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**Where Is The World Going?
How Do We Get There First?**

Editor | James Hoge

Leadership in a Time of Transition

Coping with Globalization and Technological Change

Senator George J. Mitchell, Senior Advisor

Senator Mitchell's distinguished career has included roles as majority leader of the U.S. Senate, chairman of the North Ireland Peace Talks and Special Envoy for Middle East Peace. He discusses global concerns and their relevance to the business community in this interview with James Hoge.

Q: In the multi-polar world that is emerging, what kind of leadership can the U.S. provide and how does it compare to our commanding prominence of the past 70 years?

A: The U.S. economy remains by far the world's largest and strongest; I believe it is entering a new period of sustained growth. However, the U.S., and most other countries, are struggling to deal with several major trends, including: the interactive effects of globalization and rapid technological change; global climate change; and population growth, concentrated in the least developed and most vulnerable places. Together, they create upheaval, uncertainty, and fear.

This reaction is not new. It has happened in the past in times of transition. The Industrial Revolution was one of the great turning points in human history. It began 250 years ago in England. As machines replaced men in the production of goods, the prospect of high levels of unemployment created widespread fear and anxiety, accompanied by unrest, some exploitation and misery. But there also was a massive increase in productivity that created new goods, new services, and new jobs, and, the changes ultimately raised the overall standard of living for the whole society.

Over the following century, the principles of that revolution spread to most of the western world, especially to a newly free America, where freedom, innovation, new people, and new ideas propelled the U.S. to the forefront of nations.

Today, we and the rest of the world are experiencing a revolution in technology that future historians will judge to be as significant as was the Industrial Revolution. Its effects are intensified by the growth of the international trade in goods and services, and in the movement of people across national borders.

One result has been the creation of unprecedented wealth. But that wealth is not being distributed throughout the whole society. As a result, many of our fellow citizens are victims, not beneficiaries, of the technological revolution. Their pain and loss are real and must be acknowledged.

It is true that some job losses have resulted from trade agreements. We must therefore strengthen and improve future agreements. But it also is true that most job losses have resulted from innovation and advances in technology, in dynamic, free market economies. Whatever we do, we must not stifle innovation or reject science.

No society has yet devised effective policies both to retain the benefits and, simultaneously, to mitigate the adverse effects of increased trade and technology. To do this, we need a common coordinated commitment to make good health, good education, and skills relevant to the 21st century available to all of our citizens.

Q: For seven decades, the U.S. has sought to foster its values as well as its interests, globally. For example, the U.S. has championed democracy in countries around the world. Is the proliferation of authoritarian politics in Asia, East and Central Europe and the Middle East undermining the allure of the democratic option?

A: Human history is largely a tale of authoritarian rule. With the exception of the Greek city-states, democracy is a recent innovation; it is inevitable that there will be pauses and setbacks in its spread. But democracy's benefits are so attractive, especially to those living in non-democratic societies, that I believe it will continue to spread in the future. As the dominant power, the U.S. must remain true to its democratic ideals and continue to serve as a beacon of hope to those who seek to live in democratic societies.

Our democratic ideals distinguished our nation from the very beginning, and appealed to people all around the world. They still do. Our economic strength and our military power are necessary and important. But our ideals have been - and remain - the primary basis of American influence in the world.

Though they are not easily summarized, surely, they include: the sovereignty of the people; the primacy of individual liberty; an independent judicial system; the rule of law, applied equally to all citizens and to the government itself; and opportunity for every member of our society.

We must never forget that the U.S. was a great nation long before it was a great economic or military power. We recognize that all human beings and all human institutions are imperfect. We acknowledge that we are not always right and we can never be perfectly consistent, but we can and must work harder and better to live up to our principles, as individuals and as Americans.

Challenging Relations: Russia and Others

Q: Russia, under Putin, is turning away from the West and expanding its sphere of influence in Europe, the Middle East and Central Asia. In response to the seizure of Crimea, western powers have increased sanctions. Can this relationship between two nuclear giants be 'reset' to avoid an unplanned slide into hostilities?

A: The leaders of the U.S. and Russia should do all they can to prevent overt conflict, since both possess nuclear arsenals and strong conventional forces. But the two countries are moving in opposite directions. In the U.S., economic growth continues; in the near future, the U.S. economy will reach \$20 trillion. By 2050, the U.S. population will exceed 400 million. In contrast, Russia's economy has recently contracted (due, in part, to western sanctions) – indeed, its economy is about half the size of California's - and its population is declining.

Half of the Russian government's revenues come from taxes on oil and gas. The break-even point for its national budget requires oil to be priced at about \$110 per barrel. Few experts expect the price of oil to be at or above this level in the foreseeable future, unless the conflicts in the Middle East expand dramatically.

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When he first took office, President Putin said he was concerned that, for the first time in centuries, Russia faced the possibility of slipping into the second or third rank of nations. He may succeed in reestablishing dominance in small parts of adjacent territories, that he refers to as "New Russia." Neither he nor any future Russian leader will be able to recreate the Soviet empire. But Russia has a vast nuclear arsenal and a formidable military force, which means it will continue to attempt to exert its influence, especially in areas close to its borders.

None of this means that conflict is inevitable. But we should be clear that Russian interference in the elections in the U.S. and other democratic nations will not be tolerated and, if continued, will make better relations in the future much more difficult.

Q: Israelis and Palestinians remain unable to agree on a peace accord. From your experience as a special envoy to the region, what - if anything - can the U.S. do to improve the likelihood of a peace settlement?

A: As the dominant world power, the U.S. has relationships with almost all of the countries in the world. It is natural and understandable that each of our allies wants us to adopt and pursue policies favorable to their interests. But many of those countries have disagreements among themselves, in some cases devolving into war. As a result, there is an inevitable tension in our relationships, a balancing act that requires a combination of consistency and ingenuity in U.S. statesmanship. That is a delicate task, calling for knowledge, strength, skill, and tact, especially since our primary objective is - and must remain - defending and advancing our own national interests.

Nowhere is this task more obvious, or more difficult, than in the Middle East. The U.S. invaded Afghanistan in 2001 and Iraq in 2003, countries where we remain deeply engaged. In 2010 the Arab Spring erupted, bringing hope and a sense of renewal. That hope has dissipated, and now the people of the region struggle through the misery of seemingly unending war, displacement, and upheaval. If anything, the Arab Spring serves as a reminder of the harsh reality of history: that the removal of an oppressive regime by revolution does not guarantee better governance or a better life. Russia under the Tsars and, subsequently, Stalin are prime examples. In the U.S., it took years to achieve a somewhat equitable and stable political order. Indeed, the American experiment continues to this day.

The complexity of the Middle East is illustrated by the tangle of our relationships there: we oppose the Assad regime in Syria, and also oppose ISIS, which is fighting the Assad regime. The Syrian Kurds join us in opposing ISIS, but are being attacked by Turkey, one of our allies. We also combat ISIS in Iraq, where we are joined by Shia militias who are supported by Iran, whom we oppose. In Afghanistan, we oppose the Taliban, who receive support from Pakistan, another of our allies. Pakistan, meanwhile, has fought several wars against India, another of our allies.

Israel is and will remain our closest ally in the region. Our commitment to its security is unshakeable. But we also are allied with many Arab and Muslim countries. During both Republican and Democratic administrations, we have maintained a naval base in Bahrain and a large military facility in Qatar. For decades, we have had close relationships with Turkey, Egypt, Saudi Arabia, and the United Arab Emirates, pillars of the Sunni Muslim World. Oman played a key role in

helping to arrange the negotiations that lead to the nuclear agreement between Iran and the U.S., China, Russia, Britain, Germany, and France. We have a close relationship with Indonesia, the largest Muslim-majority country in the world.

Of the 7.5 billion people on earth today, roughly one in four is Muslim. Sometime after midcentury the total population will reach 9.6 billion, and about 3 billion will be Muslim. To put this in perspective: 3 billion was the total world population as recently as 1960. In the twenty-first century, what happens in the Muslim world will affect everyone, in particular, the dominant world power, the U.S. The regional projections are daunting for Israel. By midcentury the number of Israeli Jews is estimated to be 12.5 million at most, while the number of Arabs will be around 600 million.

The U.S. has a clear and compelling national interest in remaining involved in the Middle East and in doing all we can to reduce violence and upheaval and to combat radical Islamic extremism. As of this writing, the U.S. remains heavily engaged in the region, working to protect the American people from acts of terrorism; to ensure Israel's security; to resist Iran's drive for regional hegemony; to defeat ISIS in Iraq and Syria; to help other Arab countries resist terrorism and achieve stability; to stabilize Iraq; and to defeat the Taliban and stabilize Afghanistan, among other objectives.

Inevitably, there will be many more years of disruption, and no single policy or action can solve all of the region's problems. But a peaceful resolution of the Israeli-Palestinian conflict would be a significant step that might enable some of the countries, including Israel and Saudi Arabia, to cooperate in opposing their common foes: Iran and terrorist organizations, those opposed by and those opposed to Iran.

I recognize the daunting difficulty of finding a resolution to the Israeli-Palestinian conflict. I acknowledge the long litany of failed past efforts. I am especially mindful of the current complexities in the region that work against an early resolution. I believe the only realistic path is through a two-state solution. All who care about the region and its people, in particular Israelis and Palestinians, must do whatever we can to advocate and work for an end to that conflict.

Preserving the Iranian Nuclear Accord

Q: The Iran nuclear accord appears to be holding with all parties living up to its terms. However, there are many critics. Do you think the constraints on Iran's nuclear program are adequate?

A: Iran must not be allowed to acquire nuclear weapons. It would be a direct threat to Israel, and undermine the nuclear nonproliferation regime built over the past half century by the nations of the world, led by the U.S. Although many countries could become capable of producing nuclear weapons, only nine now have them. Most have voluntarily refrained, relying on the U.S. and the nuclear nonproliferation agreement. If Iran becomes the 10th nuclear power, that restraint could collapse, and the number could grow quickly. That would be a serious threat to stability. There are two ways to prevent Iran from getting a nuclear weapon: through negotiation or by war. It is plain common sense to try negotiation first.

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The agreement among the U.S., China, Russia, Britain, France, Germany, and Iran has put in place constraints and monitoring measures that will ensure that Iran's nuclear program will be solely for peaceful purposes.

There are two pathways to a nuclear weapon for Iran: through enrichment of uranium or the production of plutonium. The agreement cuts off both. Among other required actions, Iran has reduced its stockpile of enriched uranium by 98 percent, and it will be capped there for 15 years; it has reduced its operating centrifuges by two-thirds; and it will enrich uranium to only 3.67 percent, far below the level needed for nuclear weapons.

These and other actions required of Iran are being independently verified by the International Atomic Energy Agency, which has a long history of inspecting and reporting on Iran's nuclear program. As a result, Iran's breakout time (the amount of time it would take to acquire enough fissile material for one nuclear weapon if Iran breaks all of its commitments) has been expanded from two to three months to more than a year. If Iran does not keep its commitments, the sanctions will snap back into place.

Critics of the agreement have concentrated largely on a comparison between this agreement and what they regard as a perfect agreement. But, of course, a negotiated agreement involving adverse parties is - by definition - imperfect in some respects for each side. The real question is how the agreement compares to the alternatives. Here the critics have been mostly silent because a likely alternative to this agreement is war. It may ultimately come to that, but war should be a last resort, not a first option.

Some critics argue that because economic sanctions brought Iran to the negotiating table, we should reject the agreement and increase sanctions, and that will force Iran to capitulate. But that is not likely to happen. The sanctions have been effective because they are universal, not unilateral by the U.S. It bears emphasizing that this agreement is not just between the U.S. and Iran. Five of the most important nations in the world are on our side of the table: China, Russia, Britain, France, and Germany. They are parties to the agreement and, crucially, to the sanctions. If the President rejects the agreement, the sanctions will go from universal and effective to unilateral and far less effective. So those clamoring for an increase in sanctions will get the opposite of what they say they want.

Other critics argue that we should not have entered into the agreement because Iran cannot be trusted. But this agreement is not based on trust. It is, rather, based on verification through the most intrusive and comprehensive inspection regime adopted in the nuclear age. The U.S. has, in the past, entered into agreements with adversaries we didn't trust. President Nixon signed a comprehensive agreement with communist China and President Reagan signed a treaty with the Soviet Union to reduce atomic weapons, even though China and the Soviet Union posed far greater threats to our national security than does Iran.

This agreement was unanimously approved by the 15 nations who are members of the United Nations Security Council and has the strong support of most of the nations of the world. Its rejection by the President would adversely impact our national security. Its continuing in effect is in our national interest and will be crucial to limiting the spread of nuclear weapons around the world.

The Urgency of Climate Change

Q: How do you assess the challenge of global climate change?

A: Since the earth came into existence, it has gone through phases of warming and cooling, the result of natural forces like volcanic eruptions and variations in the amounts of naturally occurring greenhouse gases. But the warming of the past century has been more rapid than ever. According to the National Aeronautics and Space Administration, the influence of natural causes is too small to account for the warming of the past few decades.

What does explain it is the dramatic increase in greenhouse gas emissions by humans. The Intergovernmental Panel on Climate Change (IPCC) concluded that the concentrations of carbon dioxide, methane, and nitrous oxides 'have increased to levels unprecedented in at least the last 800,000 years.'

The burning of coal, oil and gas for transportation, heat, cooling and electricity is the primary source of human-generated emissions. Although oceans and forests absorb gases from the atmosphere, they have been unable to keep up with the rising emissions. Last year, the IPCC stated that 'warming of the climate system is unequivocal, and since the 1950's, many of the observed changes are unprecedented. The atmosphere and oceans have warmed, the amounts of snow and ice have diminished, and the sea level has risen.'

2016 was the hottest year on record. The previous record year was 2015, and, before that, 2014.

All of this information has been acquired and reinforced by scientific inquiry and research, and all of it has been widely published. It is a considered conclusion, accepted by the overwhelming majority of scientists in the world today.

Among the adverse results already occurring are polluted air, droughts, storms and floods; they can and do cause sickness and premature death. The World Health Organization has estimated that 'climate change is expected to cause approximately 250,000 additional deaths per year' between 2030 and 2050.

There is room for legitimate, even necessary debate on how best to respond to this crisis. Because the earth is warming does not mean that every suggestion to deal with it makes sense. We should now be engaged in that debate, in the U.S. and around the world.

But that debate is not occurring because some in our country insist that there is no such thing as global warming and oppose efforts to deal with it. These deniers of science include, sadly, the President of the United States, the Administrator of the U.S. Environmental Protection Agency, and many members of congress. Many of them hold the view, expressed by the President, that global warming is a hoax, perpetrated by China to harm the U.S. economy. This denial of science is wrong and represents a danger to the people of this country and to those of other countries.

One of the difficulties in organizing an effective response to this serious threat is that it seems so distant, so huge that any action taken by one individual cannot be of consequence. But each of us must, in our own way in our own lives, do what we can to deal with this large and unprecedented threat. And we must support public policies that enable action on a global scale.

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A Final Word of Advice to the Private Sector

Q. Finally, what do you think will be the biggest challenge for CEOs in the coming year? And what advice can you provide these CEOs to best meet these challenges?

A: A critical need for most business enterprises is predictability and stability. Otherwise, planning for the future becomes so contingent that its effectiveness declines. Yet, in these volatile times, it is difficult for anyone to discern the future.

All planning for the future involves some degree of speculation. But, to the extent possible, it can and should be reduced and managed. Even (perhaps especially) in turbulent times, effective planning is crucial to success.



280 Park Avenue, 4th Floor
New York, NY 10017

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