere abstraction to the many, untold numbers of people worldwide living with poverty, AIDS, desertification, and as have-nots amid the haves.

As an added measure of their significance, crises of human security have both economic and political implications. In Asia, for example, the December 2004 tsunami not only caused billions of dollars in damages and destroyed hundreds of thousands of homes and livelihoods, but also exacerbated conflict in the tsunami-affected nation of Sri Lanka. And in Indonesia, even though Aceh province sustained tsunami damages that almost equaled its entire GDP, the groundswell of goodwill following the disaster facilitated the signing of a peace accord between Aceh rebels and Indonesia's government in 2005. Meanwhile, SARS not only caused economic distress in China but also generated questions about human rights and transparency. Williamsburg Conference participants examined two crucial components of human security in Asia—public health and gender issues—and assessed national and regional responses.

Public Health in Asia: A Bleak Picture

“Health Backwardness”

Asia is rife with public health crises. What renders this suffering particularly striking is the fact that some pockets of Asia—particularly in China and Japan—have not been hit as hard as others.

Participants gave particular attention to the plight of South and Southeast Asians. They referenced the “health backwardness” in Myanmar, Cambodia, Bangladesh, and Afghanistan. The figures are dramatic: one-third of the world's preventable childhood deaths occur in South Asia. The subcontinent is also home to half of the world's children who suffer from malnutrition. And scores of villages across India have no potable water.

The UN's Millennium Development Goals (MDG) pledge to eradicate or mitigate the severity of public health scourges—including poverty, child mortality, and AIDS—by 2015. However, reported one delegate, a recent MDG progress report paints a bleak picture of public health in Asia: infant mortality is given a dismal ranking, and the general quality of water and sanitation is assessed as poor. The report also chronicles the rapid spread of HIV across Asia, particularly among the young.

India's AIDS situation is particularly grim. More than five million of its citizens are HIV-positive, and the disease is spreading quickly via the country's many truck drivers. Many victims are unaware they have the virus, which further accelerates its spread. India's government will be doubling its health budget—from \$22 to \$45 billion a year—which, in one participant's view, does not qualify as a significant increase. The only positive news mentioned by participants is India's AIDS death rate, which has slowed slightly.

Seeking a New Model for Health Care

The troubled state of public health in Asia is also discernable in health care systems. As a region, Asia has some of the lowest tax-based expenditures on health—yet it also has some of the highest out-of-pocket individual payments for health care. China and India are currently considering adapting European and American health care models. A few delegates questioned such a strategy, noting that Japan (with its high life expectancies) or Singapore (with a system more affordable than those of the United States or Europe) may offer more appropriate models. There was also concern that embracing the European universal health care model may induce dependency at the expense of economic vitality.

An overreliance on market orthodoxy, however, may be a major part of Asia's health care dilemma. A delegate with public health expertise theorized that Asia often favors “wholesale adoptions” of market models to guide its health care systems—and it may do so without adopting a commensurate social model to check the market model.

Responses

While delegates did not offer broad analyses of Asian governments' responses to public health threats, they did comment on policies adapted to tackle specific crises. Regarding AIDS, India was lambasted for failing to appreciate the full extent of the problem, and for insufficient spending. As for SARS, one delegate expressed disappointment with the performance of national governments across Asia—across the region, ministries of health, science, security, and transport acted like “separate fiefdoms” that yielded information only reluctantly. Similarly, a few participants chastised China for its slow

and nontransparent initial response to SARS. It was, however, also praised for later strengthening its epidemiology system.

The different responses of India and China to each nation's AIDS problems led one delegate to conclude that, contrary to the general expectation, a free press is not necessarily a precondition for a successful response to public health crises. It has been observed that in China, universities are undertaking research that seeks to identify the appropriate role of the media and government in the AIDS response. Conversely, given traditional attitudes toward sexual behavior, such open deliberations are rare in India—and this absence of public dialogue exacerbates the AIDS crisis.

A few delegates mentioned how the World Health Organization (WHO) was often marginalized during the SARS crisis. For example, China at one point prevented the WHO from monitoring SARS cases via the WHO's customary web crawler system of detection (a type of electronic surveillance that tracks patterns of diseases reported by doctors). Additionally, the World Trade Organization has the power to sanction, while the WHO does not. One delegate called for a more robust regional response to public health crises, in which nations across Asia acquiesce to the right of international health organizations such as the WHO to wield enforcement powers.

To complete the discussion of the range of responses to public health crises in Asia, several delegates discussed the appeal of public-private partnerships, particularly in the realm of pharmaceuticals. Help is needed with vaccine development and also with the production of antibiotics and antivirals, at a time when global manufacturing capacity in the pharmaceutical industry is low. Corporate involvement in public health responses makes sense, it was noted, as the constant shifting of employees across continents puts companies at great risk in the event of a public health crisis. There are, in fact, some existing partnerships. For example, with the spread of avian flu and the threat of a pandemic flu, the pharmaceutical firm Roche has reached agreements with governments across Asia to provide stockpiles of the antiviral drug Tamiflu.

Gender Rights

Progress with Continued Problems

Delegates' appraisal of gender rights in Asia was slightly more optimistic than their comments on public health—but they minced no words about the horrific treatment suffered by many women across Asia. Just as some parts of Asia escape the public health misery that marks much of South and Southeast Asia, there are disparities in how women are treated across the region. A MDG report—the same one that ranked indices of public health in Asia very low—concluded that efforts toward

gender equality in Asia are apparent. Additionally, as socialist societies in theory promote women's rights, there is optimism about improved women's rights in China. In Southeast Asia, women are prominent in commerce and business. Several delegates also observed that women's NGOs in Southeast Asia as well as in India have long been very powerful.

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Other participants, however, recited a litany of examples demonstrating that, while Asian women have come a long way, they still have a very long way to go on the path to full empowerment. In China, the female population continues to be outnumbered in drastic portions by men and females do not have the same access to food and nutrition as men. In India, once they turn five, girls are more likely to die than boys. More ominously, India has seen a rise in violence against women, as exemplified by the rash of "dowry-deaths"—a trend directly related to economic security, as more and more brides' families are asked by the groom's side to provide as dowries extravagant items

(such as refrigerators) that they simply do not have or cannot give up.

Southeast Asia, meanwhile, is a breeding ground for sexual exploitation. Forced prostitution flourishes across the ASEAN states, particularly in Cambodia and Indonesia. Women and children are often trafficked, and those that end up abroad are not guaranteed protections. Indeed, one delegate pointed out that mail-order brides have become a growing phenomenon across Asia, and that the industry is completely unregulated.

Responses

Underlying delegates' comments on responses to gender-based indignities across Asia was the contention that despite the veneer of progress, more must be done. For example, China was praised for creating conditions of equity within families. However, the government has so far been unsuccessful in its attempts to limit the use of ultrasound to determine the sex of a fetus, a practice often cited to explain why China's females are so outnumbered by males. In Afghanistan, quotas have been established to guarantee that 25 percent of the Afghan parliament's members are women—yet these women are constantly intimidated. In India, there are growing numbers of female politicians, yet highly educated men are still the most influential of India's citizens. One South Asian delegate judged that women's status issues have been "on the back burner" for quite some time in India, with no adequate forum for them to be discussed.

Delegates explored ways to shape Asia's regional response to the poor treatment

of women. One idea was to push for women's rights to be put on the Asia Pacific Economic Cooperation's (APEC) agenda. Although some disagreed, noting that APEC's membership does not include offending nations such as India and arguing that multilateral efforts toward women's rights often merely pay lip service to the issue, there was some support for bringing the women's trafficking issue to APEC. Given how serious a problem it has become in Southeast Asia, putting it on APEC's agenda could imbue the trafficking issue with added salience.

One suggestion for improving women's rights in Asia—and worldwide—was to better educate men about women's issues. To illustrate this idea, one delegate cited the decision of Mukhtaran Mai (a Pakistani woman who went public after being gang-raped several years ago) to use money she received for an award to build a girls' school—and a boys' school.

Ultimately, better gender rights may be in the best interest of all Asians and their governments. One reason is that women may make more responsible resource allocation decisions than men. There is evidence, noted one delegate, that at the village level men are more likely to spend money on cigarettes, but when women have the opportunity to make financial decisions they more often opt to save or to spend on education. Also, better gender rights can translate to more women in the labor force.

Engaging on Human Security

Owing to the broad definition of human security, the concept elicits very different types of interpretations worldwide. Many would consider AIDS as the paramount threat to human life and dignity. However, those residing on small islands would cite rising sea levels. Citizens of dry and desert-laden countries would highlight the threat of desertification. Perceptions about threats to human security differ according to geographic area and also gender.

Incorporation into Regional Discourse

Several delegates, with an eye toward bringing these diffuse interpretations together, proposed that human security be integrated into a broader regional discourse. One way to do so is to get human security on national and regional agendas (particularly those of ASEAN and ASEAN +3) across Asia. ASEAN, however, has historically taken little interest in doing so, but the United Nations is now giving human security significant attention. Nonetheless, even with the difficulties of defining human security in Asia, ASEAN was still encouraged to engage the issue.

Broad awareness of and respect for human security can only prove beneficial to the region, argued several participants. The framework of human security, which

allows people to define on their own what endangers them, and which encompasses many areas of human rights, can function as a “friendly” way of pushing human rights issues. And, as one delegate noted, good governance in Asia emerges when human security is included in the region’s broader discourse. Today, however, human security issues are rarely incorporated into Asian elite conversation or mainstream media. Attention to human security matters may enhance governments’ credibility. Nations are judged by how they respond to demands not just in large urban areas, but also in the tiny villages. And human security crises are as pronounced in these small, rural locales as they are in teeming cities.

The cost of allowing human security threats to fester is considerable. The current state of affairs in Afghanistan, as detailed below, serves as a case study that demonstrates how different elements of human security (public health, women’s rights, and human rights) are interrelated. The example also shows that a lack of human security can combine with political instability to ruin a nation.

The Cost of Inaction: Afghanistan As a Case Study

Afghanistan was periodically invoked during the Williamsburg Conference—both in the course of informal discussions and during the formal sessions—occasionally in order to showcase reconstruction progress, but more commonly to describe a rapidly deteriorating security situation as the remnants of the Taliban have gained ground. Amid this unrest, ignorance and poverty fuel repressive policies toward women and horrific public health conditions.

For quite some time, health care in Afghanistan has been highly lacking. Human illness and lack of health care have triggered instability and war. Today, Afghanistan has the world’s highest mortality rate. Preventable diseases are an enormous killer—especially for women, who often never see a doctor in their lifetime. Religious fundamentalism has denied women access to health care, and women face general obstacles to controlling their reproductive lives that in turn breed more poverty and overpopulation. To compound the situation, most international funding in Afghanistan is earmarked for security, and not health care.

Several factors were listed as drivers of this vicious cycle:

1. Cultural and social norms that deny women freedom over their bodies.
2. The exploitation of Islam to undermine women’s access to health care.
3. Low levels of education. Lack of knowledge causes poor health, because when women cannot read or write, they have limited means of accessing information about their bodies.
4. A general paucity of health care facilities.

5. Relentless violence, driven by an absence of accountability and the presence of coffee and opium production and terrorism.
6. A lack of political commitment and few women in decision-making positions.

To help resolve this last factor, international organizations must step into the breach and promote the broadest possible version of human security. This is problematic, however, because the participation of internationals often runs up against entrenched cultural norms in an often-xenophobic country. Even back in the 1980s and 1990s, for example, it was difficult to publicly support women’s causes in Afghanistan, because of the prevailing perception that women are not meant to be supported in Afghanistan.

In order to start moving toward a solution to this quagmire, delegates recommended employing a broad framework for human security. Women’s reproductive healthcare must be treated as a basic human right. Above all, women themselves must be involved in the ongoing debate on human security issues. And as several delegates underscored, the time to act is now. Human security contingencies, particularly when manifested as public health crises (like AIDS and avian flu) are never restricted to one country. Afghanistan’s troubles affect Pakistan and Asia as a whole.

Exposing Asia’s “Underside”

The major conclusion of this session was a sobering one: for all the heady talk about Asia’s economic growth, strengthening regional cooperation, and fledgling new technology, there is a darker side to Asia’s recent success. The millions of sick, poor, and repressed people across Asia must have their plight exposed so they are not eclipsed by the region’s great promise and wealth. Broadening awareness, therefore, is a prime means of engaging on human security.

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Wrap-up and Looking Forward

Applying a 20/20 lens to the world is as much about taking stock of the present as it is about making informed predictions of the future. With this in mind, Williamsburg Conference delegates reviewed the main themes of the two-day conference, highlighting common ideas and considering what issues will be most relevant ten to twenty years from now.

Common Points to Shape Future Debate

Some of the conference's recurring ideas were offered for participants' consideration.

- *Three words:* fluidity, complexity, and unpredictability. Fluidity refers to the trajectory of the national, regional, transnational, and global. Each one of these is moving toward such a degree of interconnectivity that no one issue—whether politics, economics, natural resources, technology, or human security in Asia—can be regarded as solely national, regional, and the like. Complexity can refer to human and energy security, both of which are interpreted differently by different regions, nations, and people. It may evoke the challenges of getting a true grip on the uses of new technologies. And it can describe the many-layered dimensions of the U.S.–China relationship or Sino-Japanese relations. Unpredictability may refer to the sheer uncertainty of the future—we do not know, for example, exactly how emerging technologies will affect Asia in twenty years.
- *The rise and importance of ultranationalism in a context of globalism.* How will the rise of nationalism, particularly in Japan and China, affect an increasingly borderless world? How will “technonationalism” impact the free flow of goods, including emerging technologies? What ramifications does all this hold for the future role of the state?
- *Regional networks.* At last year's Williamsburg Conference, economic integration was foremost on participants' minds. This year, there was an added emphasis on political integration, ranging from the role of ASEAN as the driver of Asian regionalism to the notion of revitalizing APEC and reaping the benefits of a pan-Pacific framework for cooperation.

- *Prominence of the U.S.–China relationship.* Described as “the three-hundred-pound gorilla in the room” during the conference, the nature of this relationship looms now and into the future. Even while U.S. delegates gave assurances that there is no anti-China alliance, fears about the containment of China linger.
- *The global trade imbalance.* Questions exist as to the type of landing the dollar may have, whether hard or soft. While Asians want to avoid being faulted for the imbalance, the reality is that both Asia and the United States must cooperate to right the imbalance.
- *The interconnected, globalizing world.* This has raised questions about collaboration on energy security, which is already occurring and which most delegates believe will likely continue. It also makes one wonder how technology, disaggregation, and highly diffuse centers of innovation will shape the debate on the nexus between the political, the national, and an increasingly anational world.
- *Asia's underside.* In 2050, it is predicted that three of the world's largest economies will be in Asia. Yet there is also the overlooked question of the poor, sick, and repressed in Asia—the human security element. Will these two very different sides of Asia—its economic dynamism and its underside of the dispossessed—come together in a way that they do not today?

Areas of Concern, Ten Years On

U.S.–Asian Relations

A major driver of future U.S.–Asian relations is the position Asians will take toward the U.S. presence in Asia. Will the relationship succumb to anti-Americanism? It was noted that the United States, which asks China to be a responsible stakeholder, is not widely considered such a stakeholder in Asia. And while many Asians support “pax-Americana,” a world organized around American power, many others favor a more multilateral system of international institutions.

Delegates, however, were largely optimistic about the fate of U.S.–Asian relations. Granted, argued one participant, there are periods when East Asians claim to be neglected by Americans, and others, when the United States is more assertive in the region, when East Asians accuse them of being overbearing. But such behavior does not amount to anti-Americanism. Similarly, it is true that Asians reacted negatively to U.S. Undersecretary of State for Public Diplomacy Karen Hughes during a recent visit to Southeast Asia, while at around the same time Iran's new president was warmly

welcomed at two Indonesian universities. However, such sentiment is rooted not in anti-Americanism, but in displeasure with American foreign policies. Asians largely admire the United States, and they demonstrate this admiration by choosing to study and work there.

Further, both parties are highly invested in a continued close relationship. In the last thirty to fifty years, the United States has provided stability and a trade environment that has fostered a prosperous Asia. Sentiment in Asia is highly favorable toward deeper U.S. engagement—whether through American participation in reenergizing APEC, or through American trading agreements with China, Japan, and India. Further, Asia and the United States share interests in upholding multilateralism, preventing interruptions in currency alignment, fighting terrorism, collaborating on new technologies and energy security, and in helping globalization's losers. But it is equally true that Asian leaders, by and large, do not want to see the United States as a sole, hegemonic influence in the region.

Sino-Japanese Relations

Several delegates expressed concern about how the cauldron of rising nationalism, historical grievances, and misinterpretations may mark Sino-Japanese relations in the years ahead. Even though the Japanese prime minister, Junichiro Koizumi, recently acknowledged Japan's guilt and apologized for Japanese actions during World War II, he still visits Yasukuni Shrine. China, as well as South Korea, will not hold summits with Koizumi until he pledges to stop these visits. A resolution on Yasukuni could improve relations, and constructing a separate national memorial for Japan's war dead could be a way to do so. Yet the shrine issue is in many ways only symbolic of more complex, troubling aspects of the Sino-Japanese relationship, as it reflects unresolved issues of history. Not only has Japan antagonized China, but China has also undertaken policies that have marginalized Japanese influence in Asia.

Additionally, Japanese are often irritated by the criticism they receive even as their policies in recent decades have helped forge regional integration. There is a large gap, it was argued, between the realities of Japanese policies and the perceptions of Japan, many of which are informed by history. The increasing polarization between China and Japan may be the major structural issue in Northeast Asia in coming decades.

Globalization's Backlash

Today's world is interconnected in many ways, including through new technologies, the economy, and human security. Globalization has brought great benefits, many of which are often not sufficiently publicized. The risk of protectionism looms large, and it must be avoided. Delegates recommended that global citizens be better educated

about the boons of globalization.

Delegates, however, expressed concern about the destabilizing elements of globalization, for both its winner and losers are affected disproportionately (a contention demonstrated by outsourcing, which garners corporations millions of dollars yet also causes displacement and unemployment). The stakes are high, as continuing to marginalize the dispossessed risks breeding instability and terrorism.

What can be done? Delegates recommended adapting a more holistic conceptual framework to tackle the challenges of globalization. Free trade is adept at generating growth and wealth, but not at distributing them. Instead of compartmentalizing trade as a "hard" issue and human security as a "soft" issue, they should be regarded collectively. Additionally, on a more tangible level, delegates were encouraged to think about these issues and about contributions they can make to ease the burden of those who miss out on globalization's benefits.

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