

Rise of the Rest IV: Critical Regions in Crisis

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Introduction

DAVID SPEEDIE: Welcome, everyone, to "Rise of the Rest IV: Critical Regions in Crisis."

"Rise of the Rest IV"—here we sort of emulate Hollywood. We had a very successful "Rise of the Rest" and now we're doing II, III, and IV, and we'll keep on doing them as long as they do live up to that successful pattern.

It's of interest, I think, that the first of the series was actually called "The World Without the West." We've now reverted to a slightly modified approach of "The Rise of the Rest." This subtle distinction is captured by the scholar [Simon Serfaty](#) in a recent *Washington Quarterly* article, "[Moving into a Post-Western World](#)." In it he makes perhaps three main points:

- First, and I quote: "In the 20th century, the post-Europe world was not about the rise of U.S. power but the collapse of everyone else." I might argue there's a bit both there, perhaps.
- But of more immediate relevance to us is the second corollary point: "In the 21st century, the post-Western world need not be about the decline of the Western powers, including the United States, but about the ascendancy of everyone else."
- And finally, he says, and I quote: "The world of several or many powers is likely to be messy, at least for a while, and even dangerous. Picking allies, making friends, containing adversaries, and deterring conflicts promises to be an unclear, ambiguous, and delicate process."

So it's to pick at aspects of this messy new world that I suppose is the general purpose of our "Rise of the Rest" series.

Today we are very happy to welcome three bona fide experts who will speak to three distinct topics that have the common feature, however, of being extremely important and topical. You have their bios, so I won't repeat the glow-in-the-dark résumés that they have. I'll simply say that, in order of speaking, we will have:

Devin Stewart, who is senior director of Corporate Policy and Lecture Programs at the Japan Society in New York—and I need not say to most of this audience this is not welcome, but welcome back. Devin was a valued colleague and, I'm glad to say, still maintains close contact with the Council. Devin will speak on his ideas on this general topic of "Rise of the Rest" and give some thoughts on Japan's nuclear crisis and ramifications for natural resources and energy.

Next will be Dov Waxman, professor of International Relations and Middle East Politics at Baruch College. Dov will speak about the recent upheaval in the Middle East, its sources and possible consequences, and I think he may also touch on the "youth bulge" question. Let me just say, parenthetically, the Council has had several sessions here on this greater Middle East situation, looking at such issues as polling questions that look at the U.S. role and reputation and the question of the critical situation of employment and education opportunities for youth in the region.

Finally, we'll be welcoming back to "Rise of the Rest" Nick Gvosdev, professor of National Security Studies at the U.S. Naval War College.

I'd also like to welcome representatives of the Naval War College Foundation as our special guests today. Welcome, gentlemen.

Nick will speak on natural resources as disruptive forces in rise-of-the-rest states, as well as efforts to ameliorate these forces.

So it's a pretty modest agenda, not too much to cover. [Laughter]

First, Devin, Dov, and then Nick. Devin, welcome.

Remarks

DEVIN STEWART: Thank you very much.

The cliché has it that we went from a bipolar world in the Cold War, to a unipolar world in the 1990s, to a multipolar world today with the rise of the rest. That's the cliché.

[Joe Nye](#) added some nuance to this by imagining the world as a three-level chess board, with military power up on top; the second level would be the interdependent, complex world of economic globalization; and the third level is the messy world of transnational issues where no one is in charge.

I am going to do a brief overview of some of the ideas on rise of the rest.

The importance of this bottom level has been borne out in Egypt and Libya today, as well as in Japan's connectedness with the world during Japan's recent disasters.

The [original *National Interest* article](#), that Nick was the editor for in 2007, that inspired this series, by [Barma](#), [Ratner](#), and [Weber](#), pointed to the growing economies in Russia, India, and China, as well as the pace of the so-called non-Western countries that are engaging with one another. This is the "rise of the rest" phenomenon briefly stated.

The article argued that, rather than a simple hub-and-spoke model of international affairs, we will see countries rooting around the United States, as Nick put it in one of our panels. This argument was similar to [Parag Khanna's](#) idea that the rise of other states means the relative decline of American power, and it also might set up the notion of a competing system somewhere out there in the world that would challenge the U.S.-dominated system.

George Washington Professor [Harry Harding](#) came by also to speak [[see transcript](#)]. He went on to describe these two perceived systems as two political parties: One was an elitist reform party, which promotes democracy and individual freedom; and the other he described as the populist conservative party, which valued stability, harmony, and order. What he means is the United States wants order internationally while promoting democracy within countries, while China wants order at home while promoting democracy between countries.

So what about the role of public goods? In [The Case for Goliath](#), our friend [Michael Mandelbaum](#) demonstrates that the world needs governance, but the United States is the only country willing and able to provide it. For years, U.S. troops have acted as a global public health service, forestalling outbreaks of war, and a pest control service against rogue regimes. Mandelbaum's famous last words in that book were to summarize the world's attitudes toward America's role as the de facto world government were: "They will not pay for it, they will continue to criticize it, and they will miss it when it is gone."

So is cooperation more or less likely in this world?

[Richard Haass](#) calls the current world that we live in one of "nonpolarity," meaning that order is harder to organize. This view also recalls Parag Khanna's recent idea of mega-diplomacy in his new book, [How to Run the World](#), and [Ian Bremmer's](#) concept that we live in a G-zero world, meaning that there is no go-to forum to organize power and interests.

Harry Harding was a bit more sanguine here at Carnegie when he spoke on this point, saying that, "Transnational issues are so serious today that they compel countries to cooperate." He pointed to climate change and energy security as two areas.

By the way, I cut several pages of my speech. I'm probably going to post it somewhere. I'm going to skip ahead.

If you would like to, we could circulate it maybe later.

To round out some of the views on the "rise of the rest," just out of respect to the so-called realists, I thought it was important to mention [John Mearsheimer's](#) and [Robert Gilpin's](#) classic worry that times of transition are dangerous.

But, you know, most Japan watchers go, "Well, what about the rise of Japan or what about America's rise after Britain? They weren't as dangerous as transitions in the past." But Mearsheimer is somewhat dramatic. He says, quote: "Given the difficulty of determining how much power is enough today and tomorrow, great powers recognize that the best way to ensure their security is to achieve hegemony now." He believes that trading with China is only helping China, and China will use this power to challenge the United States.

Finally, there are skeptics. [Minxin Pei](#) and [George Friedman](#)—Friedman spoke here a couple of times—simply see China's power as hyped-up. They focus more on the internal problems of the so-called "rest" in the "rise of the rest."

In the next part of my talk, briefly I want to offer an update to all of these theories, my own update. I'll pitch it out there, see if it works. If it doesn't work, please let me know. I'm working on it. It's an idea I've been working on for a few years. It's based on [Francis Fukuyama's](#) idea that history goes in a [Hegelian](#) direction. It's also based on having studied a lot of economics at CSIS [Center for Strategic and International Studies], for example, where Dov was a classmate.

I call it convergence in international affairs. Like the economic theory of factor price equalization, which I'm sure Dov is familiar with, which observes that prices of factors converge as countries trade with one another, I would also suggest that as China's economy grows and becomes richer and its international stake increases, China's overarching interests will more closely resemble those of the United States and offer less of a perceived competing model.

That means both more competition and more interaction between the two systems. The competition will be for markets, resources, allies, and the interaction will go both ways. So let me try to explain a little bit.

China's interests and principles in international affairs will change America's perceived interests, and vice versa, pushing America to keep up in areas in which China excels, such as China's advance into ASEAN and Africa, as well as China's domestic advances in education, innovation, and infrastructure, which you might recognize as being the key words of [Obama's](#) recent [State of the Union address](#). Meanwhile, China is racing to challenge American naval power, to challenge America's cultural influence in the world and America's technology.

In the long run, though—and this may be the most controversial—China will be compelled to adopt more freedoms and openness if it wants to advance the way America did. That's the critical point. China is going in the opposite direction right now, which I think is very problematic.

The so-called West must keep up with China's tools of statecraft as well. Japan has been, for example, considering launching a sovereign wealth fund, and the United States has been pushing for more free trade agreements in Asia to keep up with China.

While America did not socialize our financial system, contrary to some people's understanding, the importance of regulation in America, as well as the importance of regulation in Japan during the nuclear crisis, has been abundantly apparent.

In other words, I don't think it will be a competition of ethics in a practical sense because I would assert that America's moral principles—I think that the right moral principles in history generally prevail. I'll leave that to historians to criticize. But I believe that America's moral principles of universal liberalism have been proven right over and over again.

Some China hands have actually already stated that they have seen this so-called convergence taking place. China hand [Evan Feigenbaum](#) writes the following recently: "China's employment practices [in Africa for example] have produced backlash in many countries. And that makes me wonder whether Chinese commercial engagement might not produce convergence with the United States and others in a rough, tough investment environment." That's the end of his quote.

But I would say that China fundamentally faces a big dilemma. For China to make a leap from a manufacturing economy to an innovation economy, which will be necessary for the Chinese Communist Party to create the jobs it needs to stay in power, it will require China to adopt the openness and freedoms that threaten its very stability. I think that is China's basic dilemma right now.

So what we might end up having in this convergence is what [Henry Kissinger](#) recently called "a Pacific community" in which America and China co-evolve.

I also would like to draw your attention to, quickly, how we perceived Japan when Japan was a threat to America in the 1980s. Everyone remembers that. I think it's important to compare what we saw as Japan offering a competitive business model, identifiable brands, pop culture—all kinds of things that I think are missing in China today. So I think we should also put China's rise in perspective.

Finally, quickly, the last part of my talk will be about "what about Japan today?"

As of the March 11th earthquake and Japan's relationship with the world, I would say that we don't know the future, but there has been a lot of disruption and internationalization in Japan stemming from Japan's own needs during this disaster.

Themes that have been showcased during this disaster in Japan include: Japan's interdependence with the world; its need for leadership; a desire for transparency in its economy, in its politics, in its corporations; stoicism and perseverance and solidarity between the world and Japan.

It also, I think, helped dispel some stereotypes. Stereotypes about Japan have gone through several phases throughout history. I won't go through them all right here.

In the 1950s and 1960s Japan was an exotic place. During [the occupation](#), it was the occupied. So whereas in the past to study Japan was seen as a specialized thing, learning about Japan today is more about becoming an educated, globally minded person. In that sense, the recent disaster might have extended this development of Japan being a regular place that people can relate to on a human level.

A new door has also opened in Japan to the world. One potential impact on how Japan will see itself in its relationship with the world could come from the [Operation Tomodachi](#), which was a very big deal in Asia. America deployed 18,000 U.S. personnel to help with emergency relief, distribution of supplies, search and rescue, and other operations. It could shift the way Japan sees itself in the world and its military.

Other international connections have been developed with Japan and the world through the introduction of foreign companies helping out in the disaster, the reconstruction, and the surge of goodwill from charities and organizations and foundations. Also, many, many companies in Japan are thinking about moving their operations abroad. In some sectors, it's as much as 30 percent of some manufacturing sectors.

On the other side of the coin, interest in Japan has peaked at new levels, record levels. I have many statistics here, but one in particular: searches for Japan on Google and Twitter have reached records. A recent Pew poll also said that during the March 14-18 period 64 percent of blog links were about news on Japan.

But these are all just processes that are taking place in Japan. I'll just close with this: What are the actual issues that are going on in Japan right now that could galvanize and shape its role in the world?

One could be green technologies and alternative energy in Japan from its current nuclear crisis. The nation went through a dramatic shift in its energy policy after the oil shocks in the 1970s. The current nuclear crisis could spur another revolutionary shift. Just last week, Prime Minister [Naoto Kan](#) said that the government will conduct a fundamental review of its basic energy policy.

A second issue that the nuclear crisis has highlighted is a need for transparency broadly speaking. Japanese have looked even abroad for more news to translate into Japanese to learn about the crisis. People are questioning the accountability of their government, their press, their companies. A final note: Transparency could become a rallying cry that weaves all of these issues together for Japan.

Whether Japan takes this chance for change is uncertain. But most people I talk to agree that this moment right now is probably Japan's last chance in our lifetime to shift its course away from comfortable decline.

Thank you.

DAVID SPEEDIE: Thanks, Devin. A sobering final thought.

One small footnote on our friend Michael Mandelbaum. After writing *In Defense of Goliath*, a few years later he has produced [A Frugal Superpower](#), which has a somewhat more sobering view.

DEVIN STEWART: I know. It was in my remarks. I cut it just for brevity's sake.

DAVID SPEEDIE: But his bottom line is the same: The rest of the world will miss the U.S. when it's gone.

DEVIN STEWART: And also another point on that, which is Michael Mandelbaum in *The Frugal Superpower* identifies that America's worst enemy is within its own country. I think that's consistent with the rest of the talk. Thank you.

DAVID SPEEDIE: Indeed.

Over to you, Dov. Thank you.

DOV WAXMAN: Good afternoon, everybody.

I want to begin by offering a confession, which may seem a little unusual. I'm going to make this confession on my own behalf and on behalf of all Middle East experts. We didn't see this coming.

Really, you know, we've been working, teaching, learning about this region for a long time. The conventional wisdom was essentially that, while we were all well aware of the region's many ills, many deficiencies, few, if any, Middle East experts believed that any major political change was likely to occur in the region for quite some time. The general view was that the authoritarianism in the region, the political order, was very deeply rooted and would be enduring. And so the events of the past six months have come as something of a humbling experience for those of us who study the region, as we have really, again and again, repeatedly realized that our best judgments about what might happen have been proven false.

Whatever I'm going to say this afternoon, I want to offer that initial disclaimer, just to say that these events have been so profound and so momentous and so unexpected that I think we all have to be quite cautious in offering any sorts of projections about the future.

The central point I want to emphasize in my remarks is the dramatic transformation that has taken place in the region just over the past six months. The Middle East today is not the same region as it was just six months ago. A new Middle East is emerging.

The old order is rapidly crumbling. The basic features of that old order consisted of an entrenched and powerful leader; a ruling party which controlled all aspects of life in the country, economic and political life; a bureaucracy that served the interests of the ruling elite; and a strong army with almost absolute loyalty to the ruling leader. That was the general pattern of politics across the region, and that pattern of politics has persisted for the last 30 years essentially and looked to be really set in stone to a large degree.

That old order, as I said, is now crumbling before our eyes and a new Middle East is emerging. For that reason, what is taking place in the Middle East today I think is of a historical significance at least akin to that which took place in [Eastern Europe in 1989](#).

The analogy goes further. Just as Sovietologists did not predict the rapid collapse of the Soviet Union and the end of the Cold War, so the same is true with Middle East experts. This is our moment of having to acknowledge the limits of what we can predict and understand about the region.

Now, I have a very brief amount of time to try to offer both a brief diagnosis of the causes of these uprisings and also a look to what the possible consequences might be. So I am going to proceed very quickly.

I'm going to emphasize the commonalities. I want to make it clear that each country and the uprisings in each country is distinct. There are specific features. So we need to be aware of these differences and we shouldn't just lump them all together. But that's exactly what I am going to do because I only have ten minutes in which to speak.

The particular evolution of events has come about as a result of these specific factors and will differ from country to country, but I think there are some broad commonalities that connect these events, and for that reason we kind of generally refer to them as the collective Arab Spring.

First of all, in terms of the underlying causes of what has taken place, really what we have seen is a confluence of socioeconomic grievances coupled with demands for political reform.

We've seen, first of all, in terms of the causes, the human rights abuses, especially police brutality and harassment. In both the Egyptian and Tunisian uprisings, these were the triggers that sparked the revolution.

Really, nobody could have imagined that the self-immolation of a market vendor in rural Tunisia would have

unleashed these revolutionary forces. But I think the reason why it did so was because what [Mohamed Bouazizi](#) did really echoed across the region, because it spoke to this longstanding frustration with official harassment and brutality, and particularly the impact that had upon people's sense of dignity. I think for that reason this has been aptly described as a demand first and foremost for dignity.

In addition to that, complaints and frustration with official corruption across the region. Over half of the region's 21 countries score on the bottom half of [Transparency International's Index for Corruption](#). So there is really widespread and endemic corruption in these states.

Poverty, in particular, and in addition to just longstanding and widespread poverty, a growing concentration of wealth. This has come about, in part, as a result of the neoliberal economic reform measures that these states have undertaken, particularly Tunisia and Egypt.

It's not economic stagnation. In fact, there has been economic growth, but this economic growth has been accompanied by a widening socioeconomic disparity, a widening gap between the haves and the have-nots. The haves, in particular, have engaged in a kind of conspicuous consumption, and this has really exacerbated the anger of the have-nots and the resentment over this income gap.

Also exacerbating this resentment and anger has been the rising price of food. Just over the last year, global food prices have risen by 32 percent, according to the UN's Food and Agriculture Organization. This, obviously, really exacerbates the difficulties that the poor in the Middle East are facing. The Middle East is one of the least self-sufficient regions in terms of food, so the increase in global food prices particularly affects that region.

Perhaps above all, in terms of the causes of the Arab Spring, has been what we've heard a lot about already, unemployment and underemployment. The unemployment rate in the region is one of the highest in the world, and that's particularly the case in urban areas, which has been where these revolutions have taken place, and among the young, the educated, and women.

Now, the reason for this unemployment in large part stems from the rapid demographic growth that has taken place in the region. It is particularly the inability of the region's economies to absorb the young who are entering the labor market after university.

What has happened has been on the positive side a massive expansion of tertiary education, of college graduates. But at the same time, as more and more people in Tunisia, in Egypt, and across the Arab world are going into college and getting degrees, they are unable to find jobs at the end of it, jobs that match their aspirations. In fact, college graduates are much more likely to be unemployed than those without college degrees in the Middle East.

As I say, a large part of that is really—there are many reasons for the high levels of unemployment, and particularly youth unemployment—but above all it lies in this youth bulge. The fact that about 65 percent of the region's total population is under the age of 30 gives you some measure of the economic mountain that these countries would have to climb in order to provide, even if they were growing at a very rapid rate, even if they were managing in a very efficient manner, to handle that explosive population growth which has occurred—recently the growth of the young population in particular, by 50 percent since 1990. So this very massive increase of youth has been a massive economic challenge, which basically the countries of the region have failed to meet.

Consequently, a fault line has opened up between these young populations and these oppressive, unaccountable, unresponsive regimes that essentially have been unable to provide opportunities and a better life for these people.

That is what has really been driving these uprisings, this belief that under the existing order there is no hope, there are no opportunities, and coupled with that, there is no prospect for dignity, as I said.

In addition to this demand for economic opportunities, the political freedom, and for human dignity, these young populations are very tech-savvy. They have therefore been able to take advantage of these new forms of communication, like social networking websites, to bypass state censorship and the security services. So the ways in which these regimes have long been able to retain their iron grip on power, through censorship and through these very large security apparatuses—they found the weakness, they have been able to bypass it through the use of new technologies.

I'm going to move now quickly ahead to look at where this might be going and what are the possible consequences.

I want to begin by stressing the positive. We're all inclined to fret about what might happen. But I think it is, first of all, very important to acknowledge the positive here.

First, in Tunisia and Egypt, the uprisings in those countries have put both of those countries on a possible—and I emphasize possible—path to democracy. It's by no means assured, but there are real prospects for the gradual emergence of democracy in both of those countries.

Elsewhere, protests in Algeria, Jordan, Morocco, and Oman have already led to political concessions, promises for constitutional reform, the empowerment of parliaments, changes in government. So there have already been tangible results that have resulted from this Arab uprising.

But more broadly, the sense of people power that has emerged across the region is, I think, the most momentous force for change going into the future. A decisive threshold has been crossed. People are now energized and they feel emboldened and empowered in ways that they have never felt before. I think this will have huge consequences going into the future.

This barrier of fear has been broken. As a result, I don't think those forces will be easily re-contained or put back in a box as a result. People have tasted freedom, tasted their own sense of empowerment, and as a result I think that effect will continue to reverberate across the politics of the region for a long time to come.

As a result, the prospects for democratization, which is something that has long been at least a rhetorical goal of the United States, are better today than ever before. These authoritarian regimes face an unprecedented—and this is unprecedented—popular pressure to liberalize and democratize. If they don't respond to this, they are all endangered, every single one of them.

So I think political reform is likely. But the question of how far-reaching this reform is, is of course the big question.

Ultimately, the era of Arab dictatorships is coming to an end and a new era of Arab populism—not necessarily democracy, but populism—is beginning. In this new era, I think Arab public opinion, whether in semi-democracies or soft authoritarian regimes, Arab public opinion will play a much greater role into the future.

Okay. So those were my positive remarks. Now I'm turning to some of the challenges that lie ahead.

I think, first of all, in Egypt and Tunisia there is a real risk of not a democratic transition but a false transition, and particularly because the entrenched elites in those countries are still deeply reluctant to cede power to the masses. In particular, there is a big question mark over the military establishment in Egypt's willingness to really allow real democratic reform in Egypt, and I think the initial signs are not particularly encouraging in that respect.

Economically, whatever regimes come to power in those countries or elsewhere will face these major problems that I mentioned before. I mean these problems are not going to go away. In fact, the uprisings have exacerbated the problems because they are going to result in slower economic growth rates this year and perhaps in the year ahead. So the problems of inequality, of unemployment, are going to persist.

The difficulty here is that public expectations have been significantly raised as a result of this Arab Spring, and as a result, I think the new regimes are going to really have a real difficulty dealing with these heightened expectations.

In addition to that, the kinds of economic reforms that might be necessary to ultimately tackle the problems of unemployment, in particular, are now going to be harder to implement because free market reforms and foreign investment actually now have a bad reputation in the region. People are now demanding state subsidies and greater state management of the economy. So there is going to be resistance, I think, to making some of the economic reforms that are ultimately necessary to resolve some of the deep-rooted economic problems.

There is also a host of other risks in the democratizing countries, the risk of social and sectarian conflict, in particular. We have seen already in the case of Iraq how once a repressive regime is removed, the lid on communal, class, and sectarian tensions, that had kept these tensions under wraps—once that is removed, then we see an exacerbation of those kinds of tensions and conflict emerging.

We are now witnessing—Iraq is obviously the worst example of this in recent years—we are seeing this now beginning to occur inside Egypt, the sectarian clashes, and there is some speculation that these sectarian clashes are in fact maybe partly fomented by those of the old regime loyalists who wish to derail the momentum toward a real revolution in Egypt.

In addition to those kinds of tensions, there is the tension that will emerge as a result of the increasing political power and influence of Islamist parties. I don't expect the Islamist parties necessarily to seize power or to gain power by themselves. But, whatever happens, they will have a stronger voice in government, and that is going to

increase secular/religious tensions in these societies, as well as obviously pose a challenge to Western governments.

In other countries, particularly in Bahrain and Syria, where regimes have tried to deploy violence and brutality in order to crush the uprisings, if they succeed—and in Bahrain it looks like they have succeeded; in Syria it's still very much an open question—I think, as a result of that, whatever popular legitimacy these regimes enjoyed in the past—and they did enjoy some popular legitimacy—is now completely gone.

As a result, these regimes are essentially going to have to rely upon a prolonged period of repression, essentially a reign of terror. I think that is the great risk that will occur in these countries, because they can only now fall back on the politics of force and fear.

In Libya and Yemen, we have another danger, the danger of tribal clashes, and in Libya's case protracted civil war, the danger that both countries may ultimately end up failed states as central state authority collapses within these countries. That has huge implications for Western security.

More broadly, as I said, the prosperity and stability of the region depends upon providing these opportunities to the young generation.

I have just been told I've got one minute, so I am going to try in my last minute to very briefly mention just quickly what are some of the international repercussions of what is taking place.

I think the Middle East is entering a prolonged period of instability. This is going to have huge international implications.

It is likely to unsettle existing alliances. We are already seeing this happen with the U.S.-Saudi alliance in terms of the different responses of the U.S. government and the Saudi government to this Arab Spring.

It is likely to generate new regional tensions. Tensions have been exacerbated between Saudi Arabia and Iran. Down the line, possibly between Israel and Egypt. Some new regional tensions are emerging.

If the civil war in Libya continues and it devolves into a failed state, increasing emigration from Libya, as well as from Tunisia, into Western Europe, which will pose a challenge for European governments.

Instability in the Middle East will also obviously impact the price of oil, which will affect the global economy.

So for the foreseeable future we are going to be entering a period of great change and instability. As a result, the region is going to be a lot more unpredictable. Largely it has been predictable. It may not have been a benign region for the United States, but it has been at least a largely predictable region for U.S. policymakers. Going into the future, it is going to be a lot less predictable and, consequently, a lot less manageable.

I think, therefore, although ultimately I am reasonably hopeful about the long-term prospects, as I said, precisely because of this emergence of people power and the better prospects for democracy, I think from the U.S., and more broadly from the Western, perspective it is going to be a lot more challenging region to deal with going into the future. Thank you.

DAVID SPEEDIE: Thanks, Dov. Best use of a minute I've ever encountered. [Laughter]

Nick Gvosdev.

NIKOLAS GVOSDEV: Before I start, let me just begin with my disclaimer. I am going to speak on my own behalf. I don't represent in my views here that of the War College or of the Navy or of the U.S. government.

With all of these presentations that you've heard today, you may think: What's the unifying factor in what's happening in Asia, what's happening in the Middle East, and the "rise of the rest"?

Beneath all of these topics today is the underlying theme of natural security—natural security meaning that what is happening with climate change, how is that affecting countries; what's happening with resource endowments, how is this going to affect the shape of global politics.

What I'm going to present on today draws on the work of a number of people, but three references for those who are interested. Thom Shanker's piece last June in *The New York Times Magazine* on natural security is a good starting point; Lester Brown's [recent piece](#) in *Foreign Policy* on the geopolitics of food; and finally, Michael Kugelman's [piece](#) in *World Politics Review* also on the food crisis, I think are interesting starting points.

Let me give you a few statistics to frame this discussion.

It is estimated that by 2030, out of a world population of between 9-10 billion, about 5 billion will be considered middle-class. In fact, a number of governments, particularly in the rising powers of the South and East, whether they are democracies, authoritarian regimes, some mix of the two, have an implicit bargain with their populations that they have a right to rule because they are going to bring about the achievement of middle-class lifestyles for the bulk of the population.

Middle-class lifestyles, of course, are defined by consumption: more food and better quality food; more consumer products; and, most importantly, energy. That you should be able to turn lights on, power your computers and TVs; you should have a right, or at least access, to your own vehicle—all of this is demand for energy, both for electricity and also for liquid fuel, which currently we have in the form of oil, natural gas, and then the related ethanol products that result from it.

So we have this growing pressure on governments around the world to deliver a middle-class lifestyle in the case of the rising powers. And, as we are seeing with existing developed powers—and we are seeing this particularly in East Asia and in Europe—populations who want to retain their middle-class lifestyle, who are afraid of losing it in a new age of austerity, that they are going to slip out of the middle class and slip out of that lifestyle.

So governments are under increasing pressure to deliver or guarantee the middle-class lifestyle for a majority of their citizens.

Dov just referred to the potential for sustained unrest in the Middle East and an impact on the oil price. As we've seen over the last several years, the oil price and prices for food are now linked inextricably. When the oil price goes up, the prices for grain, all sorts of grain, go up, because as the price for oil goes up and as the demand for oil goes up, the demand for stretching your oil products further, for stretching your gasoline, goes up, which means you turn to ethanol and to taking renewables and stretching out your gasoline supply.

So every year now we have seen as the oil price spikes up, food prices go up. As Dov has already referred to, the spike in global food prices was 32 percent in this last year. That was not accidental. It was not due to droughts. It was not due to shortages. It's due to the fact that increasingly we are converting more of what we grow into fuel.

Take this as a statistic: We produced 400 million tons of grain in the United States this past year, of all types of grain, wheat and corn and soybeans. Of that 400 million, 126 million went into ethanol. Ten years ago, in 2000, that figure was 16 million. So we've gone from 16 million tons of grains being diverted into ethanol production in 2000; in 2010 that figure is at 126 million.

Brazil is the second-largest producer of ethanol now. Increasingly, it is not just sugar cane, it's diverting more of its agricultural land to growing sugar cane to produce ethanol as opposed to growing food.

The European Union has committed itself that by 2020, 10 percent of its fuel must come from renewable sources. That is going to put greater pressure on the agricultural sector to grow, not for consumption, but to grow for fuel.

What this also means is that in the old days we were always used to this idea of these enormous surpluses. Farmers grew more than they knew what to do with. We paid farmers not to grow. We would store it on ships and in silos. That cushion is disappearing. In other words, having large amounts of excess food produced each year, which you can dump onto the market to bring prices down or to relieve famine in various parts of the world, that's beginning to move away.

We have the impacts of climate change. We are beginning to see this more and more. Last year's [Climate Change Vulnerability Index](#) came out, and it wasn't just simply the suspects we might expect, of "poor" countries that were affected; but it's also a number of key economic powers in the world.

India is the number 2 country on the Index for being at extreme risk for climate change disruption of its economy and society. Japan was on the list with high risk, which we saw with the tsunami occurring this year. Pakistan, the Philippines, Thailand, Vietnam, Brazil.

China itself. Desertification is increasing in China. They are losing more of their own arable land. They are over-pumping their aquifers to sustain their agricultural sector now. So there is potential for great disruption in China as well.

These are key linchpins of the global economy. These are some of the largest economies, some of the [BRICSA](#) countries [Brazil, Russia, India, China, and South Africa] or the [N11](#) countries [Next 11: Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey and Vietnam].

In particular, the Middle East is going dry at the rate at which Middle Eastern countries are over-pumping their aquifers, which are not renewable—once you pump out your aquifers, water doesn't magically reappear.

We're seeing in the Japan case that we may enter into a period where nuclear power again enters into a period of disfavor. How are you going to power the large desalination projects? People said the future for the Gulf and Saudi Arabia and others was they'll just develop desalination plants, they'll take the water of the ocean and desalinate it. You need a lot of energy for that. If nuclear is being taken off the table, because people have decided nuclear power is not safe or you don't want as many nuclear plants, and you've pumped out the aquifers, then the question is where are you going to get the water from. So this could be another series of events that could shock the Middle East.

One of the things that's happening, a trend that we've seen over the last several years, is the growing tendency of countries to try to lease farmland in other countries—that is, to try to develop their food security by going to countries that have cropland and leasing it. Saudi Arabia, South Korea, and China have been the trailblazers in this regard.

Today there are about 140 million acres of leased cropland. Most of this is in Africa. African countries are willing to lease their land for foreign interests to grow food. One hundred and forty million acres under cultivation is the equivalent to what we have under cultivation in the United States for corn and wheat. So if you think of the U.S. agricultural sector for corn and wheat, you now have this phenomenon of leased cropland in place, where countries are trying to reach out to other countries.

Libya was trying to do this before the uprising. It was making deals with Ukraine to try to use its oil wealth to basically, in essence, rent Ukrainian farms that would then be producing food that would be sent to Libya to try to keep an eye on social unrest there.

As we've seen in the Middle East uprisings, we in the West have often had a narrative that it's about human rights and civil and political freedoms, and that's one component of it; but the component we have tended not to pay as much attention to, which I think is equally important, is the rise in food prices, the lack of opportunity, people being squeezed. And so governments, Colonel [Gaddafi](#)'s regime and other regimes, were already trying to anticipate this problem by trying to find new sources of food or new sources of cropland for this.

So where does this lead us? Where are we going to be moving towards in the future?

There is Dov's point about governments internally perhaps not relying on the free markets as much to allocate resources. There may also be a corresponding international change as well: Are governments going to entrust their natural security to the market? Will you trust that the market will provide you with the food and fuel that you need for your population? Do you trust the validity of contracts that you reach, that they will be enforced? This is becoming an issue.

And then, the question is: Will countries try to band together? Will countries try to group together and share and pool resources, or at least try to say, "Our group can hold onto things"?

There was a very interesting [essay](#) written last month by retired General [Leonid Ivashov](#). He was the chief of staff of the Russian military until he retired in 2001. He proposed that the BRICS countries should, in essence, use natural—he didn't use the term "natural security"—but in the piece the implications are that these countries, as he said, are together more than self-sufficient in hydrocarbon fuels, food, potable water, and power, and that they should work together to, in essence, ensure their own economic security by guaranteeing to each other that they will share their resources with each other, that they will reach preferential agreements with each other in terms of meeting the energy need.

Potentially, down the road there has been talk about how, certainly as the Arctic warms and as the permafrost retreats, Russia is a beneficiary—more cropland perhaps developing, it's easier to access the natural resources of the north; you have the immense water reserves as well—that this could be a tool for Russia to bind itself more closely to a group of rising powers in order to alleviate that risk.

So we could see a variation of "the world without the West" if Ivashov's vision begins to drive policy more forward, which is of rising powers coming together to try to mitigate their natural security deficiencies.

We also see this, of course, in the growing willingness of European countries to renegotiate and redevelop their ties to Russia along the same lines of thinking, why we've seen in recent years these efforts to try to have European states develop new energy and resource links to Russia to try to bind those resources for European consumption. So we'll see how that plays out in the future.

Let me just conclude with where this could be ending up for the future in the next 20-to-30 years, both on the

security side but also on the ethics side of the house.

The first is whether or not this is going to cause more countries to develop more power projection capabilities. We've enjoyed over the last several decades, particularly since the end of the Cold War, a situation, going back to Mike Mandelbaum's position about Goliath, where countries were willing to let the United States do the heavy lifting in preserving a system of open trade and open lines of communication.

But in the future are countries, particularly rising powers, going to invest much more in military capabilities to secure their lines of communication, secure their access to resources, and in fact be able to intervene if necessary in other parts of the world if it is needed to protect their resources and supplies?

We also will have to see what happens in countries where farmland is being leased. Already we are seeing the first rumblings of this in Africa, in a number of African states. What will be the incentive of local countries to allow their farmland to be used to raise food that goes to export if their own populations are going without?

This again is why you have some of this uncertainty about the validity of contracts. Both Vietnam in 2007 and then Russia in 2010, due to drought and the fires in Russia, at some point began to restrict export of food supplies, by saying, "Well, the harvests are going to be down. We can't export as much." There was enough leeway in world food markets that you could make up for those shortages.

If in the future the food markets are becoming tighter and a country says, "We have an agreement with you; we were supposed to get 2 million tons of grain; you're not shipping it to us," does that become a flashpoint for conflict? Does a country, say China, say, "We're going to go to Ethiopia and say, 'We leased this farmland, we expect the amount of food to be delivered; and, if you don't deliver it, we will make sure that that food is delivered to us'?"

What does it do to the stability of local governments if they are in a position where they are forced to decide, "Do we meet local needs or do we honor export contracts?"

There are some historical parallels: The [potato famine](#), which most people are aware of. Perhaps less aware of is the [1891 famine in Russia](#), which did a lot to delegitimize the tsarist regime years before the revolutions happened. It wasn't because there was a shortage of food as much as it was decided it was more important to meet export quotas, because during the year of famine Russia continued to be a net exporter of grain and food to Europe while some 500,000 people or so perished in the famine of 1891.

Are we going to see these potential governments facing these kinds of choices again in the 21st century, and what does it mean?

Finally, it really opens up the question about the degree to which we will return to a series of non-transparent relationships between countries, in terms of securing preferential access to resources and to supplies.

Lester Brown concludes his *Foreign Policy* piece by noting that after World War II, we had this impetus to try to create global systems of trade between countries, to try to encourage openness, so that everyone could benefit from an open system. The question is: If we are going to be entering into an era of increased scarcity of resources, his concern, and the concern of others, is that it becomes very easy for governments to say, "Everyone for himself and herself, every country for itself in the global system. We have to do what we have to do to secure our piece of the resource pie," and if others are negatively affected, it becomes a zero-sum game again.

Of course, Devin did have a point of optimism. The Japan earthquake could be a catalyst for new technological breakthroughs in energy and some of these other areas which could alleviate these tensions in terms of natural security.

I think that if for the last decade we focused a lot of attention on terrorism as the big issue of international affairs, I think in the coming years it's going to be natural security, and particularly for those countries that feel that they are much more on the brink with rising middle classes, the growth of expectations for people expecting a certain standard of living to be delivered, and the question of who is going to get to divide up the pie, and who decides which country gets what slice. I think these things are coming back to the fore and we'll see how this plays out.

It may be something that rejuvenates the G20 process, something we've had. We've had several sessions here over the years about whether the G8 or G20 process was relevant or not. This could be something that forces leaders to come together and have to address this issue in years to come.

DAVID SPEEDIE: Thanks, Nick. Equally remarkable that so much global territory was covered and on schedule.

We have quite a bit of time. Since the presentations did cover so much, let me just ask very quickly if the panelists would like to have any comments on each other.

I know, Devin, you had a question you wanted to raise.

DEVIN STEWART: A quick comment. We launched this series with Nick about five years ago. Five years ago we didn't know what the world in 2011 would look like, of course. But it's amazing how relevant this series is to events this week. This week there's so much going on, some of which we covered.

But one point that was not mentioned, despite this being a panel of four white men. There is a new guest at [Rikers Island](#), named [Dominique Strauss-Kahn](#). The reason I bring this up is because this is being portrayed by analysts as a "rise of the rest/BRICSA" problem or issue, and particularly a fairness question.

[Kishore Mahbubani](#) spoke here a couple of years ago, saying this is not a fair situation in the world; the West is guilty of prolonging an unfair situation. As he put it, despite all the talent and brains and Ph.D.s in Asia, 3 billion Asians do not qualify to run the World Bank or the IMF.

I think that this issue about how to, in a sense, govern the world is coming back to the fore, and very much in the themes of this panel over the past five years, it is pretty incredible.

DAVID SPEEDIE: And the BBC this morning—the Europeans are quick—even as Mr. Dominique Strauss-Kahn is not yet cold in his political grave, the Europeans are saying, "We must have another European running the IMF because of the crisis of the euro and so on." So you're right. It's incredibly Eurocentric.

Dov, any comments?

DOV WAXMAN: Yes. I would just reemphasize a point that Nick made about in terms of the prospects, at least for the Middle East, of providing these opportunities for this young population that I mentioned, which is I think the major political and economic challenge facing the region. Without these opportunities, I think we are in for a period of prolonged political unrest and potentially violence.

I think the resource scarcity that Nick is pointing to really does underline the difficulty of doing this. You have, at the same time as this youth bulge and this population surge happening in the region, also got an increasing stress upon its diminishing natural resources, particularly water and agriculture.

I think that really just does lead us all to realize the scale of the challenge ahead, the difficulty that any successor regime in the region is going to face in catering to this young population, given the likelihood that food prices are likely to remain high for a long time to come.

DAVID SPEEDIE: Nick, any remarks?

NIKOLAS GVOSDEV: No.

DAVID SPEEDIE: Okay, fine.

The floor is open. The usual rules. Please wait for the mic, give your name and affiliation. We welcome questions and brief comments rather than oratorical presentations.

Questions and Answers

QUESTION: My name is Craig Charney. I run a polling company called Charney Research. Amidst all the talk of new forces, I was surprised we didn't hear much about an old one, nationalism. The communications technologies and other things that are bridging people across countries and connecting them within it are also one of the most powerful forces for nationalism, which can well be a basis for top-down control or populism, as we have seen both in China and in other parts of the Middle East.

What I'm wondering here, in particular—I was struck by the contrast between Devin's and Dov's presentations in terms of their combined optimism on the impact of communications and education in terms of improving the prospects for democratization.

I'm wondering, though, if you could speak a bit about the potential for nationalism as well, because in China we certainly see a very strong effort by the Chinese Communist Party to use that as a way of squaring the circle, allowing their people to communicate about approved topics, including economic innovation, while creating a self-policing system when it comes to political dissent.

DEVIN STEWART: A real quick comment on that, Craig. That's a great question. As we know, in the study of

nationalism, I believe nationalism actually came about through the revolution of communications, right?

QUESTIONER [off-microphone]: An absence of that.

DEVIN STEWART: I don't know if you agree or not, but in the sense of creating a national message or a national identity, it requires connectedness between the leaders and the people.

I was in Washington last week and I attended a variety of conferences organized by the Truman National Security Project. One of them was about youth movements. This is not my expertise.

There was a young woman who had engaged with a variety of youth movements in the Middle East and Africa. Her perception was somewhat unbelievable to someone slightly older, which is that people—she is observing this worldwide—people are abandoning their national identities and communicating on various platforms on pressing transnational issues. She was very optimistic about things like in northern Africa that this type of galvanizing phenomenon could take place. I don't know. That's just one data point.

DOV WAXMAN: Generally speaking, I've always been in the debate about the future of nationalism between those who have predicted its imminent demise—and this has been something that they have continually predicted for the last 30 years—I have generally been of the opinion that nationalism is in fact very resilient and very adaptable, and so new developments don't lead to a decline of nationalism but have in fact in many cases led to a resurgence of nationalism. So I think certainly that is going to remain a very powerful force around the world, and particularly in the Middle East.

I think one example of the kind of populism that I am suggesting is emerging—I'm using populism as opposed to democracy because I think populism is much more likely than the kind of liberal democracy—is Iran. Iran is a very good example of a regime which, although it is an authoritarian regime, it does rely upon a kind of Islamo-nationalism in order to maintain some legitimacy. The Iranian regime, despite the green movement inside Iran, does have a large base of popular support which is based upon exactly that mobilization of a kind of Persian nationalism coupled with Islamism.

Another example of nationalism would be Turkey. So I think between the Turkish model and the Iranian model you will see in that in Egypt, Egyptian nationalism particularly is likely to play a much greater role. And that will be true in others, potentially in Syria as well, where you need to unite all of these different groups inside the country.

And I think as a result of that, again that speaks to the way in which mass publics are going to feature a lot more in the politics of the region. That means that instead of simply talking to leaders, we are now going to address populations that are much more mobilized and in many ways more nationalistic, because this is what can unify these populations, than has been the case in the past.

QUESTION: Thank you. My name is Stuart Gilbert. I'm an independent, or at least I hope so.

I don't want to seem cynical, but I think that the United States and the people on the panel are not being really realistic as to the current situation. Japan, when it finishes the earthquake situation, will go back to being what it used to be, which was called "Japan Inc." The hubris of the Japanese history will be what it is.

China has learned from Japan that no industry, no major corporation, in Japan ever opened up to allow foreign majority investment. There is no industry in Japan that allowed the United States to come in, such as automotive, tires, et cetera. China has learned from Japan not to allow any majority foreign corporation or country to have majority interest in a major national company.

I do not think that the United States realizes, not that we are over-hyping China, but we should under-hype the United States' present and future. We cannot keep living at the stage that we are, relying upon debt from China and Japan, and Japan in the present and near future has to turn inward and cannot buy American debt. China currently—

DAVID SPEEDIE: I think you've made your point very well.

QUESTIONER: Excuse me. I'll just sum it up in 30 seconds.

DAVID SPEEDIE: Please, or less.

QUESTIONER: The United States cannot rely on anyone, unless it looks out for itself. China has a policy of looking out for China, and not China and the United States. How do you propose to change America to realize what's going on?

DAVID SPEEDIE: For you, Devin.

DEVIN STEWART: Well, I don't buy a lot of the premises, so it's hard to make a comment on that.

For example, if we did see a return of Japan Inc., I would think that would actually be a good thing for Japan. Japan Inc. is often described as a period of manufacturing and industrial strength in Japanese history. So if we could see a return of Japanese excellence in manufacturing and export-led growth, that might be a good thing.

The CEO of Nissan is [Carlos Ghosn](#). I mean there are foreigners in Japan. Right now the debate in Japan is "We need more foreigners." Immigration is perhaps one of the hottest topics right now in Japanese press and op-eds, editorials, and debate.

I don't know where it's headed. I tend to think that Japan embracing foreign ideas and foreigners in general is probably a good direction for it. I think a lot of the elite in Japan feel the same way. Whether or not we are going to see more of that in the future we'll see.

QUESTION: I'm Olivia [inaudible] and I'm a member of the Foundation.

I have a question. Can you talk about Islamism and nationalism and the tension of Islamophobia with nationalism that's taking part in the world, the impact of that on your thinking?

DOV WAXMAN: I think, as I say, one of the consequences domestically as a result of the Arab Spring is going to be the political empowerment of Islamist parties in the region. Islamism, which has long been the kind of bogeyman which has scared Western governments from supporting democratization in the region, now is going to be—I don't necessarily expect the Muslim Brotherhood in Egypt to come to power by itself, but one way or another they are going to have an important role in Egyptian politics going ahead, as will be the case of the Islamist party in Tunisia, and potentially in Syria as well if the uprising succeeds there.

I think, precisely because there has been for some time now in the West a real fear of Islamism and a belief that somehow there is a real deep incompatibility between Western interests and Western values and those represented by Islamist parties, this is going to pose a huge challenge for Western governments and for the United States in particular.

That said, I think the early signs are in fact quite positive. I think the U.S. government's support, albeit belated, for the uprising in Egypt showed a new tendency, a recognition that perhaps a Muslim Brotherhood-influenced Egyptian government may be one that the United States can still work with.

Today, now, there is a debate within the Obama Administration about Hamas and Hamas' inclusion now in the New Unity government in the Palestinian Territories. What does that mean? Does it necessarily scuttle the prospects for any sort of negotiations? I think now there is a real debate on that.

And of course—and I haven't mentioned this—the impact of [bin Laden](#)'s killing, which ultimately can bring about a shift in terms of American perceptions of the Middle East and of the wider Muslim world.

I think ultimately the fear of Islamism, the Islamophobia which has emerged as a powerful force in the United States, and particularly in Western Europe—perhaps we might be, hopefully, at some turning point. It may be beginning to scale down some of those fears and realizing that not all Islamists are alike, that there are some Islamist movements that we can work with, whereas there are other Islamist movements that we cannot work with, and rather than a kind of blanket aversion to any Islamist politics, that in fact we should have a much more nuanced approach. I think there are at least some indications that that may in fact be the thinking within the Obama Administration and within European capitals at the moment.

QUESTION: Claire Steinberger, psychologist. This is a phenomenal luncheon. I wish it was a weekend. It's just flooded with wonderful, wonderful thought. So I just have three or four ideas or questions.

One is on what Dov Waxman was bringing up. I want to just look at the role of terrorism and how we can perceive that in the future being dealt with and where it's coming from, poverty and/or whatever, religion.

The other interesting area for me in terms of this Arab Spring is did our role by going into Iraq—not that I was for it—or Afghanistan make any difference in the triggering of what has happened and how is that perceived?

Also looking at the United States and the wealth gap here and the class system here—supposedly, it's the biggest gap—and unemployment and so forth, how the United States is looking in its own infrastructure right now.

I will end there. I will not bring up anything with the Israelis and Palestinians. I'm dying to, but that's enough already.

DAVID SPEEDIE: It's going to be Dov and Nick for this one.

DOV WAXMAN: On the question of terrorism, as I've just alluded to in my earlier statement about bin Laden's death, I think that the significance of that is that the overarching concept of the war on terror, which has framed American perceptions of the Middle East since 9/11 and has obviously been a dominant framework within which American policymakers have dealt with the region, I think that concept is now no longer, essentially.

I think we are now moving beyond the war on terror. That doesn't mean to say terrorism is no more, but that it will, I think, be something that is a long-running security challenge, but no longer the dominant way in which the United States perceives and interacts with the Middle East.

For one thing, if we think about the global jihadi movement, what the Arab Spring has shown is in fact the ideological bankruptcy of jihadism as an ideology in the region from which it originated.

Jihadism is still alive and well as an ideology. In fact, jihadism is probably more popular in cities within Western Europe than it is in cities in the Middle East today. So if we think about the threat from jihadism, as I say, it is not a Middle East issue. It is a global issue. It is an issue that concerns Muslims in the United States, in Western Europe, elsewhere, but no longer one that I think is predominantly a concern for the Middle East.

In fact, if anything, I think the uprisings have really shown that jihadism is seriously on the decline in that region, which is very good news. That will affect, as I say, how the United States deals with the issue of terrorism.

On the question of Iraq and Afghanistan, or specifically Iraq, I think there may be some who say, "Oh well, because of the war in Iraq and the freedom agenda of the [Bush](#) Administration, this has somehow had some positive impact upon the Arab uprisings."

I think that in fact the opposite is the case, that it has taken some time to make democracy not a dirty word in the region. Democracy, because of its association with the war in Iraq and particularly the aftermath of the war itself, the occupation and all of the sectarian violence that took place in Iraq, is really a big problem.

One of the biggest obstacles specifically in Syria today is the fear of what happened in Iraq: Is Syria becoming another Iraq? This is affecting both how the United States interacts with the region—it doesn't want to be seen as being too imperialistic in its policy— and I think this is allowing the rulers that want to stay in power to say, "If we open up, look what happened in Iraq."

So I think in fact it's an obstacle to be overcome rather than having been something that was a positive influence.

NIKOLAS GVOSDEV: The wealth gap question is interesting, and it actually feeds into some of the earlier questions about nationalism and economic nationalism as well. Because given the reality of a wealth gap, given the sense that average Americans now feel that they're not going to be part of the middle class, that they are being pushed out of it, which is part of this global trend of concern about that, and then you link to that the resonance of the phrase "take care of our own"—the "take care of our own" can be the nation, it can be maybe a specific group within nations, but it generally can lead to thinking about what sort of economic policies you want to pursue, which then have an impact on your international posture.

We've seen a growing unwillingness or unease with the concept of free trade in the United States, because people say, "It doesn't benefit us; it benefits someone else."

One of the impacts of this kind of natural security issue, and if there are certain technological breakthroughs and if there is a change in thinking about how we extract natural resources from the United States, is a system where the United States could become much more self-sufficient. We're a continental power. We can be much more self-sufficient in terms of the resources we produce, the energy we consume, because of choices that we have made, policy choices that we choose not to.

If we were to move in those directions, you could see a situation where the United States over time becomes more self-sufficient in a variety of areas and so comes back to Mandelbaum's question about Goliath, which says: "Why are we paying for the international system? Why are we the ones doing all of this?" So we begin to say, "We don't need to, our security doesn't depend on it." We withdraw back from various parts of the world. That's one direction.

The other direction that's interesting is the extent to which today the United States—we think of the United States as an industrial power, and it is; we still are a manufacturing state.

But you look at what we export. We either export very high-end innovation service technology or we export raw materials. There's a gap there, because to the extent—one of the things that is interesting about the food issue is the extent to which the United States over time may become a supplier of choice to China for food. When you think of a scenario where China buys our debt, we send them food, it's a different relationship than what people have usually assumed, which is the United States would supply high technology and China supplies cheaper labor and then they send us products back.

Again, there is a wealth gap issue there, though, because traditionally if you export raw materials and agricultural products, you are at the bottom of the trade chain. So if 20 years from now the United States is primarily selling food, timber, raw materials to the rest of the world and then is, on the other hand, expected to pay for the most advanced military force in the world to provide peace and security for the international system, I think we are going to see that politically that will be unsustainable. I don't think the American people will continue to say, "We're going to spend for the defense establishment that we have," if it's not generating rewards for the United States and for our domestic industries.

So by a back door, the wealth gap could end up becoming a way of discussing this question of what role should the United States be playing in the world and to what extent do we start to retrench.

QUESTION: Charles Wolf, Naval War College.

For Professor Waxman, I'd like you to comment. You talked about Iran and nationalism, the effect on the region, particularly vis-à-vis Turkey, Saudi Arabia, and Egypt, if Iran goes nuclear?

DOV WAXMAN: It's amazing actually. Just a year ago, the potential nuclearization of Iran and Israel's response to that was the big issue. It just goes to show how rapidly things have changed in the region. That was kind of yesterday's concern.

But it is in fact still very much a concern. All the while we've been paying attention to the Arab Spring, Iran's nuclear program has been continuing. It seems that, after suffering the setback as a result of the [computer virus](#) that was launched seemingly against it, the Iranians have now recovered from that and are continuing.

So this, obviously, is going to have a huge impact upon the region, I think, first and foremost, because it is going to—already, as I have just been describing, this is increasing regional tension between a more nationalistic Egypt, for instance, and Iran, as well as Saudi-Iranian tensions.

I don't necessarily personally expect Iran to attain a nuclear device. I think they are more likely to want to go up to the threshold, to be able to possess the breakout capacity to very quickly develop one, which for all intents and purposes gives them the regional leverage and global prestige that nuclear capacity brings with it, but without jeopardizing their nuclear program.

Nevertheless, even if Iran takes that approach and stops short of actually constructing a nuclear bomb, I think the likelihood is that there will be real pressures upon Saudi Arabia and Egypt to respond in kind.

The Saudis, through their intervention in Bahrain, have shown more assertiveness, and military assertiveness, than they have ever done in the past. So the Saudis are clearly very unnerved. They are now wary of the United States' reliability as an ally as well, which is all the more reason why, rather than relying upon a nuclear umbrella that the United States provides, they might themselves wish to develop their own nuclear device.

So I think the consequence is, first and foremost, a chain reaction of nuclear proliferation across the region, if this takes place, coupled with what I'm predicting will be a prolonged period of unrest and instability. As the Middle East becomes more unstable as a result of these popular pressures boiling up from below, then I think there are very real dangers there.

If we thought that an Iranian nuclear program a year ago was something to worry about, then I think ultimately this has actually made it an even greater concern, all the while we've actually completely stopped doing very much about it and stopped talking about it. So it's a major concern.

DAVID SPEEDIE: I'm sorry. We have time for one last question. I think the speakers will be able to stay around for an informal conversation afterwards.

QUESTION: Anthony Faillace.

Nations have typically defined their foreign policy interests in a variety of different ways. You can start with security, maybe move on to economic interests, and then, at least in the case of the United States, exporting our

values, promoting democracy in other parts of the world.

How does the "rise of the rest" affect the balance of those variables going forward? Does it decrease or increase? Which ones of those variables does it increase or decrease?

DAVID SPEEDIE: Something for everyone. A quick final word.

DEVIN STEWART: I think ethics is going to be highlighted more and more, not just to give a big plug.

DAVID SPEEDIE: Please do.

DEVIN STEWART: As relations between countries become more intense through globalization and as the gap of power becomes smaller, I think people will start looking at other things, like ethical leadership, attractiveness of ideas, things that Joseph Nye talks about. Just go see Joseph Nye's [speech](#). It's half an hour. It's an excellent speech. He pretty much captures what I think is the answer.

DOV WAXMAN: I think, speaking specifically of the Middle East and U.S. policy, there has been a long and yawning gap between American interests and American values in the region. I think going forward that gap will have to close.

The United States could manage that gap and the popular discontent within the region that that gave rise to, as long as they only had to deal with Arab leaders. I think there is a real demand now, an expectation, that the United States apply its values in its relations with these various regional actors and not just operate on the basis of its interests.

At the moment, there is a real schizophrenic approach that the United States has been pursuing. As I speak, President Obama is laying out, hopefully, maybe a new approach [[Obama's May 19 speech on the Middle East](#)], I think one which will have to close this gap between American values and American interests. Ultimately, an American policy toward the region which is values-based, which does actually try to put into practice American values first and foremost in terms of supporting democracy in the region, I think is the only way to go forward.

I think this Arab Spring will help, hopefully, to at least narrow the gap, if not close it entirely.

DAVID SPEEDIE: The final word.

NIKOLAS GVOSDEV: Just to reverse it is to look at the question of the receptiveness of others to the export of our values as part of this process.

One of the things that is now left hanging—it's not resolved one way or the other but is much clearer—is whether or not American values are the path forward to prosperity in your own country. In other words, by accepting the American model and accepting American values, does that make your society more prosperous, stronger, more effective, or not?

One of the things with the "rise of the rest" and this whole series has been to look at the extent to which the ideological challenge of the [Beijing Consensus](#) provides a kind of counterweight to that, where countries say: "No. The U.S. tells us to do these things and they lead us down the wrong path. China tells us, 'This is the path to follow and this is what gets you economic growth, this is what gets you the middle class, this is what gets you to move forward.'"

I think part of the issue—and this goes back with the Middle East and elsewhere—for the United States is to again not just simply say, "These are our values and we think you should take them because we like them." But if we think that the values work and matter, we have to show the concrete results that benefit from that.

Again, what was interesting—you don't get a lot of coverage of the BRICSA summits. They just had one in China last month. Three democracies there (Brazil, South Africa, India), one definitely non-democracy (China), and one probably not democracy but still has the features of some of it (Russia). And yet, these five countries were saying: "We're all here together because we all want to defend sovereignty, we want to defend our way of doing things. We don't like the export of values."

They released a very strongly worded statement on the [Libya operation](#), where they said, "This isn't about protecting civilians anymore; it's about regime change, and the West is trying to impose its way on us."

What we've always said from these past meetings is what we talked about, the global independents, those southern democracies—that's the bellwether. If the United States is not able to win over and secure the support of a Brazil, an India, a South Africa, the southern democratic states, that has to be a wake-up call then.

It can't just be, "It's us and the Europeans and a few of the East Asian states." There's also the belt of southern democracies, and right now they are still leaning much more into the camp of lining up with Russia and China on key issues of international order than they are with the United States.

Two years ago, we said we hoped that the new administration might change that dynamic. I think, Devin, you were here, and a few others. We said this was a challenge for the next administration, which was to do the outreach to the South, to fundamentally pursue a changed relationship with India and Indonesia and Brazil and the other Southern democracies. We're several years into the new administration and we really haven't seen that reorientation.

Every time the BRICSA meets, it becomes a stronger entity. It was nothing. It was a Goldman Sachs idea ten years ago. Now it's an actual force in international affairs and it may have an impact on the election of the next IMF director. If those countries come together and say, "No, it will not be another European to succeed in the IMF," that will be a real feather in the cap of those who said, "Southern democracies and Eastern autocracies can work together." That's not necessarily a good development for the United States.

I think that this question about the export of our values—not simply should we be exporting them, but also what's the receptivity and why are key countries in the world that we thought of as natural allies of the United States, starting with India, not automatically receptive to working closer with us—that's something for us to keep an eye on.

DAVID SPEEDIE: Thanks, Anthony, for your question, because it leads to a good summary of what this series is all about, "Rise of the Rest." I'm sure we'll be welcoming you back for number 5. In the meantime, please thank three terrific panelists.

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