The Global Security Outlook

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ESPEN BARTH EIDE: Ladies and gentlemen, welcome to the Global Security Outlook. The outlook session, as the name suggests, is about thinking what -- where are we heading, what's happening 2016 and beyond. And this panel is on global security. We had as we started the World Economic Forum Global Security Context session, and reflecting on a few years that we now have behind us where we saw two trends developing quickly and dramatically.

The first trend is the trend toward increased fragmentation. Loss of trust, loss of social cohesion, many societies unable to deal properly with governance, with maintaining political order and maintaining a sense of being in the same boat, which of course leads to a number of consequences, but in the more extreme version, the rise of violent extremism or the option for people with violent intent to capitalize on this fragility.

And the opposite trend, which seems unrelated, but actually is closely linked, is that we see between key powers on the planet an increasing competition over influence. At times that competition meets the areas of fragility in such a way that we see conflicts that are local, national, regional and global at the same time connected between these two trends.

We have a stellar panel with us, and I will introduce them as they give their first intervention.

I would like to start with Jens Stoltenberg, the secretary general of NATO. Jens Stoltenberg, former prime minister of Norway, has been here several times. But this is the first time he's here as the secretary general of NATO. Happy to have you with us.

And one thing that we discussed in the previous session which I think is very relevant for this one is what we can call the blurring lines between war and peace, the complexity of actually understanding what is war and what is peace today. And I know you've been thinking about that, that this is very relevant for your job now.

What's actually happening? And what is this word "hybrid war" that we're seeing more and more on the agenda?

JENS STOLTENBERG: I think what's actually happening is exactly what you said. That is before we had some kind of idea that it was either peace or war. But now more and more countries are living in a state which is somewhere in between. And that is about this blurring line between war and peace.

We see it when we have frozen conflicts, many places in the world. We see it when we have hybrid warfare as we have seen, for instance, in Ukraine, with a mixture of military and non-

military means of aggression, with deception, with overt and covert actions. And of course also terrorist attacks is also a part of -- a mixture of peace and the war. And especially when it comes to cyber warfare it's actually possible to wage war in a time of peace.

And this is really creating some new challenges for all of us, and especially for NATO because we have to be agile. We have to be prepared. We have to be ready to be able to respond to much more complex and difficult security environment.

And what we see is to the east of the alliance we see a more assertive Russia actually using hybrid warfare in Ukraine. And to the south of the alliance we see turmoil, terror, non-state actors posing also a great threat to all allied nations. And NATO is responding.

And it's also great to sit together with Sec. Ash Carter because the U.S. is leading. And it's great to have a secretary of Defense which is so focused on the Trans-Atlantic bond which the NATO represents.

So, our challenge is to respond to a more fragile and more dangerous security environment.

EIDE: Move further to Ashraf Ghani, the president of Afghanistan, old friend of the forum and a person occupying probably one of the most complicated jobs in the world, but still keeping and optimist approach.

You are just in the middle of much of what we're talking about. And Afghanistan, unfortunately for the people of Afghanistan, has been there quite a while in this intersection between fragility and competition. What have you learned? What are the things you will tell us about the security outlook from here and into the near future?

MOHAMMED ASHRAF GHANI: Thank you.

Well, the first thing is we need to understand that we're dealing with medium-term challenges, not short-term challenges. Because if the challenge is not defined in the correct horizon term, we cannot put together strategies for containment and for (inaudible).

Second, terrorism, morally reprehensible, has become a sociological system. We need to understand it as an ecology where there's both competition and cooperation.

Third, it has a distinctive pathology, and it is directed toward theater. The attack on Paris, Istanbul, the rest, what's the purpose? To prevent us from freedom of travel, to make us suspicious of our neighbors, to call into question the very bond between the state and the system where the state protects the system.

And lastly it has a morphology. It changes very fast. It learns the techniques are transferrable. In this environment what is the other side of the ledger? The state system is weak.

We're very privileged. And I'd like to thank both the secretary general and Sec. Carter. The international level of understanding is remarkable. Let me pay tribute to all the men and women from 40 countries, but particularly from the United States, who paid the ultimate tribute. We honor.

But the regional dimension is missing in action. Unless all the states in the region realize that this is a common threat and we need to get the rules and we need to cooperate with each other, will be exacerbating. What cannot be permitted is for states to behave like non-state actors or to sponsor maligned non-state actors.

Last point. We're people of resilience, and we will overcome. Afghanistan will be the burying ground of Daesh and all the rest of them. Don't challenge us.

We have a proverb. "Revenge is sweetest when it takes place 100 years."

EIDE: Thank you very much. And before we go on, what do you see as the prospect for getting this regional alignment to deal with issues which are fundamentally trans-border, and can only be dealt with when countries cooperate? How are we doing?

GHANI: Well, the first issue is at the global level the news is good. Forty countries under the very able leadership of the secretary general and Sec. Carter have renewed their commitment in Afghanistan.

Uncertainty is an enemy. Last year part of our problem was that we had uncertainty. We had a year of horizon. Once we've extended the horizon and the staying power is determined, strategies can be focused.

Second, there's the question of differentiation. We need to differentiate each of the elements, each of the drivers of insecurity and be able to deal with them.

Thirdly, it is absolutely necessary to focus on the people. We cannot have corruption. We cannot have mismanagement. We cannot neglect the poor and the excluded, anything that perpetuates misrule, bad governance or exacerbates poverty.

And here markets are missing. The greatest missing element in the strategy of counterterrorism is the role of the market. Our greatest weakness is weak market institutions.

And prosperity cannot be generated just from top-down. It needs to be done with functioning institutions, so the private sector. My message to the private sector is you can be great partners in this effort to create stability, to creating prosperity.

EIDE: Thank you very much, Mr. President.

Let's move -- let's stay in Asia, but move to the southeast of Asia to Singapore, Deputy Minister Tharman.

Quite to the contrast of where Afghanistan comes from, Singapore is seen as one of the most stable countries in the region. But you are not immune to the challenges that you are seeing and we were just discussing, even in Singapore.

THARMAN SHANMUGARATNAM: Well, Singapore is the most religiously diverse nation in the world. We have every major religion. The largest is only one-third of the population. But we have every major religion that is at conflict with another globally within our 720 square kilometers.

For us, multiculturalism, multi-religious compact has been part of our identity and part of the rules of the game from the time we became the country because if we didn't have it, we wouldn't have survived. We wouldn't have survived. But we are not immune. And we are now having to work harder than ever before to preserve that compact, to keep that spirit of peace, tolerance, and more than peace and tolerance, that spirit of respect, that wanting to engage with each other in day-to-day life.

The problem will be with us for a long time to come. I think we can't be wide-eyed about this. It'll be with us because even with the vast majority of Muslims in our region, not just in Singapore, but in our region. With the vast majority finding terrorism abhorrent and wanting to live in a multicultural context, even with that being the case we will face terrorism and that threat for a long time to come.

Because 0.01 percent of 230 million people in our region is 23,000 people. And we know what 23 people can do. South Asia, about 350 million if we are just taking the Muslims alone and we are not counting the Hindus. That's 35,000 people.

So the problem will be with us for a while despite the fact that the vast majority find it abhorrent, against their beliefs and the way they want to live their lives.

Plus, I think we have to accept the fact that many of those who have been converted to terrorist causes are now coming from the most advanced countries, from Western liberal democracies. And we are living with the legacy of decades of segregation and a culture of exclusion.

Rules can be changed, but culture can't be changed quickly. This forum will be with us for a while. And it means that we have to take this as a long game, build resilience.

We need to strengthen our defenses. And that's not just talking about the military. That's talking about the state needs strong powers of surveillance. It needs powers of preventive detention.

And you need clear rules against hate speech. Those are compromises to preserve the larger liberty of living in an open society. We need some compromises backed by judicial authority, of course, not on primal state power, to preserve the larger liberty of living in a liberal society, open liberal societies.

But more than that, far more fundamental, we've got to find ways of integrating people from the time they're kids to the time they're in the workplace, where they live, and everyone having that shared hope in the future. That's been central to our strategy, and we're working even harder at it.

Mixed neighborhoods are critical. A workplace where you don't have an insider-outsider problem is critical. And most of our labor markets globally now still have an insider-outsider problem.

And it's not, as the economists would say, just about incumbent workers versus new workers. The outsiders are the young, immigrants and women. And if you're young and an immigrant and a woman, you're completely out. So, the insider-outsider labor market is completely a contradiction with immigration. And we have to resolve that problem. Neighborhoods need to be mixed. Job markets have to be open. And education has to be education for people -- kids in the same classroom together.

EIDE: Thank you very much, deputy prime minister.

Sec. Carter, can we come back to the phenomenon of hybrid war?

SECRETARY OF DEFENSE ASH CARTER: Sure.

EIDE: How has war changed? I think even over the very few last years, war appears as a somewhat different phenomenon than what we used to read about in the history books.

SEC. CARTER: Yes. First of all, I'm in agreement with everything my distinguished colleagues have said here.

And in another era, in times past, you know perhaps the U.S. secretary of Defense or security official, secretary general of NATO were worried about and committed to preventing and succeeding, if it came to that, state-to-state conflict. And we still face that and the threat of that in many places. The Korean peninsula is one immediate example.

But as has been said here, and I don't expect this day to end. As society grows more complex and interconnected, and therefore essentially more vulnerable, and as destructive power falls into the hands of smaller and smaller groups of humanity, this problem of the few against the many as a security issue I expect to be with us for a long time.

And so I -- as I think about the future of the U.S. Department of Defense, as I do all the time in addition to current operations, I -- that's going to be a preoccupation of my successors. And our job is to deliver security to the people in the face of that fact.

Now, it kind of takes two -- has two aspects to it, as has been said. One is terrorism, which is sub-state actors wielding that destructive power. Unfortunately there are also states that use the same instruments and the same vulnerabilities for more traditional purposes.

And that's true whether it's little green men in Ukraine. Or, as to be blunt about it and something we've objected to, actors in China stealing intellectual property and not being apprehended and stopped from doing it.

In China to the Iranian government aiding the Houthis or contributing to Hezbollah. This kind of thing also, that's what hybrid warfare is.

So there's terrorism, sub-state and hybrid warfare. Both of these are part of the security landscape, and we can't be vulnerable to either of those.

Now, when it comes to the state actors, one has some more traditional tools available. And like our NATO alliance. We have to do things differently. We have a new playbook for NATO. It's not going to look like it did during the Cold War days, but still has to stand strong for common defense.

But I expect this to be part of our responsibilities for a long time. It is what we owe our people. That's why we're here. And we can do it. But it's a very different kind of job from the way my predecessors way back needed to do my job, and these gentlemen needed to do their jobs.

EIDE: Thank you, Mr. Secretary.

I think there's a common thread, actually, in much of what we just heard, which is about the destructive power of relatively few people. And I think you -- in the last session in your conversation with Professor Schwab (ph), you were touching on technology as the driver of that. And I think we have seen in the book that he referred to, we have pointed out exactly this point, that technology makes it possible to inflict much more damage without having neither a big army nor a particularly sophisticated organization.

And that means that you know once upon a time if you had the biggest army you were the strongest. So either the large army would win over the weak army as long as the other one was not particularly sophisticated in tactics. Now this is changing. And that changes the authority of the state over other people. And I think that's a major development across the board.

And I think the other one is exactly this point that I think President Ghani said first, that states taking on elements of non- state actor behavior, while at the same time we see non-state actors taking on certain behaviors like states, as the so-called (inaudible) Islamic State or Daesh. And this of course creates a picture where looking into defense just by defense means is increasingly difficult.

And what does that mean for the alliance, for instance? What does it actually mean for allies that is basically a military alliance with political masters?

STOLTENBERG: It means that we have to adapt. And that's really what we are doing. And we have actually been doing that for some time now. And for instance, we have to improve our intelligence. We have to improve our world situational awareness.

We have to improve our surveillance to be able to define exactly when we are under attack, because in the old understanding of an attack it was obvious. It was kind of the idea of as tanks rolling over from the Soviet Union attacking West Europe. There was no doubt at all.

But now when we have cyber attacks and we have different kinds of hybrid warfare, little green men, then just to define when are we under attack requires more intelligence, more situational awareness. And we will have much less warning time.

So, one way of responding to this more blurred line between war and peace is increased readiness, special operation forces, and more intelligence. And that's exactly what we are investing in. I'm not saying that that's the whole answer. But that's part of the answer.

Another part of the answer is to of course be willing and able to deploy large number of combat forces in big military operations, as we are doing in Afghanistan, in the Balkans and many other places in the world before.

But in addition to be able to do that, also in the future we are focusing more and more on how can we build local capacity, or how countries which are affected themselves to increase their ability to defend themselves. And that's actually exactly what we now are doing in Afghanistan because now NATO has ended our combat mission.

So we now have 12,000 troops in Afghanistan who advise, train and assist the Afghans. Because in the long run it's better that the Afghans themselves take care of their own security. We support, but they are in the front line. And actually for over one year now the Afghans have taken responsibility for their own security themselves.

We will do the same in -- we are -- we will start to train Iraqi soldiers. We give support to Jordan, to Tunisia exactly based on the same idea. We should project stability, not always by deploying our own combat force. By -- but by training as a -- local forces, countries in the region, and able to defend themselves.

And therefore it's very inspiring to see the leadership of President Ghani and your tireless effort to make Afghanistan to a better place. And I'm impressed every time I listen to you.

EIDE: The argument that Sec. Jens Stoltenberg was just making is the argument for state capacity. And I think that has been your key theme for long before you became president, also in your academic background.

What could we be better at when it comes to building states that actually deliver not only security, but also the social cohesion that the absence of which is the root cause of so many of these problems? And I'm not thinking necessarily Afghanistan, but as a global.

GHANI: Absolutely. Well, the first thing is really to put the citizen front and center. What are her needs? And I'm deliberately picking my gender, right, because as long as we have exclusion of women, we're not going to get stability. It is imperative to understand that if you are going to have peace and we must have peace, it cannot be at the exclusion of our women.

Second is to make the efficiency argument. Singapore is a remarkable example of efficiency. But most state institutions are inefficient, and this is not acceptable.

Terrorist organizations are learning organizations. Why are we failing to make state institutions into learning organizations? We're slow. We're bureaucratic in the wrong sense of the term. We are not responsive. We are not adapting quickly. So first point, a lesson of honesty. We need to analyze our weaknesses vis-a-vis the enemy that we confront and master the political will. Political will is not an abstraction. It's a concrete set of steps to make choices between difficult options. It's not about strategy. It's not about rosy projections. It is about moving the process forward, generating momentum.

The other part of this, regional cooperation is an absolute must economically. We are delighted, for instance, to have a neighbor like Turkmenistan, who is wagering on our future. Turkmenistan is just putting billions of its own money to build a pipeline through Afghanistan. That is the type of situation that makes an immense difference.

And the other is to learn. Both (inaudible) and Turkmenistan offer examples of how from the depths of poverty that the collapsing Soviet system left to them, they've gone toward paths of stability. We need to appreciate and have the clarity of purpose to be able to learn from real examples. And again, key is to engage the (inaudible) in an inclusive dialogue.

I found -- and I am engaging continuously in town hall meetings across the provinces of Afghanistan, and what I learn in a single town hall meeting in a province is more than hundreds of meetings in Kabul. So government is to be taken out to the public. We need to take risks. If behind ourselves, behind walls, people will say -- but they are away from us. The same way that we cannot build fortresses around our countries, the same way is to open the government. And I think in these regards capacity can build.

The other point, one other point. Capacity is not an abstraction. So a lot of the capacity building programs have been wrong-headed because they focused not on what exists. They have focused on an abstract analysis of what does not exist.

If we mobilize, instead of coming with plans that are made for Norway, we have to come with plans that are deliverable in Afghanistan or Kenya or somewhere else. Then you can believe them. And Singapore again provides remarkable examples historically as to how they built a housing authority from scratch and kept building institution after institution to make this delivery point.

EIDE: Thank you very much, Mr. President. I would like to return to Deputy Prime Tharman, but I would also like us to move from this theme of fragility and state weakness to the opposite end of the scale, where you have strong states that compete, and maybe compete even more.

And some of that competition is happening in your neighborhood, not exactly in Singapore, but in the Southeast Asian and East Asian neighborhoods, where we see a rising China, and also other powers trying to balance the rise of China. And some people have argued that these are in principle more dangerous developments than the developments we discussed first if they go wrong. So the point is, how do we keep them away from going wrong.

I'll ask you, and then also Secretary Carter on that issue.

THARMAN: Well, it's, just to follow on from your last point, it's much lower probability event, conflict in the South China Sea or in Asia between different powers, much lower probability, but if it happens, it has major consequence. Whereas the problem we were talking about earlier of terrorism is not a very low probability. It's a very distinct probability, and will also have major consequence for social cohesion for a long time to come when it happens.

Asia is seeing a new balance of power. It's evolving year by year, decade by decade, and it's inevitable, principally because the Chinese economy is now much larger. In fact, it is the dominant trading partner of virtually every East Asian country. It used to be the United States. It is now China.

This evolution in the balance of power, especially between China and the United States, has so far been a peaceful rebalancing. It will be uncomfortable at times, and especially because we do not yet have trust between the United States and China. And that trust takes time to build. It takes time to build. It doesn't come because we sign agreements. It takes time to build through interaction, by testing each other and knowing how we need to react, and all the time knowing that both sides deeply believe in peaceful coexistence.

There are from time to time, and this may be inevitable, some unilateral assertions of power without regard to international norms and rules. And every time that happens we have to shine

the light on it and we have to insist on these matters being taken to international courts for international arbitration.

That's the role of ASEAN. They are much smaller than the United States and China, but our interests are very deeply for a peaceful balance, a continued presence of the United States and a balance of power that preserves peace in the region.

And our role is not just to be neutral, but to be actively neutral. We're not passive. To be actively neutral, which means shining a light whenever there are these unilateral assertions that go against international norms or international law, and requiring that disputes be taken to international courts.

EIDE: Thank you.

Secretary Carter, it's an old military concept to establish facts on the ground. In East Asia now some actors are taking this to the next step, which is actually to build the ground itself, like building on islands and so on.

Balance of power or an upcoming confrontation?

SEC. CARTER: Let me address that in one minute. I just want to commend the two preceding speakers, just if I may, on the concept of helping others. That's critical. A critical tool that we have is hardening other states so that they can protect themselves. That in a sentence is what we've been working with the Afghan security forces. And President Ghani for the idea of agility and efficiency in public institutions. It's really critical. And that's why one of the reasons I'm here. It's critical that we not only be effective but that we be seen as being effective.

Now I get to Asia and the South China Sea. Everything that has been said is very true. China's rise is a major factor. It is a welcome factor to the United States in almost every way, and I'm not one of those people who believes that conflict between the United States and China is inevitable. Certainly not desirable. I don't think it's likely. These things are not automatic. You have to work for them.

China's rise is, by the way, not the only rise going on in Asia. India is a rising military power. Japan, if you have noticed, is a rising military power, and there are others who are doing things. Vietnam, Philippines, and so forth.

Now our point of view on that, the U.S. point of view is the same one we've had long-standing, which is we welcome that. We've tried to create an environment there, and as I said earlier I think we were the pivotal factor in making this so, in which over seven decades essentially everybody could follow their own destiny towards prosperity. And that includes China. We never tried to obstruct China's economic rise and the lifting of hundreds of

millions of people out of poverty. We've welcomed that. Nor any of these other states we talked about.

At the same time, one has to -- we don't want to ruin a good thing, which is a system of peace and stability there. So we intend to stick up for that. We are not separate, we are not dividing the region, we don't seek to ask people to take sides.

We do know that people are coming to us increasingly. Why is that? It's because China is taking some steps that I think are self- isolating, that are driving people towards a result that none of us wants, which is people coming to us and then feeling and being excluded. One of those is the one you say.

Now I should, just to be clear, China is not the only one that's making claims that we do not agree with, and they are not the only ones that are military outposts, and they are not the only ones who are (inaudible). We oppose all of that. And for our part, we have said everybody, not just China but everybody who is doing that should stop and not militarize.

And second, for our part, we are going to keep doing what we've always done. We will fly, we will sail, we will operate everywhere international law permits in the South China Sea. I don't care what anybody else is doing, the United States Navy is going to do what it has done, the United States Air Force is going to do. We will react and we are reacting. We will make investments that are intended to sustain our military position, despite these developments.

And we are helping other countries that are all coming to us for assistance in maritime security. Our alliances are strengthening, with Japan, with South Korea, with the Philippines, with other -- and we are building new relationships. I've been to India, Vietnam recently. We want to have good relations with them and we are not asking people to take sides, and I respect the position of strong and principled neutrality that little Singapore, which punches way above its weight morally in terms of influence in that region, occupies.

And I think their position is basically right, which is we want everybody to keep being able to do what they are doing. We don't want to have to pick sides. America doesn't want to have sides either.

At the same time, I think you have to recognize self-isolating behavior. And when China engages in self-isolating behavior, that is what is going to occur. But for our part, and you see this reflected in the investments, the largest enterprise in the world, as Klaus earlier said it is, namely mine, makes in coming years in its budget, and I'm preparing those budgets now, are specifically intended to deal with these challenges.

So we will react, but it's not our preferred course to see self- isolating behavior by China. And yes, dialogue is the way to do this, and we hope for a better result. And I actually, as I said, I'm not somebody who's fatalistic about things. At the same time, we have to work for good results. I look forward to working with all my colleagues in the region, including the Chinese,

to get an outcome that's win-win-win for everybody. That's what we've always stood for. Everybody rises. That's our philosophy.

EIDE: Sounds good.

Secretary General Stoltenberg, when you either as secretary general of NATO or your colleagues who are prime minister, defense minister, foreign minister, are discussing where to go, how do you properly judge between the issues -- and I'm referring here to Deputy Prime Minister Tharman's point that there are certain challenges which are there every day. Terrorism reminds us of its existence on a weekly basis.

And then you have these potential threats which are normally not occurring, which one may end up forgetting because they are not happening, and then only when they happen you deeply regret that you didn't think about them. How can a political alliance in the proper way think the unthinkable while also managing the ongoing crisis?

STOLTENBERG: Well, I think NATO has been quite successful in doing exactly that for more than six decades because we have both focused on managing crisis and we have been, you know, in Balkans and Afghanistan and many other places managing immediate crisis here and now.

But at the same time, we are always on the long-term perspective of both being able to adapt as the security alignment changes, but also in a way address the unthinkable, like for instance nuclear war. The appearance to be strong is part of what NATO is doing because we believe that if we stay strong then we are able to deter and actually prevent war. The reason why we want to be strong is not to -- because we want to fight a war. It's because we want to prevent wars by being so strong that any adversary will understand that any attack on any NATO ally is doomed to fail. So that's the reason why we are adapting.

And I mentioned some of that adaptation already, but let me also remind you of the following facts, that we have tripled the size of the NATO response force. We have established a new spearhead, or high readiness joint task force, which is able to move on very short notice.

We have increased our military presence in the eastern part of the alliance as a response to a more assertive Russia. And we are really focusing now on the new threats in cyber and other kinds of hybrid threats.

So actually I have been secretary general for a bit more than a year, and I'm impressed by the alliance, its ability to adapt, its ability to respond to changing security environments, and that's also the reason why this is a very successful alliance.

At the core of that alliance is the unity, 28 democratic nations. We have different views, we have many discussions, but we are able to then, by consensus, reach agreement and then there are very strong conclusions when we reach them in a united way.

SEC. CARTER: Can I say something that he can't say but needs to be said, it also takes a really great secretary general. He is absolutely fantastic and we all love following his leadership.

(APPLAUSE)

STOLTENBERG: Thank you very much.

EIDE: Unfortunately, I think our time is up. If one of you have one final point that you are burning to make, I'll give you one last chance.

It doesn't sound like that. That's a leading question.

But I just want to say, you will see in the program of the World Economic Forum annual meeting and all the other activities, that we place this issue much higher on the agenda than we used to do some years ago. And the reason behind that is not simply that we find it interesting, but we do feel that all these issues that we just discussed are so heavily interlinked with societal development, with economic development that you cannot really say anything meaningful about where the world is heading without also understanding the major security trends.

Thanks to the four of you for helping us to see that a little bit clearer, and that should conclude this session.

Mr. President Ghani remembered something?

GHANI: May I just paid a compliment? Partnerships are based on capacity for listening, and here I have had two fantastic partners who have had enormously productive dialogue, where we focus on both definition of the problems and their solution. And indeed, under their leadership we have been able to forge a way forward, to see that we are not stuck in the past, that we really have a pathway to the future.

So again, compliments and let's give them a big hand.

EIDE: Thank you to all of you. Session closed.

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