

Brussels Forum

March 21, 2014

Prologue: A World in Transition

Ms. Sharon Stirling-Woolsey: Ladies and gentlemen, please welcome His Majesty, the King of the Belgians and Mr. Craig Kennedy, the president of the German Marshall Fund of the United States.

Mr. Craig Kennedy: So my name is Craig Kennedy, and I'm president of the German Marshall Fund of the United States. First, it's my distinct honor to welcome His Majesty, the King of the Belgians to Brussels Forum. Your Majesty, thank you very much for joining us. His Majesty joined us the very first time we did a Brussels Forum, and it's wonderful to have you back again.

Excellencies, ladies and gentlemen, welcome to the 9th annual Brussels Forum. We launched this conference in 2006, recognizing the need for a premiere space for policymakers, business representatives and thought leaders to discuss global challenges facing the transatlantic community. In years since, Brussels Forum

has evolved into one of the foremost transatlantic gatherings of this sort, an achievement that we are very proud of.

The theme this year is a world in transition. Over past years, we have been witnessing major transitions and shifts, both in the transatlantic and global realms. The transatlantic community has become a truly global space. Looking back at the agenda of the first forum, many questions discussed then are still with us today.

Some of these issues, like the proposed transatlantic trade and investment partnership, give us hope for revitalization of transatlantic cooperations. Others have laid bare the more troubling dynamics. Last year we talked about the fragility of the global system, and today transatlantic partners are facing no shortages of difficult challenges. From the situation in Ukraine to Syria, Iran, the Middle East peace process, the United States and Europe have not always acted in synch.

More broadly, a common transatlantic vision, a defining project, seems absent. The transatlantic partners appear to too often react to crisis after crisis rather than shaping events proactively. The causes of this situation are manifold and most of the underlying factors can be reversed. The first factor is that since the integration of Central and Eastern Europe into NATO and the EU, we completed our first great post-work campaign. We should be all proud of the accomplishment; however, no new transatlantic project of that size, that focus, that vision, has arose to take its place in the 21st century.

The economic and financial crisis of 2008 forced Americans and Europeans to focus on domestic concerns. At the same time, the crisis took a toll on the confidence of the transatlantic community to be effective in the global sphere.

Fragile economy combined with a series of draining interventions abroad led to a sense of collective doubt about our capacity to get anything right.

The most important transatlantic institution, NATO, has struggled to define its role in the 21st century. It is facing many constraints, reduced defense spending and a long engagement in Afghanistan. In both the United States and Europe, there are significant governance challenges that make it difficult to build support for major transatlantic and global projects. In America, gridlocked diminished capacity, our capacity to deal with the most pressing policy tasks. In Europe, the sovereign debt crisis and many other issues have revealed systemic flaws in the euro area, only slowly being addressed.

Finally, both the United States and Europe feel the traction of rising Asia, even as they are busy with domestic economic issues. But transatlantic interests and roles of the region are not always aligned.

This situation can be reversed, if there is a desire and will to do so. The United States and Europe still share many values. Differences are minor compared to those that divide us from many other actors, as the

recent conflicts with Russia reveal. Over the years, GMF has tried to make small contributions to transatlantic cooperation. Initially focused on a core relationship between the United States and Western Europe, as transatlantic community has looked to the east, so has GMF.

GMF's trusts in Balkans and Black Sea region, as well as (inaudible) have dispersed nearly \$50 million in grants to civil society and played a key role in the democratic development of these regions. We are very proud of these achievements.

As transatlantic community has globalized, so has GMF. We've expanded our focus. Today, we view our mission of strengthening transatlantic relations in a global context. We've expanded our work to reflect momentous developments in Asia and the wider Atlantic region.

As the world is undergoing these historic transitions, transatlantic relationship is now needed more than ever. Now's the time to rethink this

relationship, to review how we address both regional conflicts in our neighborhood and major global challenges, and to make a new investment of political, financial and intellectual resources in this alliance. In short, now's the time for renewed leadership from both sides of the Atlantic.

It is our hope that organizations like GMF can assist in this process of renewal. It is our hope that gatherings like Brussels Forum can make a small contribution to the debate about the future of the transatlantic community. On the way to the tenth anniversary of Brussels Forum in 2015, we hope that this weekend's conference can help start these discussions.

Thank you for your kind attention. I wish you a productive and rewarding Brussels Forum 2014. And now, it's my pleasure to introduce Mr. Philip Stephens of the Financial Times for a short prologue. Philip.

Mr. Philip Stephens: Craig, thank you. Thank you, too, for inviting me so often to this forum. I've

learned a huge amount coming over all these years, and I've made some very good friends. I've learned a lot; I've even got some stories.

This part, though, of course, is unfair because it's the role of journalists to observe from the sidelines rather than to be put in the spotlight. But GMF, I'll do my best.

The theme of our discussions over the next two or three days is transition. The transition from the world in which many in this room--I can see many fellow baby boomers, many of this room grew up to the world which will be different in every dimension that our children are about to inherit. Some, probably many, of you will be familiar with Charles Dickenson's A Tale of Two Cities and that marvelous description of revolutionary France in 1789. "It was the best of times and it was the worst of times. It was a spring of hope and it was the winter of despair. We were all going direct to heaven and we were all going direct in the other direction."

Now, sometimes when I look around the world, I think I know what he meant. We see the new riches and prosperity that globalization has brought to the world's rising states, but we see them set against the risks and insecurities of a fast-changing international order. We celebrate the way that globalization is lifting hundreds of millions, billions of people out of poverty, that in many parts of the world, tomorrow is invariably better than today. But we worry whether we have the rules, the governance systems, the cooperation that will make it possible to preserve peace and security in this new world.

One of the things, I think, we'll be doing over the next few days is looking back at past transitions to see whether there's anything to be learned. And everyone here will be conscious that we commemorate, we mark, this year the centenary of the First World War. I think we'll also be talking about Islam's wars, which, for me, are becoming, if you like, the Islamic version of the religious wars that so brought down Europe

during the 17th century. Those came to an end eventually with the Treaty of Westphalia, but it took 30 years.

Closer to home, we've been reminded very recently how hard it is to leave history behind. The crisis caused by Russia's invasion and annexation of Crimea, speaks to a dark period in Europe's past. It speaks to an era that saw nationalism as the motivating impulse of international affairs, and an era that declared that might was right in the settling of borders.

This action, I think, threatens more than the sovereignty of Ukraine. It challenges the fundamentals of the post-Second World War order, and challenges the European peace and stability, which we thought we had secured with the fall of the Berlin wall.

It also, incidentally, reminds us that at times of great upheaval, the danger, as often as not, comes from the declining power rather than the rising power.

If we reach a bit further back to 1914, the opening shots of the great War, in fact, marked three big

global transitions. The first of those transitions was the shift in power from the eastern seaboard of the Atlantic to the western seaboard, from Europe to the United States. The second was the collapse empires. The age of empires was making way for the age of states, often troubled and fractured states. And the third transition, and this was as much consequence as cause of the war, was the transition from globalization, the globalization that had brought such prosperity during the latter half of the 19th century, to economic competition to economic protectionism, and eventually to dangerous nationalism.

And it was at this point during the '20s and '30s that the new great power, the United States, absented itself from the stage. We know all too well what happened next.

I think if we stand back and look at what's happening today, we see another three big transitions. The first of these transitions sees power shifting from the rim, from the nations of the Atlantic rim, to those

of the Pacific rim. From west to east and north to south. We talk about this all the time. I'm still not sure that we quite grasp its import. We've had two centuries in which the Atlantic community has had effortless cultural, political, as well as economic hegemony in the world. We're going to have to learn to share that power, and I'm not sure we've quite done so but we really need to.

If you look out at the world in the next five years, 80 percent of the growth is going to come from the rising states, from China, India, Brazil, Turkey and others. And political and military power invariably follows economic power. China and India are building blue-water navies. Global defense spending, all the growth in the next five to ten years will come from the rising states. This is a completely different world.

I was reminded at a GMF event in Stockholm that the Vietnamese Navy, yes, the Vietnamese Navy, has been sea-trialing new Russian-made submarines in the Baltic

Sea. Yes, in the Baltic Sea. That tells you, I think, how much the world has changed.

The second transition of our era is the power shift within states. A shift from governments to citizens. The rise of the global middle class combined with a revolution in communications is challenging all our assumptions about the power of states and established elites [audio skip 07:28:30 - 07:28:31] relationship between states and citizens. As citizens grow stronger in their capacity to challenge governing elites, the states themselves are being weakened by globalization, by the dispersion of power to multilateral corporations, to NGOs to religions and, sad to say, to international networks of terrorists and criminals.

So states and citizens in the developed and the advanced, as well as the rising world are going to have to find, I think, a new balance, strike a new bargain. If you want one thread--if you want to see one thread running through the Arab uprisings, the demonstrations across the world in countries as far apart as Turkey,

Brazil, Venezuela, it's a demand from citizens not in those cases for western-style democracy but for human dignity and for accountable government and the rule of law.

The third of my transitions, I think, is the really dangerous one. That's the tradition--that's the transition from a predictable global order, bipolar during the cold war, unipolar for a short time afterwards, from that predictable world order to one in which there is no single or single power or system of power. We live in an age when even the established states are beginning to question their stake in the rules-based system and in which the rising states are jealous of any intrusion on their sovereignty. One of the ironies of our times is that globalization with its competition can, if it's not handled properly, turn out to be the handmaiden of nationalism.

This is a world that more closely resembles the second half of the 19th than the second half of the 20th century. The television coverage of Mr. Putin's address

to the Russian Duma this week I think conjured up Europe's worst demons. But others, including friends and allies, should also worry about striking nationalist poses.

I don't think, personally, that Japan's government does itself a great service by questioning, seeming to question, the record of history. So yes, there's a danger that globalization will fracture as it did 100 years ago and that the multilateralism of the second half of the 20th century will give rise, give way to, dangerous multipolar competition.

So what, as Lenin once asked, what is to be done? Well, I'm going to offer you a very short menu of imperatives. The starting point I think is that what we've--the events of the past few weeks provide a compelling reason and an unmissable opportunity to renew the Euro-Atlantic alliance. In this more disordered world, the coherence and cohesion of the transatlantic alliance is going to be more important than less.

If we want to defend our values, our standards, then we can only do it together. And in one respect, then I think Mr. Putin's done us an enormous favor. He's made it absolutely clear that we have to act and act quickly. The West's response has to be one of solidarity and strength. President Obama's coming to Brussels next week, and that strikes me as a good moment to start. On the agenda should be, just to take two things, firstly a joint effort to reduce drastically Europe's energy dependence on Russia. Secondly, a declaration that neither side, neither Americans nor Europeans, will allow disputes over chlorinated chickens and the rest to derail the strategically vital TTIP.

The political leaders I think should have one message and one message only for their trade negotiators: do the deal. For its part, I think the US must avoid the mistake of the '20s and '30s, and it must continue to exercise leadership. Personally I rather admire Barack Obama's rather careful,

deliberative style of foreign policy, but I think there's a danger that analysis can become paralysis. If the US withdraws from the stage, the world will become a truly dangerous place.

Thirdly, Europe needs to get real. The continent sees itself as a normative power, and what's wrong with that? But it has to recognize, I think, the world as it is, as well as the world as it would like it to be. Soft power is best deployed by those with a hard center, and Europe needs a hard center.

Now I could add to that list, but I'm going to leave it here for now, and I'm sure everyone here will do so in the next couple of days. I want to conclude by saying that I don't think there's anything that says that today's transition necessarily has to have a nasty ending.

As Margaret, the historian Margaret McMillan, writes in her superlative history of the first of the years up the great war, Europe itself could have gone either way in 1914. But we do need to understand how

the interplay of geopolitical change, of flawed personalities and simple miscalculation can have truly disastrous consequences.

What was it that Dickens' contemporary De Tocqueville said? History is a gallery of pictures in which there are very few originals and very many copies. Well, we don't need any more copies in that gallery; we need a few more originals. Thank you very much.

Mr. Craig Kennedy: Thank you, Philip, for that fine presentation. That was a terrific scene setter for this weekend. Your Majesty, Excellencies, distinguished guests and gentlemen, welcome again to the Brussels Forum. Let me start this part of the presentation by thanking our founding partners, Daimler and the federal government of Belgium. They've been with us since the beginning of Brussels Forum and have been absolutely essential in making this conference what it is today.

We're also delighted to welcome back a longtime and key Brussels Forum participant, Congressman Mike

Turner, and we are honored to be joined for the first time at Brussels Forum this weekend by United States Senator Robert Menendez, the chairman of the Senate Foreign Relations Committee.

Let me also take the opportunity to point out a few special features of this year's Brussels Forum. You've all heard about BF Connect and SpotMe. We're going to have a lot of fun with this. We've used it at a couple of other conferences, and when you see the various gadgets get used, it actually adds something to the conversation in a very special way.

On BF Connect, you'll find information on all the 20 additional partners that make this forum possible. We are very thankful for their support and partnership. In addition to BF Connect, we are also introducing a number of other new features this year. For example tonight we'll feature a short film screening as an introduction to one of our Night Owl sessions. We hope that these new additions will enrich your conference experience.

As most of you know, GMF is strongly committed to the ideas of leadership training and development. As in previous years and just like at our other major conference, the Atlantic Dialogues, we will again host a Young Professionals Summit in parallel to the Brussels Forum. For this year we are proud to be joined by 90 young professionals from over 40 countries. They will have their own program today and for most of Saturday, and will then join the main conference on Saturday evening and for all of Sunday.

In addition, we are also featuring a young writer's award again, and we will announce our new Asmus policy entrepreneur fellows. You will hear more about this a little later on today.

One of the innovations from last year that people seemed to like the most was the introduction of a mystery session on Sunday. So we will feature this mystery session again this year. For this we will let you vote on three possible session titles. We will then create a panel around the winning selection. This year

the titles of the possible sessions are Tough Enough: Do Sanctions Work? The second one is Power to the People: Nationalism and Populism in Foreign Policy. And the third is Soft Power Strikes Out: Hard Power Strikes Back. We'll hold the vote after the first panel.

With that, let me thank you again for joining us in Brussels. We are confident that with your participation, Brussels Forum 2014 will be a challenging and successful event.