Somehow, we all managed to survive the dread Y2K bug. The collapse of our computer-controlled infrastructure that some had predicted did not occur, and we are now safely into the twenty-first century. The century we are leaving behind was a remarkable century—full of triumphs—and full of tragedies. The tragedies included the two most destructive wars in history, as well as a cold war. Indeed, if deterrence had not worked, the Cold War could have led to the supreme tragedy—a nuclear holocaust that ended civilization. But the triumph was that deterrence did work, and we did survive the Cold War.

The century also saw the collapse of many of the great European monarchies and the tragic emergence of fascism and communism. But by the end of the century, democracy was on the rise—surely a hopeful note on which to begin the new century. The twentieth century also gave us the Great Depression—an economic tragedy of unprecedented depth, length, and extent. Indeed, its consequences were so profound that it raised questions about the viability of the free market system. But by the end of the century, market economics was in ascendancy everywhere. It is well established and clearly successful in North America, Western Europe, Japan, and the Tiger countries, and is rapidly evolving in China, South America, and Southeast Asia.

And the century saw unprecedented developments in technology: airplanes and helicopters; missiles and space vehicles; radio and television; computers and the Internet; antibiotics and bioengineering; nuclear fission and nuclear fusion. All of these remarkable developments were a product of the twentieth century. The tragedy was that this technology was used to create weapons of unprecedented destructive power. To date we have avoided the widespread use of these weapons, which is a qualified triumph. But the unqualified triumph of technology is that it has created vast amounts of new wealth, thereby fueling the economic engine that has brought an unprecedented prosperity to much of the world. And there is much more to come—the computer and semiconductor revolutions still have a full head of steam. And the remarkable and explosive growth we have seen these past few years in the Internet is only the tip of an iceberg. Even though the Internet is the subject of extravagant investments and much hype, it is unlikely that we are overestimating the transforming power of the information revolution it is spearheading. Five hundred years after the information revolution brought on by the introduction of the printing press, we truly have started a new information revolution. And no one yet fully grasps just how profound will be the economic, social, and political consequences of the new information age that we are now entering.

I began my talk by painting a very broad canvas of the triumphs and tragedies of the twentieth century, as well as the challenges and opportunities of the coming century. Now I want to zoom in on specific aspects of that canvas. I will consider the security and stability issues that we will face in the first decade of the new century and, specifically, what role the United
States can or should play in maintaining that security, especially in the Asia-Pacific region. For more than two decades the Asia-Pacific region has enjoyed a unique period of security and stability, which made possible the unprecedented growth and prosperity of the region. This phenomenon was similar in some ways to the growth and prosperity enjoyed by Western Europe during the 1960s and 1970s. There the security and stability underlying the economic growth were provided by NATO. Today NATO is undergoing a dramatic transformation, with consequences for European stability that are not yet predictable. The ongoing transformation of NATO is certainly a vital issue, but one which I do not now have time to discuss.

Today I will focus on the Asia-Pacific region, in which there is no security institution comparable to NATO; and, in my judgment, that situation is not likely to change. In the absence of such a regional security institution, I believe that security and stability in the Asia-Pacific region have been a consequence of the American security strategy for the region. In particular, for the last two decades, America's security strategy in the Asia-Pacific region has had three components: America's bilateral treaties in the region, attended by a strong forward deployment of military forces; America's engagement with the PRC, based on the "One China" policy; and America's actions, in conjunction with its allies, to prevent the spread of nuclear weapons in the region.

The good news is that this strategy has worked very well, and the region has prospered. The bad news is that profound events-many of which are not under the control of the United States—are undermining this strategy. Today I will highlight these undermining forces-forces that could lead to conflict in the region.

The first undermining force is that the long-lasting prosperity in the region, which has provided the political basis for support of the American strategy, is now under question. The Asian financial crisis that hit many countries in the region brought that question front and center. Most of the countries afflicted by the Asian financial crisis have made at least partial recoveries this past year, but it is now clear to all nations in the region that their financial health can be affected to some degree by the financial mismanagement of their neighbors. The financial crisis only added to the problems that Japan has had trying to pull out of the financial recession that it has been in for most of this past decade. And this recession is not just Japan's problem, since Japan plays a critical role as a financial engine for all countries in the region. China was relatively unaffected by the Asian financial crisis, but it appears that, for unrelated reasons, their long-lasting economic boom may be fading. Real growth in China has been down these past two years, probably more than the official figures indicate. More significantly, the accession of China to the World Trade Organization will inevitably expose the inefficiencies of their state-owned enterprises. The government's attempts to make these enterprises efficient enough to be competitive in world markets will be an enormous undertaking. At best it will be a wrenching experience; at worst, it could result in vast unemployment, with attendant social and political unrest that could affect the security of the entire region.

A second development that could upset security and stability in the region is that the
engagement between the United States and China could revert to confrontation. Today China is rising as an economic, political, and military power in the Pacific. And that has led to areas of confrontation with the United States.

The flashpoint in United States-China relations, of course, is Taiwan. Just how dangerous this flashpoint can be was demonstrated during the 1996 presidential elections in Taiwan when Chinese military forces conducted extensive exercises, apparently with the intention of putting pressure on Taiwan. This pressure culminated in March 1996, a few weeks before the Taiwanese elections, with a series of live missile firings that impacted just a few tens of kilometers from Taiwan. The United States believed that this action violated the "no use of force" aspect of the "One China" policy, and was a threat to the stability of the entire region. As a consequence, President Clinton authorized me to send two carrier battle groups to the region. This crisis passed with no incident between American and Chinese military forces, and by the end of 1996 engagement was again underway.

Then last year, a whole series of incidents occurred which caused a major setback to engagement. Premier Zhu Rong Ji, in his visit to Washington, had expected to get an agreement on Chinese membership in the World Trade Organization, but went home empty handed. This clearly reduced the influence of Zhu, and his reformist supporters, and as a consequence, set back engagement, even after the eventual United States agreement. Premier Zhu's visit was followed by the accidental bombing of the Chinese embassy in Belgrade, which Chinese government officials seem to believe was deliberate. During this same period, the American Congress made public a report that accused the Chinese government of conducting a systematic and extensive program to steal military secrets from the United States. Then Taiwan's President Lee Deng Hui stated that the relations between China and Taiwan should be as "two states." The Chinese, regarding this as a virtual declaration of independence, responded by cutting off the cross-strait talks with Taiwan.

Just three weeks ago, the Taiwanese conducted another presidential election. This time the Chinese did not resort to missile firings, but rather tried intimidation by inflammatory rhetoric, apparently trying to discourage the Taiwanese from electing Chen Shui-bian, the candidate of the Democratic Progressive Party. However, it appears that this rhetoric backfired, since Mr. Chen, who was trailing James Soong when this rhetoric started, was elected with a three percent plurality. It is too early to forecast the actions of either the Chinese government or the new administration in Taiwan, but I fear that the situation could lead to a crisis more dangerous than previous crises. The People's Liberation Army has stated that their new strategy will be to increase their offensive capability-their ability to project military power. It is not hard to imagine that the motivation for this new strategy is to achieve a credible capability to put military pressure on Taiwan. One consequence of this strategy has been the buildup of Chinese missile forces across the strait from Taiwan. In response to this threat, Taiwan has requested that the United States supply them with additional military equipment, including air defense and missile defense systems. The United States has not yet made a decision on this request, and China has stated that the deployment of missile defenses would spark an arms race in the region. In fact, they have already begun discussions with Moscow about acquiring
some of Russia's strategic capability, including sophisticated penetration aids. I share the 
Chinese concern over the deleterious affect of an arms race in the region, but I believe that if 
an arms race does get underway it will have been stimulated by the extensive deployment of 
missiles, not the deployment of missile defenses. And I have suggested to the Chinese that 
the best way to avoid such an arms race is for them to declare a moratorium on the further 
deployments of missiles that target Taiwan. However, it is clear that they are not taking this 
advice and are in fact accelerating the deployment of missiles targeted at Taiwan, which in 
turn adds to the pressure in the United States to supply missile defenses to Taiwan. Thus 
there is a potential for a new arms race starting in the Pacific. As a result, I am today more 
pessimistic about the future of United States-China relations than I have been for several 
decades.

A third major concern with our past security strategy is that the nuclear calculus has 
undergone a change. For most of the last few decades, nuclear weapons played no explicit 
role in the region's security. But in the last few years, this has changed, and the only question 
is how far-reaching the changes will be. India and Pakistan have now tested nuclear weapons 
and declared themselves to be nuclear nations. They have programs underway to adapt this 
nuclear capability to delivery systems, including ballistic missiles, and to produce these 
weapons in some quantity. It is only a matter of time until they deploy nuclear-tipped ballistic 
missiles, and I believe that this greatly increases the danger that they will be used, either in 
anger or through a failure of command and control.

And there is another example of proliferation in Asia-one that could be even more dangerous. 
Five years ago, the United States and the Republic of Korea came close to a military conflict 
with North Korea over their nuclear program. The North Korean nuclear facility at Yongbyon 
was about to begin processing nuclear fuel, which would have provided them with enough 
plutonium to make about a half-dozen nuclear bombs. The United States believed that the 
introduction of these nuclear weapons could upset the deterrence posture on the Peninsula 
and were within a day of imposing severe sanctions. But North Korea said that they would 
consider the imposition of these sanctions as an act of war, and proclaimed that they would 
turn Seoul into a "sea of flames." Some argued that this was only rhetoric, but as Secretary of 
Defense at that time, I believed that this threat had to be taken seriously. So I undertook a 
detailed review of our war contingency plan and began preparations for sizable 
reinforcements to our troops in South Korea. In the event of a war, I was confident of a 
decisive allied victory, but one not without high casualties on all sides. Fortunately, that crisis 
was resolved not by war, but by diplomacy, which led to an agreement known as the Agreed 
Framework. The Agreed Framework provided for a freeze at Yongbyon, followed in time by 
the dismantlement of those facilities.

Today the nuclear facilities at Yongbyon remain frozen. That result is critical for security on 
the Peninsula, since during the last five years those facilities could have produced enough 
plutonium to make many dozens of nuclear bombs. However, the dismantlement of Yongbyon 
awaits construction of the light water reactor called for in the Agreed Framework, and that 
construction is still several years away. Therefore production of plutonium could restart in a
A little over a year ago we appeared to be headed for another crisis like the one in 1994. North Korea had begun the serial production and deployment of a medium-range ballistic missile capable of reaching all of Japan. Additionally, they undertook the design of two long-range missiles that could reach targets in parts of the United States, as well as Japan. These missiles aroused major concern in both countries because we believed that the North Koreans would employ nuclear warheads on them. This concern came to a head a year ago when North Korea flew one of these missiles over Japan in an attempt to launch a satellite. This test firing provoked a strong reaction both in United States and Japan, and led to calls for a termination of the funding which supported the Agreed Framework. But if the Agreed Framework were to be terminated, there is no doubt that North Korea would respond with a reopening of the nuclear facility at Yongbyon. And this in turn would allow North Korea in a few months to produce the plutonium that would allow them to put nuclear warheads on their missiles.

During this turbulent and dangerous period, the United States Congress called for, and President Clinton agreed to establish, an outside Policy Review. President Clinton asked me to head this review. I accepted this unwelcome request because I believed that getting this crisis resolved was vitally important for Americans, for Koreans, for Japanese—indeed, for all nations in the region. In the course of the study, I had extensive consultations with our allies, Japan and the Republic of Korea, beginning the very first week of the study. Most importantly, six of these meetings were held at a tripartite level, which I believe made a very significant contribution to our success. In fact, whatever else results from the study, the new trilateral cooperation is in and of itself a very significant development.

The first conclusion of the study is that the military correlation of forces on the Korean Peninsula strongly favors the Allied forces, even more than during the 1994 crisis, and I believe that this is understood by North Korea. Therefore, deterrence is strong -- but it could be upset by the introduction of nuclear weapons, especially nuclear warheads on ballistic missiles. The second conclusion is that there has been no production of fissile material in North Korea since the Agreed Framework came in force -- but that production at Yongbyon could restart in few months if the Agreed Framework were aborted. The third conclusion is that a security strategy based on the Agreed Framework has worked these past five years—but is unsustainable in the face of continued North Korea firings of long-range missiles, since these firings undermine the necessary support for the Agreed Framework. The fourth conclusion is that North Korea has been undergoing terrible economic hardships, including widespread famine—but these hardships are unlikely to cause the regime to collapse. Therefore, we must deal with the North Korean regime as it is, not as we would wish it to be.

Based on these conclusions, the Policy Review recommended that the allies should establish two alternative strategies. If North Korea is willing to forego its long-range missile program as well as its nuclear weapons program, we should be willing to move in a step-by-step path to a comprehensive normalization of relations. Alternatively, if North Korea does not demonstrate
by their actions that they are willing to remove the threat, we must take actions to contain the threat. I think that I understand as well as anyone that threat containment is expensive and dangerous, so obviously I prefer the first strategy. But the United States cannot unilaterally enforce the first strategy since its viability depends on cooperation from North Korea.

To determine whether that cooperation would be forthcoming, our policy team scheduled a trip to North Korea late in May. We were received with courtesy and had four days of serious discussions-with a total absence of polemics. The North Koreans were clearly interested in normalization, but just as clearly conflicted-they regarded their missile program as important to their security. Therefore we reached no decisions on missiles in Pyongyang. In follow-on talks at Berlin, a few months ago, a small but positive step was taken. Both sides agreed to begin high-level talks, and each side agreed to take an action that would create a positive environment for the talks. The United States agreed to ease some of the sanctions on consumer products that we had imposed on North Korea after the Korean War. The North Koreans agreed to suspend missile tests while the talks were underway.

So where do we stand now? The Policy Review is finished. I have discussed its conclusions in full detail with President Clinton, President Kim Dae Jung, Prime Minister Obuchi, who have all fully supported its recommendations. I have fully briefed key members of Congress, who appear to be willing to give our recommendations a chance to play out. Additionally, I have briefed the Chinese and the Russians on the review and asked for their support in its implementation. North Korea has not yet set a date for the high level talks, but has agreed to restart the missile discussions, presumably to be followed by the high level talks. I have told the president that I believe that we should pursue these talks with the North Koreans seriously and creatively. But I have warned him that it will be extremely difficult to reach an agreement that will be acceptable to all involved parties: the North Koreans, our allies, and the American Congress. Therefore I have told the president that the United States should "keep its powder dry." In particular, that we should make no reductions in military deployments or readiness during the talks.

In sum, my conclusion is that the three-pronged American strategy that for the last few decades has been key to security and stability in the Asia-Pacific region is now under great pressure. But if this strategy were to fail, it is not at all clear what would replace it or how security and stability in the region would be maintained for the next few decades as they have been the last few decades. So I suggest to you that not only is the Cold War over, so also is the post-Cold War era-an era where it was sufficient to adapt and fine tune the security strategy that got us safely through the Cold War. We are struggling to formulate a new strategy for this new era-an era for which we do not yet have a name, much less a strategy. I am not wise enough to define that new strategy for you today, but I do believe that there are three clear guidelines for any new strategy:

1. Because of the unprecedented destructive power of weapons of mass destruction, war cannot be an acceptable instrument of foreign policy in the twenty-first century, as it was in the twentieth century.
2. Because of the unprecedented development in technology, especially in communications and transportation, we are one world. This is not a proposal I am making, nor a theory I am propounding—it is, I believe, an existential reality. Somehow our political and economic policies must recognize that reality. In particular, it is clear that any American security strategy must be formulated in full cooperation with our allies in the region and with full consideration of the interests of other powers in the region.

3. For the foreseeable future, the United States will be world's leader in military strength, economic strength, and technology.

The bad news is that America did not seek this leadership, and often does not know how to use it—we seem to oscillate between not using it at all or using it in ways that seem arrogant to other nations. A few years ago, during my last meeting with Israeli Prime Minister Rabin, he told me: "The U.S. is the only nation in history that has had dominant military and economic power, and did not use it for imperialistic ends." So that perhaps is the good news—at least we know how not to use our power. I hope, in time, we figure out how to use it—and to use it in ways that benefit the security and stability of all nations, not just our own.

In the meantime, Americans should work to sustain, and other nations should come to appreciate: the robustness of our free market system, the vitality of our free society, and our rejection of imperialism. These can serve as a beacon to all nations as they move forward—learning from the tragedies we all suffered in the last century and full of hope for the new century.