

Dr. Thomas Fingar Keynote talk:
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What I’d like to do first of all is to thank Gi-Wook for the invitation, general Kim for your help in putting this together, the Koret Foundation for funding it, and David Straub for doing all the real work. I thank all of you for preparing papers. I’ve read all the papers and heard the presentations today. People took this task seriously and it is an important subject.

What I would like to do tonight is to take what Don Keyser did in looking around the region and blow that up to a global scale because each of the questions, each of the relationships, each of the challenges examined in the papers in this conference exist in a global context. In each of the countries, there will be decision makers who are focused on questions that go beyond the region. Decisions will be influenced by agendas and opportunities and problems and partnership opportunities that exist beyond the region. So what I’d like to do is put today and tomorrow’s discussion into a broader framework. I am going to draw upon a study called *Global Trends 2025* that was conducted by the National Intelligence Council that I chaired for four years. Every four years, the NIC looks 15 years into the future. We can talk about the mechanics of it if you wish, but part of the process involves talking to the foreign policy/foreign affairs elite around the world, literally hundreds of people from countries on six continents. We’ve distilled what people think is going to happen. They may be wrong, and we may be wrong in our digesting of this. But at some level it doesn’t matter whether we are right or wrong because this is what people think is going to happen and is going to shape events and they are already beginning to develop coping strategies and to look for ways to take advantage of or minimize the harm that comes from these projections. I’ll focus on excerpts from *Global Trends* then move from that to pose some questions that I think are germane to the topic of our conference.

Let me begin by calling your attention to a *New Yorker* magazine cover that I suspect many have seen. This is the view from Manhattan across the Hudson River. It’s been imitated many times. The point here is that there’s something quite profound, namely, that the way the world looks depends very much on where you are and what you think is important. In the case of the ROK your version, in my experience of *The New Yorker* cartoon, is North Korea and everything else pales in comparison. For a long while you looked toward Japan and China was to your back and not that important. As we heard earlier today, that may have reversed and you now pay more attention to China. But every country and every group does what *The New Yorker* cover does, at least in some respects. What I am going to do now is talk at a level that ignores all of those specific orientations and concerns and objectives. The trends identified in the 2025 study are global. They are applicable around the world and apply to some extent in every region and in every country. I think that will become more apparent as I speak. These are in a

semi-prioritized order. All of them interact with each other so we can cut into the problem from many angles.

The starting point for the NIC study was that globalization would continue. We came to that judgment before the financial crisis and we stuck by that judgment after the crisis reached the proportions it had as of November, which was when we brought the report to closure. Remember, the report looks out to 2025 and as serious as this problem is, we certainly don't think it's going to last 17 years. We will be out of this mess sometime in the next 1 or 2 years. So the pace of globalization may slow from what it was and the modalities may change, but what we have seen over the last 20-25 years will continue: Greater interdependence and longer production chains with more links in them. The three elements that I will single out for your attention are, first, unprecedented levels of prosperity. At a global level the world's people have never been as rich as they are now, and that trend will continue along with all the needs and expectations that flow from this. But the dark side or the down side of this is that inequality will continue to increase: the rich will get richer and the poor will get relatively poorer. And the relatively poor know more than ever before about how much better off their compatriots are in the cities of their own country, in other regions, or across the sea. The global communications revolution that enables almost everybody and almost every place to tune in to developments elsewhere, if not by television, then by radio, and travel. Awareness of what is happening in other places is much greater than ever before.

A related aspect of that is the relative decline of the US. The media has picked up on this theme and has mainly gotten it wrong. It's not an absolute decline, and as we talked about earlier today, the US will still be the preeminent power in the world. But the gap between the US and "the rest," in Fareed Zakaria's terminology, will be smaller. This is a good thing. The international system--the international organizations (IMF, World Bank, WTO), alliance structures, the role that the US and the alliances have played in the maintenance of stability--has enabled so much of the world to become better off and allowed trade to increase as it has. Others are improving their situation. We talked today about the rise of the BRICs (Brazil, Russia, India, China). *Global Trends 2025* projects that over this period, at least one and maybe all three of the following countries will be in the next wave of rising states. They are: Indonesia, Turkey, and Iran. One commonality is that they are all Muslim, but that is about all they have in common. All appear on the take-off point and are pivotal countries that will make a difference in their regions. I will come back to the putative decline of the US in a moment. But one aspect of this is that it is the US-led international system that engendered prosperity and facilitated the rise of others (Republic of Korea, and Taiwan with Japan at the front of the "V" when we used the flying geese metaphor). As we move toward 2025, the world will be even more multi-polar than it is today. The unipolar moment of US hegemony is over. It's over now in our judgment. It certainly, will be over by 2025. We've got a world in which the poles -- the powers, the contending or competing or cooperating players -- are not just Western. It's no longer just the Americans and the Europeans, the old imperialists in less threatening garb, getting together and deciding what the world will be like. It's a world in which Asia must play a prominent part. Your stake in the system is high. Wealth is moving from West to East. This is another of the observations that we have about the

next 15 years: the transfer of wealth from West to East, which is manufacturing-based in Asia and resourced-based in the Middle East will continue. I will come back to those points. But the multi-polar world will be less stable. Historically, periods of empire-- which one could argue that we had during the unipolar moment of the US, or balance of power (bi-polarity/Cold War) are more stable. Remember the good ole days of the Cold War when we could deter one another through mutual assured destruction (MAD). MAD kept the Soviets and the Americans in check, and we in tern, kept our client states in check. That kind of order is gone. But we think it unlikely that we will soon see the emergence of new institutions to bring the kind of stability to the world that we have become accustomed to. I am not predicting war and conflict of all against all, but I am saying that we have no automatic way to deal with systematic problems.

A related aspect of this is that all of the institutions put into place in the 1940s and 1950s from the IMF to the World Bank to the WTO to the UN and its associated organizations, and the alliance structures that have served us so well are looking pretty gray around the temples and long in the tooth. They worked extremely well but were conceived and implemented in a time that no longer exists. Precisely because they were so successful, there's an understandable reticence to tamper with them, or to abandon them, or to replace them with something that may or may not be better suited to the multipolar world in which the rising powers, including the already successful states (notably in Asia) are more adequately represented, have a larger role, and take on other responsibilities. One of the observations we make about the so-called BRICs is that they must be a part of any reinvention of the global system but have an enormous stake in the status quo. They are doing quite well, thank you, under existing arrangements. Any reorganization is going to bring them more responsibility, more burden sharing, higher costs for peacekeeping operations and the like. Think of Russia and China and their contributions to the UN, just to pick one concrete issue. They are not eager to tamper with a system that allows them to benefit while someone else pays the bill. But they are going to have to be a part of the solution. The relative decline of the US is exacerbated by some of our policies and actions and behavior over the last decade or more (and decade or more is deliberate, it goes back earlier than the start of the George W. Bush administration to the triumphalism following the demise of the Soviet Union). We -- the US -- are not able to play the kind of role that we did in the aftermath of WWII, when there were, by my count, 140 fewer countries than there are now. Then, when we got the Brits to say "amen" to what we proposed, things were pretty well decided, and in the absence of a better idea, anyone with any clout went along with what the US proposed. And it worked. We cant' do that now. In some circles now, [at least in some circles,] if the proposals come from the US they are tainted. Certainly if the proposal comes from Moscow or Beijing or Delhi or Tokyo it's tainted; not dead on arrival, but unlikely to cause people to rally around it and say this is what we need to do and have everyone say "it's a great idea so lets do it." So I think the G20 meetings last November in Washington, and next month in London, will be a harbinger or indicator of how hard it is to replace an obviously breaking-if-not-broken component of the international order

Demographics: We will discuss a paper on demographics in Korea tomorrow. The West (and the West here includes Japan and Korea) is graying. The World Bank predicts 1.2

billion people will be added to the global population between now and 2025. Three percent of the growth will be in the West as I have just defined it. Enormous youth bulges are coming. A lot of the growth is in India, a lot of it is in China, but most will be occurring in what is called the “arc of instability” that starts in the Maghreb in North Africa, goes across the Levant (Israel/Syria) into the gulf region, Central Asia, and down into South Asia. The area arguably has some of the least competent government systems, and some of the most serious looming environmental problems. Every problem on the international agenda exists there, and they’re going to have a demographic problem as well. All of those kids, the raging hormones, kids plugged into the Internet and aware of what their counterparts around the world are doing, making demands on their government for education, for jobs, for opportunity. They are going to exceed the ability of systems to respond to them. The graying of the West, Japan, and Korea, creates different problems. How does one deal with the need to support the over-65 component of the population when you have too few workers to pay for the social safety net and too few people going into the military? Two choices: cut back on benefits or allow immigration. I don’t have to tell you about reticence about immigration in Korea and Japan, and Europe is no better. This is unlike the US or Canada or Australia, countries that have a long tradition of welcoming immigration, one of the reasons the US keeps growing, even though our natural increase is below replacement levels. The same is true of the UK. The relatively small numbers of immigrants that are in European countries, Korea, and Japan have proven hard to digest. Think about the difficulties that European states have with their very small Muslim populations. Youth bulges on the other side of the Mediterranean, jobs and needs in Europe; do you keep them out in order to preserve the purity of what it means to be Spanish or Hungarian or whatever? Or do you invite them in and fundamentally transform the social/political dynamics? Lots of countries are going to face this question.

The effects of global climate change. This is drawn from a different study I directed earlier last year because the Congress made me. We looked out to 2030 at the geopolitical effects of climate change. My group knows nothing about climate science so we went to the international panel on global climate change, took their median projections and combined them with the US government panel’s projections and gave those results to two sets of independent specialists who applied it to certain regions (we gave them 50 some odd countries important to the US). The list did not include OECD countries, as they are capable of coping with the problem out to 2030). By 2030, and even 2025, irreversible climate change effects will begin to kick in. There is nothing we can do today that will change what will happen over the next 20 years. To change those outcomes, we would have to have done something ten or fifteen years ago. This doesn’t mean we shouldn’t act now; we should, but we cannot avoid what is going to happen in the next two decades. Some involves water shortages that will affect Africa, Central Asia, Central America, and in portions South Asia. Sometimes it is too little water, too much water, too much water at the wrong time of year for the agriculture systems that are in place or for the seed strains they have. Minimal change in temperature will be enough to change agriculture production and survival of fish stocks. This is posing all kinds of challenges as it is occurring mostly in the “arc of instability” where problems are exacerbated by incompetent governments and the youth bulge. China will begin to be effected towards

the end of this period. The North China plain, (all of those wells that were drilled in the 1960s that permitted irrigation of the North China plain and the production of wheat and cotton) are running dry, thousands a day according to the Chinese. We had a problem because of North Korea's agricultural problems, man made and natural. North Korea is a little place; the North China plain and the possible water shortage there will affect 400 million people. Even if only ten percent are affected, that's a big deal. That's a big challenge for China that affects its ability to do things in the region. India will also be affected by too much water at the wrong time and, at the end of the period, by inadequate supplies of water.

The geopolitics of energy and competition for resources. The assumption here is that the global economy will get its act together and regain its footing, and that when growth resumes, demand for resources will go up. Energy is critical. Sasha talked about the pipelines that are—and are not--going to be built and alternative ways of getting energy. The rising powers, particularly India and China, are most constrained by their need for energy (oil and gas) and their demand will boost prices. That's not necessarily a bad thing. The rising countries, like the OECD, can pay for it, and at some level it doesn't matter how much oil costs (we'll grumble but pay it) but it takes others out of the game. At the bottom of the economic ladder, countries will be priced out of the market. Also, the ability to use energy for political purposes, the "who controls the spigot" question, adds another dimension. Sasha talked about the Ukraine lesson, the transit states that can turn it off. Moscow clearly has decided that it ought to be the one that can turn off the spigot if it wants to get the Europeans in line. That aspect is part of the game too and some of the economic irrationalities are going to have to be considered. Let me refer to one. US policy wants Europe to have alternatives to Russian natural gas. Russia should not derive political leverage from having monopolistic controls of gas supplies. There ought to be more suppliers. But the US wants to punish Iran because it has a nuclear program so we don't want Iran developing its gas resource and don't want Iran benefiting from transit fees from pipelines coming from Central Asia. Well here's the problem: you have rising demand, you want to have alternative sources of supply the only alternative to transit coming from Russia is coming from Iran, otherwise you can't get there. There is a necessity to choose. The instability of places is also a great factor in this. India and Pakistan desperately need energy resources, bringing it down in a pipeline through Afghanistan through Pakistan into India would bring all kinds of economic and political benefits. But would you build a pipeline in Afghanistan, knowing how easy it is to blow it up? It is certainly not going to happen. So these are problems that have to be engaged when the economy picks up and demand increases.

I could run through a number of other political and policy issues related to the geopolitics of energy but will do so very briefly. Demand for energy causes discomfort with dependence on oil and gas, especially oil and gas from the Middle East, oil and gas from "the Arabs." Another set of issues involves pariah states like Sudan, or politically unstable states like Nigeria. This makes nuclear energy more attractive. We will have a lot more nuclear power plants. This increases the danger of diversion and the number of people trained in how to handle nuclear materials. Iran claims that it is entitled to enrich uranium to fuel its power plant because it is a member of the NPT. The debate may lead

to internationalization of the fuel cycle and ways of dealing with this. But there are going to be nuclear power plants in portions of the world that are less stable and less reliable. It is one thing for France to build more nuclear power plants. Who cares? This is not just because they are nuclear weapon states, but also because they know how to make them safe. We don't want a repeat of what happened to the Russians at Chernobyl. We are going to see power plants in places that can't maintain a toaster. The safety aspects of this are going to be real problems that we are going to have to deal with.

Terrorism: We are projecting that terrorism will be a much less serious problem in the next 15 years. It will lose its global character and be much more of a local problem. It will be a problem in the "arc of instability," in the failing state that can't provide jobs, can't cope with climate change effects, higher energy prices, etc. and are left behind. Terrorism is a weapon of the weak. But, and this is an important "but," the potential for really disastrous terrorist attacks will go up even though there is only a slight possibility of fissile material being sold to terrorists. Biological are of greater concern because of the biological revolution making it possible to make designer genes in a high school laboratory. The international nature of science involves information flowing around the world. A chilling example of what could happen is the individual in the US who made and disseminated anthrax in 2001. A project that I organized judged that it is actually pretty hard for one person to do all of the things required to stage a successful biological attack, but it doesn't take many. The hard part is not killing yourself while making it. And it will become easier. Moreover, the world is not going to be as focused and fixated on terrorism as it has been, partly as a result of US policies.

Multiple identities: When I was in grad school, social scientists paid a great deal of attention to national building in the post-colonial era, particularly on building a sense of nationhood. That happened, sort of. But the Internet, global communication, and transportation have made it easy to maintain linguistic ties, religious ties, ethnic ties, home place ties, etc. and now you don't have to lose identities because you move around. The Diaspora is part of a single community and we have discovered that people actually can maintain multiple identities at the same time; as a member of one political party or another and a member of a particular nationality and all kinds of religious, social, ethnic, and linguistic groups. As a result, the opportunities for globalization, for resistance to some of its effects, and the complexity of a political appeal to mobilize assistance are going to be very different than in the past. Moreover, the idea of what it means to be a nation is going to be different. Part of this identity is likely to be, "Who owns the resources?" For a couple hundred years, it was the nation-state. We are seeing that in an increasing number of places, the issue is seen differently; for example, many in the Niger delta claim it's not actually Nigeria's oil, it's the delta's oil. The mine that you want to develop, or that a foreign investor wants to develop, should provide benefits primarily to "our" community rather than automatically to all the members of a nation, most of whom do not live in the area and are not going to experience the negative consequences (pollution, urbanization, etc.) of development. Why should they have money to build schools over there, when the money isn't staying here to fix my roads that are damaged by the big trucks? That's going to complicate political systems that are already going to be stretched.

Now let me shift from that global level to challenges to Korea and its security. One of the conclusions that I draw is that simply continuing to do what we have done, continuing to think about the challenges and relationships as we always have is almost certain to not work. We are entering a very different era with different possibilities and challenges. Old assumptions are almost certain to be wrong. One of the areas that this comes through is in defining the most important challenge/threat. For decades, no one could argue that there was any threat more serious on the peninsula than that of military aggression from the North, in the early years abetted by the Soviet Union and China, no just “the North.” Some worried about a resurgent, remilitarized Japan. The need for a military alliance and to devote significant portions of government revenue to military capacity remains a serious challenge. But economic competitiveness (you are in one of the wealthiest most capable portions of the world) is also a component of national security. Now, moving up the ladder of economic sophistication, maintaining market share and working out the political arrangements that will make that possible, dealing with the demographic challenges of a shrinking workforce and aging population have become more salient security challenges. Where’s the money going to come from to meet these challenges? The matrix/calculus used to allocate money will employ a much broader definition of security: everything from health of the populace to ability to deal with an outbreak of an infectious disease (Spanish Flu, something carried out of Africa or carried on a passenger airplane), climate change, etc. There’s going to be more claimants on the resources and we do not have in place anywhere in the region the mechanisms to deal with this new agenda. We will get them eventually, but the outcome has got to preserve the deterrent capabilities, the political relationships, and the comfort levels, while not denying the ability to take advantage of new opportunities. The discussion today about how thick and extensive the ties with Russia have been, and about the nature of relations with Japan and China, in addition to the relationship with the US made clear that all of these things are going to have to be dealt with using a different framework.

Economic security: We are all going through the wrenching effects of a global economic downturn. For some parts of the world, dealing with the youth bulge is a big challenge. For East Asia, it’s dealing with the graying population and the economic demands that flow from that. The energy security demands required to support a higher standard of living and economic production that relies more on energy than it does on labor power are another important dimension of national security. Quality of life, environmental hazards (e.g., pollution carried across national borders from Chinese production of electricity using dirty coal plants is a matter of concern to you first because it blows over to you first, but California gets it later and we have trees dying here because of pollution coming out of China. Ok, you want to fix the problem? Put some money toward it. Money will have to go to different uses than we are accustomed to.

What’s next: the default setting for both the US and the ROK is that we need to revitalize the alliance, the bedrock relationship. We’ll dust it off and shine it up, but we need to at least think about whether this is the right starting point. Whether the bilateral approach is the most appropriate one in the current and coming environment. Should we be tackling more, including security problems, with some kind of structure that goes beyond the

bilateral alliance? When the security of each country is dependent upon prosperity, stability, and access in the neighboring countries, do we need a structure to hold East Asia together that goes beyond the market? The market is a very effective mechanism, but by my reading of history, isn't really helpful as a guarantor of security relations. How do we do it? It seems to me that we have got to begin thinking about that, we must begin thinking about the revitalization of the alliance relationship and the management of the DPRK challenges (nuclear and otherwise) in terms of a bridging strategy so that what we do here and now helps get us to the future rather than making it harder to solve the problems that we already see coming. Thank you.