

## Special Lecture by Dr. George Friedman

# “The Next 50 Years”

September 18, 2020

---

### Lecture

#### George Friedman

I want to thank you for inviting me here to a place where our two countries have shared much blood and much hope and to try to think about what comes next for both of us. Because I think that what happens to United States, Texas will happen to you too. And we must be together on it. I think this Institute is perfectly built for that purpose. So I'm going to speak now about the next 50 years. In order to do that, I have to go back and tell you how to think about, because it was said that we felt as if the rug were being pulled out from under us this year. And I want to show you that we always feel that way.

I want to begin by asking you to think about 1900 - the Europeans, the British had a massive empire controlled the world, shaping Asia, shaping Africa, shaping everything. One thing was certain that this would last for a very long time.

And I'd like to go to 1920. The Europeans had slaughtered each other, torn each other apart. The most enlightened area of the world. no one in 1900 thought this was going to happen, but it did. And in 1920, Germany was finished and this was the war to end all Wars. And nobody thought that 20 years later, Germany would rise again and that the war to end all Wars is just a truce because you can't tell you should have war. But in 1940, when we saw Germany rise, 20 years later, everybody knew in 1940, the war was over. Germany had won. There was no way they overrun France dead, taken all these countries - How could they not win?

20 years later in 1960, Germany is an occupied country. Defeated, destroyed in the war, divided between the United States and Russia. And everybody knew in 1960 that the next war would come in Europe and it would be a nuclear war. And the world was braced for a nuclear war that never happened. What happened was a war in Vietnam where the United States was defeated

and had tremendous economic problems because of high oil prices, high interest rates, high unemployment. It was a terrible time. And everyone knew that the United States was in decline and that the Soviet Union had managed to bypass the United States - more stable and more powerful. And in 1980, it was very clear to us that we were in decline. We believed it too. In 2000, there was the Soviet Union that collapsed and no one expected that.

And Soviet Union having collapsed, we were now in a single world where everybody was focused on in business, in open borders. And the United States was leading the world to a greater peace and happiness. In 1920 and 2020, that world is fragmenting and collapsing. The struggle between China and the United States is clearly going to define the next 20 years.

But as I've shown you, I hope, that the expectations you have about the future are almost always wrong. They're almost always wrong over a period of time, because you are extrapolating from a situation that was there and not considering the way that period is unsustainable. So to be able to talk about the 1950s, we have to really understand the belief in 1900 about the permanence of European power. To believe that in 1960 there'd be a nuclear war and be in Europe. The belief in 2000 that we put war behind us because the Soviet Union collapsed.

These are all beliefs that were wrong. So to begin understanding it, we are always surprised by what happens. We're always stunned by what happens. It is never what we expected. Now I will say that I try to find the way that will happen. That's my hubris but it is based on looking at the world in a way that is very simple, very stupid, not sophisticated.

In order to understand the world, you have to look at it. You have to look at the map of the world and see what it teaches you. Because the map of the world sings you a song, a song about what is true and what is not true in general. And if you look at it simply, and for a long time, you discover a very important thing. That over the past hundred years, massive transformation has happened in the world.

Previously the European powers had been the dominant powers of the world. They lost that dominance. And that the dominant power in the world is the power that controls the Atlantic, the Pacific, the two great oceans and is not afraid of being attacked by anyone from the outside.

So a country that is secure, able to attack others and controls the oceans where trade takes place

- this is a powerful nation, and that nation is obviously the United States. So if you take a look at the world, it consists primarily of four islands. There is South America. There is Africa, there is Eurasia, the massive Island, that stretches from the Pacific to the Atlantic and there's North America. North America is unique in one way. It is the only power, the only continent that first, is not divided in potential conflict within itself and secondly, which has access to both the Atlantic and the Pacific, which means that whatever power is resting there can have its choice, decide that it has to deal with the North Korea or Japan or whoever. And at the same time, maybe deal with the Russians in Belarus, that geography shows you how distinct the United States is.

When you look at China, there's a great power. There's of course, no question about that. But it's a power that lives in Eurasia where every power is separated from the other. China is separated from the rest of Asia by the mountains, the hills and jungles of Southeast Asia, by the Himalayas, by the vast grasslands of central Asia, by Siberia and the North and the Pacific to the East. It is part of a continent, but like India behind Himalayas and behind the jungles of the East, it's separated.

And when you look at Eurasia, you will see a fragmentation. Not a problem, but also how does China conquer Eurasia? How does India conquer Eurasia? How do they conquer each other? How do you get across to Himalayas? The difference between Eurasia and North America is that there is only one great power and the boundaries are very weak. The United States could go North, could go South, but doesn't want to go anywhere.

So when we look at this map, we very quickly can see (We can go into question later of why America and Africa are not serious players.) that the place that had been the great center of humanity and globalism. Eurasia is now highly fragmented. Europe, the smallest continent in the world after, except for Australia has 52 separate countries. It's a surprise that they fight so much. Russia glowers over Europe. The United States may get involved though, or may not. China emerges and so on. And so we have this strange thing, one power resting secure on a continent that it controls with access to all oceans and being a major naval power. As in Eurasia, a fragmentation that either isolates or as in Europe creates conflict. These are not power that are secure. Or when they're secure, they are hidden behind hills and mountains and jungles. So

this is how we have to understand the hidden structure.

When we talk about what happened in 1900 and European empires, and what happened later. What happened was this. Europe had sailed to create a global system. Europe had sailed from Portugal, from Spain, later from France and from England and created a global system. And they did that by owning the oceans. And they did that by pursuing power. And from that, they created a global system. But Eurasia ripped itself apart, especially in 1945, a war that was stretched from Japan to England. And Everything in between was emulated. And they lost that. And what was left intact was North America. And you naturally look at North America, the president and other leaders and you say, this country is in decline. But it's very hard to decline when there is no threat.

You can imagine threats, but we have to look at very specifically what those threats are. So today, as in every 20 years, the basic belief is the China's rising and the United States is declining. And that over time, there may be a war between the two. So let's dig deep into that question. Let's first take a look at China. It is a country divided itself - four buffer states surrounded, Manchuria, inner Mongolia, Xinjiang, Tibet. Right now there's unrest in inner Mongolia. There's murder going on and Xinjiang and fighting near the Tibetan plain. So this border land of China that it depends on for security is currently vastly unstable. Not to mention Hong Kong, which is another sort of border land that has been destabilized. What China is doing very hard is trying to hold itself together. If we forget to use paper stories, this is a country whose periphery is tearing itself apart, and China is holding it together.

In this lesson, the difference between the United States and China is that the United States is not trying to hold its periphery together. China is trying desperately to hold it together. Second, we have the problem that China has - which is that as the world's greatest power, exporting power. Well, the United States is greatest importing power. And that means that China needs the United States as the customer. but China also needs exports for the same reason that it's had before. In 1890, the United States was the great China of the time. By 1900, the United States produced half the industrial products of the world. And we were the major exporter to Europe and we drove the global economy and we built ourselves of those exports. But when the Europeans tore themselves to pieces and the 1920s could no longer buy our products, the

United States found itself in a position of every exporter who loses his customers, the great depression.

There are many reasons for the great depression, but the most fundamental one is that the greatest exporting power of that time lost its market. And this was the United States.

Now the United States comes back. Other countries come back too in different ways, sometimes stronger, sometimes weaker. We had the same story with Japan after World War Two. It was the great low cost/high volume exporter to the world. It saturated the world's markets. And it was said in the United States that we all had better learn Japanese because they were taking over the world in 1985. The problem that Japan had was that its customer was the United States and the United States, which set the terms in which they brought the products. The other problem was that they had to sell to survive. They kept cutting prices, cutting profit margins, their banking system went away and suddenly the great superpower of Japan found his banking system in chaos and went into what was called 'the lost decade.'

But Japan had an advantage. It was socially harmonious. It was integrated. It did not have borderlands that it was protecting. It had time to reshape itself and reform itself to what it is today -the third largest economy in the world. The problem China has is that it has the same Japanese problem, but with an enormous number of people living in abject poverty. The coastal region connects more to the United States and Europe than to the interior. How can they find markets to sell to in areas that are impoverished? You know, when you hardly have any money, you can't buy an iPad. We researched this. We almost certain you need more money. And so when you face that the Chinese have this tremendous problem in the West to the place where a chairman Mao took the long March to raise a military, to come back and defeat the imperialists.

That same problem has reemerged. So unlike Japan which had social harmony to a great extent and weathered its decline or the United States which weathered its decline in normal chaos of the United States, the Chinese face the old problem - the coast is rich, the interior is poor. All the people who had jobs in the coastal region were sent back home and they've realized they're not going to participate in this.

And so this is China's essential problem. Its essential problem is that it's dependent on exports

to maintain its economy. And no one it is more dependent than the United States. If the United States wanted to redefine the terms, wanted an access to China's economy, China couldn't grant that access, because if it did well, markets were too tight, too little room, too little possibilities to accept that. So they had to block access and the United States said 'it is easier for us to find new suppliers and then for you to find new customers.'

And it proceeded to do so. And of course, the Chinese did what the Japanese did. They said, 'look how wonderfully we're doing.' Japan, Japanese bought Rockefeller center. Japanese bought golf courses in United States. And everybody said, this is proof of Japan's growing wealth, power, to which the question is, if Japan was such a good place to invest, why didn't they invest there? Why they are buying buildings in the United States? And so too, you see apartments all over the world - in Australia, in the West coast of the United States and Canada - being purchased. Why are they buying apartments here? Sometimes they don't occupy them. The capital flight, which is one of the problems of a climaxing economy. Well, one of the problems is that as capital flight occurs, capital is lost. It flees the country. It goes elsewhere. Now these are the objective problems that China is facing. It is not dissimilar to the problems the United States faced. It's not dissimilar to the problems Japan faced. It's not an embarrassment, nor does it mean the end of it, except that China really has its other problem that it faces, which is the military one.

One of the great fears of China is that the United States will impose a blockade on its ports. If it poses a blockade on the ports, China cannot export. Now China has one strategy, OROB, which says 'we will have an extremely more expensive transportation system that will go to Europe,' which will happen to go through some of the most unstable areas of Eurasia, where everything from terrorist groups to governments that will block the road. It's a good idea if it could work, but it's hard to see it working.

But the real problem is seen in the South China Sea. Chinese badly wants to push the Americans away from their ports to guarantee their security. The United States is quite happy being in a position of controlling China through being close to the ports. The idea here is that China's a rising power. Well, there are many ways you can look at this. We can say it's a rising power, it has one and a half aircraft carriers, the half being one that was developed by the Ukrainians.

And they bought from the Ukrainians. Another one that's real. The US has 10 aircraft carriers. Yes, there are rockets. There are missiles. There are very many things,

But China also has to watch its back. The US is developing a relationship with India and this is Eurasia and is always possible for the Indians to strike in some way. Russia is unknown and unpredictable. How will it react? Their assumption is that it wants an Alliance with China, but there is no Alliance. They just speak to each other.

So China's in terribly difficult place. In 10 years of demanding that the US withdraw, China has not gained an inch in the South China Sea. There has been no movement. And the United States has not in any way, said that it was going to blockade nor that it was frightened by the Chinese Navy. They say we will invade Taiwan. They don't say it, but they have that option. Well, they have six amphibious crafts. In the long journey, starting at a port that can be bombed, going across the sea where they can be attacked from submarines, and then have to resupply over and over again.

There's a reason why they haven't invaded Taiwan. They can't. The interesting thing about China is that it does not have to make claims about what it can do. People outside of China make the declaims of what it can do. And these are many countries that are hoping that United States, will go into decline.

But how does a country go into decline when nothing is threatening it, when it's secured as base, it controls the oceans. And very frankly it doesn't need much from the rest of the world. And so when we look at the next 50 years, we begin by saying, look, the United States is what Europe was for 500 years, whatever power dominates North America dominates the world's oceans. And if they operate the world's oceans, they can, at one time, have a Cold War with the Russians or the Soviets, then have a confrontation with the Chinese, not have to engage in either case. But be able to assert its power as it wishes.

Now, there are many nations that do wish that the United States is in decline. We have unpleasant people. The Americans are nuts, the kind of people you want to have around. And besides that other people would like to replace it. That's not happening. It seems to be happening, but it isn't happening. What instead is happening is that China is weakening. Its

ability to solve the problems that I described is limited. It's not going to collapse. It's not going to disappear. Although for a hundred years before 1947, China was nothing but civil war, but maybe it won't have to be that way again. But certainly, it is not something that is going to be able to reach out into the Atlantic, into the Mediterranean, into the middle East. It is not going to be a global power.

It is struggling to become a region willpower. And we see with the Russians, that the Russians have not solved the problem that led to the collapse of the Soviet Union. The collapse of the Soviet union was not the end of this episode. It was the beginning of the new one. In the time that Putin took over from Yeltsin, Russia has failed to develop a modern economy. It is dependent on the export of oil and natural gas for about 30~40% of its GDP. And it doesn't control its price. And this is the definition of a third world country. So it can posture, it can try to claim things, but the objective reality is a fraying economy, which by the way has some impact on the riots in Siberia. We have riots too, but these are based on fundamental impoverishment that can't be solved.

So we see two central powers of Eurasia declining, and we throw into that the fact that the Europeans are not declining, but they're added again, arguing with each other, expelling the British to leave them - - the traditional European problem of fragmentation – Attacking Poland, Nazis in the German government. It's serious, but it's there again. Russia weakens and China is struggling.

So what we see here is that Eurasia itself is suffering from the traditional problems it always had and weakening. So what will we see? We will see what happens constantly - the emergence of new powers. Yeah, nobody would have said in 1980 that China would be a great power. Nobody would have said in 1950 that Japan would become a great economic power.

So you look at and try to find out what powers are arising. Well, first, Poland - a country in a continent where Germany exists, which exports 50% of its GDP. And it's truly hostage to his customers and where Russia is crumbling, Poland is becoming more assertive. Watch, as a minor example, Belarus. Poland is a coherent, ideologically red and religious country. And it has, since I wrote this 15 years ago, transformed itself.



The other country is Turkey. Turkey is now a naval power in the Mediterranean, operating the Black Sea, sitting at the table with the Russians and the Americans as an equal and the movement from what it was 20 years ago, to what it is today, is astonishing.

But the third emerging country is one that has emerged – it is Japan. Japan is the third largest economy in the world. It does not suffer from massive internal social instability. It is constructing a Navy very rapidly and that's before they give up Article 9. After they give it up, imagine. This is a power that could become a nuclear power, perhaps tomorrow, certainly in two months. This is the power that the United States has faced. And ultimately from the American point of view, China does not threaten its fundamental interest. Its fundamental interest is command to the Pacific Ocean because that ocean is the buffer that protects North America.

Everything else you get from it is nice. But that is how North America is safe. Japan cannot help, but challenge that. Japan as in 1935, imports massive amounts of raw material. It has none of its own and it imports them through waters that are controlled by the United States. And thus far, the United States has been very happy to protect those shipments and doesn't really care. But Japan like any other country has to assume what if the Americans changed their mind? What if they don't guarantee it? And then we face again the problem of the late 1940s of the period before world war II. Then again, we will face the prices of Japan needing to protect its accesses, resources, needing to protect his flank, needing to be certain that it keeps Russia at Bay. It is not going to do this because it's evil. China is not doing what it is because it's monstrous and the United States is not doing it because it's vial. These are the things that have to happen. You look at the map and you think about it. And obviously this has to happen.

Obviously China, when you look at the numbers, can't sustain itself without American consumption. Obviously Russia cannot survive unless the price of oil is stable and rising. Obviously Japan has to be concerned about its line of supply and obviously each of these collide. And if you look at it this way, then those things that happened in 1900, 1920 and 1940 and so on, they make sense. They're not evil walking. But simply nations that have interests and are going to pursue those interests. I care about more about themselves than others. We've talked about a rule-based system.

Well, who's going to enforce the rules? What country's going to say 'well, I've lost. I'll cut by economy by 20%.'? It's very hard to get a rule-based economy. Yes, we had one during the Cold War, it was NATO and everybody was afraid of the Russians and there was rules and the United States announced them. Now the Trump administration is not particularly impressed by us having the rules. They go our own way. So when you take a look at the rule-based concept of liberalism, the rules have to have someone to enforce it. During the Cold War, what rules there were? We were forced by the United States and the Soviet Union. The Warsaw pact was told what they were going to do. And NATO was pretty well told. But now who enforces the rules? The idea that we all accept the rules, even when it means a massive loss to our country, is about as reasonable as saying that we're going to do business and I will continue to do business even if I lose all my money.

I'll fight as hard as I can to keep it. And I'm afraid of the government. So I can't really steal, but I will fight. The reality of today is the same reality as existed with the cities in the Greeks. It hasn't changed. The technology has changed. The rhetoric has changed. The weapons have certainly changed, but the fundamental thing is you protect your own. And the fundamental way to examine the question is, are they able to protect their own and what do they need?

So the first question to ask when we talk about the US-Chinese relation, what does the United States need from China that it can't get elsewhere fairly shortly? What does China need from the United States? Where else could it find a market that dynamic that demanding? So when we take a look at what they must have. And we forget the fact that a good businessman knows exactly how to build an image of success, especially when he's failing, then we can understand what they're doing.

So when we look at the next 50 years, it is going to look like the last two thousands. There's no miracle coming. There have been diseases before smallpox far more deadly than this diphtheria. Cholera still stalks the world. Yes, we have the disease and it will change our lives. But it will not change the fundamental reality of nations facing each other, sometimes fearing, sometimes with greed, sometimes with indifference, all of which are predictable if you get the chance to predict them. And this is what we have to remember. In that story that I told from 1900, every common sense assumption was blown to bits in 20 years.

China came out of nowhere? But it didn't. It came very rationally. United States came out of nowhere. It didn't. Russia and Japan came out of nowhere. Everybody is surprised because they're not looking. And this is the thing that had me stood here in Korea, because Korea sits between Japan, between China,

South of North Korea, with the Russia not too far away.

You live in a tough neighborhood, as we say in New York and with tough neighborhood, you need allies and you have one in the United States and you need to understand that the alliance has a price. It doesn't come free. Just as the United States had to understand that its alliances don't come free. The United States needs Korea. Because all of these nations have to be managed and Korea needs the United States. So one thing we can predict, I think, is that the relationship with the United States that existed basically since 1950 will endure because the problems facing Korea and the United States in the region have endured. We are still talking about the Chinese. We're still talking about the Japanese and we are still looking at the Communist North. It hasn't changed. Therefore, your relationships don't. Let me stop there.

### **Jie-Ae Sohn**

Thank you, Dr. Friedman. It was a very interesting talk. I think I was surprised. Well you talked about the fact that we're always shocked, always. This is not the first time, so I felt a little better. It was very interesting to see the map with North America right in the center, which sort of emphasizes your point about North America being the stable power in terms of the Atlantic and the Pacific and how it didn't have to really fight for its borders.

And so you saw China to the side and Eurasia to the side and of course the other islands, Africa and South America, which we could talk about later. And then also about the fact that, you looked at China and although there's a lot of talk about China being the next superpower and about the rise of China, you sort of talked about their limitations and how you didn't see China becoming the global power that a lot of people are expecting at the moment.

And I was also interested in your identifying the three upcoming countries - Poland, Turkey

and Japan, which I think, you also pointed out in your 2009 book. So I was interested to see that your predictions over 10 years ago still haven't changed in terms of the emerging powers in the world.

You have given us a lot to think - about a lot of things to discuss. And today, we are very fortunate to have with us two scholars that will help us really analyze the points that you brought up and to really be able to flush out the points that we talked about in the discussion.

So I would like to start off by asking professor Chung to share his comments and questions about Dr. Friedman's talk.

### **Chung Jae Ho**

Thank you. I think in, in essence, your presentation was quite similar to the the discussions that were given in your 2009 book, particularly concerning China. In that book, you projected that by 2020, China will never be a major world power. Of course, it all depends on the definition of what major world power is. And second, more importantly I think, China will not hold itself together. And you said that here as well. And you mentioned about China being divided - China has its peripheral problems of Tibet, Hong Kong, Xingjiang and inner Mongolia and so on and so forth.

Then it makes people wonder why is the Trump administration pushing so hard to give troubles to China? Because if you believe that China is not going to be a major world power, thereby not threatening the United States, why the US administration will go that far to give troubles (to China)? That's my first question.

Second question. I had a very interesting counter with young Korean people couple of days ago. Of course, these are in their twenties. They don't really understand the historical or philosophical foundations of American democracy. And as you know, these young generation are, you know, they react to images rather than to written texts these days. So what they see on TV, particularly the police brutality, the lootings on the streets and the political divide, racial conflict in the US... They ask me what's the utility of American democracy now. I mean, United States used to maintain the normative leadership over the world. But, you know, as

these young people look at the TV screens, they sort of relate those images to the weaknesses of American democracy. I see. And is this image matter at all?

In other words, when I read your 2009 book, fundamentally I think the spirit embedded in the book is the realist tradition - military preponderance and power of the nation States and so on and so forth. So, does soft power matter at all, too, to make the United States sustain its primacy over the world? That's my second question.

Third question, I think this one was not really meaning a lot your 2009 book, but nevertheless, the new fad in international relations research these days is the so-called retrenchment. Countries decline, but that decline could lead to the revival. But then again, not every nation that declines may comeback, so may stay there and never come back like Spain, Portugal, and so on and so forth. So what makes some countries come back and, but not others? In the first round, let me just throw in those three questions.

### **Ahn Dukgeun**

Thank you very much for a very insightful and enlightening speech. Let me draw your attention to economic aspect of the current situations. When we compare the situation in the 1980, 1992, the current situation - in the 1980s, the service industry became very important. Probably how we live nowadays was mostly formulated at that time, like a visa master, Wall Mart and airline businesses... All those very remarkably developed service industries could be internationalized with the incorporation into the WTO systems. At the time US government tried to make it a global standard by establishing the service rule in the WTO system. At the time to disseminate its economic power or economic influence, they tried to make the multilateral trading system - global trading system. Now in 2020, we are experiencing remarkable digital transformations. And this time, US government's approach seems to be completely opposite. Instead of using multilateral system, they now try to strengthen economic blocks basically decoupling or severing the relationship with the China.

One of the key differences from that time and now is probably there. When Japan emerged as a new economic superpower, we never talked that much about economic integration between

US versus Japan. They were always like competitors. But now, we talk about Chi-merica. China and US formulated unprecedented global supply chain. It was significantly integrated with each other. Now suddenly, we try to decouple these systems. So nowadays, suddenly, these economic conflict or economic war between two superpowers cause huge trouble to the world economies. That has not been experienced during the 1980s and 1990s.

This is one of the major differences I observe from the history. So reflecting all that, I would like to ask the question of how you see, in the next 50 years, unprecedentedly, economic situation has been hugely integrated with new digital technology. And will it be possible to decouple or as prof. Chung earlier raised, whether completely eliminating the China influence or China factor can be feasible.

As you know just a couple of weeks ago, Pompeo announced a 'clean network policy.' If China is involved, then it is not clean. So they basically launched the digital trade war or digital economic war against China. So how you see the future of these economic conflicts.

### **George Friedman**

There was a fundamental difference between Japan and China. The United States under the Bush administration had intense confrontation with the Japanese and the mood in the United States towards Japan. There were movies made about Japanese business that were tense. The Japanese had room for maneuver. The Japanese did something extremely intelligent. They restructured their financial system. They created an austerity that was not present and the country took it. China doesn't have that option. There is no decoupling going on. If two businesses trade with each other and one wants to change the terms of the trade. This is a legitimate of trade. Going back to the Obama administration, the United States was charging China with manipulating currency values, but also not allowing, even though formerly was required to, American goods into the market.

So the first thing to understand is this did not begin with Trump. This was already going on with Obama. And the point was, the Chinese did not refuse to do these things because they were greedy or cruel or stupid. They didn't have the room for maneuver. They didn't have the

room for maneuver because they're constantly looking, not at the borderlands, but that part of China that did not participate in the growth. And also being concerned about the political commitment of the Eastern coastal region that is paying the price for it. So what you had in the situation was, for the United States, an untenable situation. The liberal trading system does maximize wealth, but it does not address the question of distribution.

And this is its defect. Because ultimately, it wants to take trade out of politics, but you can't do that because what happened in the United States was that... Basically it really wasn't China, but China became the symbol of it, and it has evolved. China didn't do anything bad. They were doing what they could. The Midwest was devastated. That overstates it, but we'll call it that.

And the democratic party that didn't speak like Trump did, however, not respond to this problem. The position was – look! the GDP is growing! And answer to that was the fact that the GDP is growing doesn't tell you about the political stability of the country. So I would argue that in the case of China and the United States, Chinese could not modify their trading system. And the United States could not tolerate the Chinese system. The problem Chinese had was they had no room for maneuver that Americans did.

Now leaving all of Trump's speeches and everything else aside, this was coming and the Japanese handled the same problem in a very different way. They said, okay, we will run the course. Chinese couldn't do that. And the United States had the option.

So I would not call it a decoupling. Firstly, there's a great deal of trade going on. I would rather want say that one country in a trade relationship wanted to redefine the terms. There was nothing sacred with the terms over there and politically, no precedent.

The Trump administration is not being particularly hard on China. It wants a new trade agreement. It's rhetoric, it's everything else, but it's the same criticism that the Obama administration had.

The difference was that the Obama administration wouldn't pull the trigger. So we have this. Being hard on China and with air attacks, this is simply a trade dispute that the Chinese have made to appear as if it was a completely illegitimate event. Trade disputes are normal part of the international trading system.

If you look at the way it was handled previously, in the other cases, I mean, this was simply saying, look, we want access to your market on the basis that you agreed to give it. And the Chinese didn't give it. It appears to be aggressive, but the American public has taken the same position it took about Japan, not in Washington and New York, which is that something has to be done. And what has been done has been really modest when you think about it. But for political reasons, any presidents would have to make it appear more. Now the really interesting question is why the Chinese knowing this prefer to escalate the situation rhetorically by presenting it in a different light. And that has to do with Chinese internal politics. The president of China has one primary job - managing the president of the United States because that relationship is critical.

And Xi failed in a number of other areas. I would love to sit in a central committee meeting, but each side had domestic problems they had to address in the language that was appropriate to them. That other countries really didn't matter to us. So when you're president of the United States and you have an internal economic problem, that's being caused in the perception of the United States if China not living up to its trade agreements. So if there's any decoupling going on and it isn't the end.

### **Chung Jae Ho**

But the question is not just about trade, it's about South China, sea it's about Huawei. It's about Taiwan. About Tibet, Hong Kong. So all over. It's like an over securitization of every issue. If the US is so comfortable with the possibility that China will never become a global world power, why would they do that?

### **George Friedman**

Well, first of all, the status quo is that the Americans have a presence in South China Sea. That China is not going to be aggressive against Taiwan. So the real question is why if the Chinese postured themselves in the South China Sea and postured themselves against Taiwan in this way. The American position is on the South China Sea is very simple. We want the Pacific in



the war. This is fundamental to our national interest. We have no give on that. We are not about to blockade their ports. The Chinese are not going to get the United States to move on this.

But when you take a look at all these issues, Huawei could have managed this situation much differently than it did. There is much a technology which is imported from China. We dependent on their pharmacies and so on. And I keep coming back to the brilliant work of the Chinese information ministry, which is, in the South China sea, in Taiwan, it is China that wants to change the status quo. And the United States, which responds with the wonderful rhetoric that we all know and love, which is holding the position as it is.

So you've got the Chinese air force penetrating Taiwanese airspace. Now, as soon as the United States scrambles its planes, the Chinese announces this is a more aggression from the United States. But in fact, what you have here is two reasonable countries trying to manage a situation. The economic situation is problematic. The situation in Hong Kong has had repercussions in China. So what the Chinese are trying to do is position themselves simultaneously as a victim and a superpower. It's understandable what they're doing. But there is the price you pay for becoming a world power. How many died in World War Two?

No country has an interest in leadership for its own sake. To be a leader, this has to be some benefits to you. There was a leader in Europe because we did not want Russia taking the European peninsula, but whenever somebody talks about American leadership not being there, it's usually they haven't given us what we asked for. So I would argue that the majority of Americans think the idea of being the world leader stinks. The United States was the first anti-imperial power. Deeply embedded in this is isolationism. In other words, to say that isolationism caused world war two, I don't think it's true. France, Germany... caused the war. We were just bystanders and didn't want to be into it.

The extent to which the United States doesn't want to lead the world, because what the world means by leadership is risk-taking and expense. But where it needs to lead as in the Korean peninsula, it leads. But what Trump has done was inevitable. He's raised a question exactly. What are we trying to achieve in the Middle East? And if we're not doing anything, why don't we stop getting people killed? That was right. This is not to praise Trump. Trump has decided to withdraw from the Middle East. It's exactly what the liberals wanted, but he did it. So he has

his own particular political problems, but he is kind of reshaping the American posture, interestingly, for all the rhetoric about all the shift toward China. There's very little military movement in that area.

### **Jie-Ae Sohn**

Let me ask you about the next 50 days - if we're continued to have a Trump administration or not.

### **George Friedman**

For sheer amusements, maybe yes. But what I'll say is it won't matter. The idea that the Biden is going to come in and radically change foreign policy. I don't even think Biden has a foreign policy. By default, he's going to continue doing what he was doing. So there you have to understand - Trump arose because of a certain reality in the United States that came from a number of different forces.

If he goes, those forces are still there. And one of the weaknesses of the democratic party is they can't address that because they are the party of the finance and so on and so forth. They reversed their role from the New Deal. So the answer is I really would like Trump to go away because I've heard all the speeches. I've heard none of Biden's speeches, but that'd be nice.

But on the other hand, it doesn't matter. The American president, as I've talked before, is the weakest leader of the democratic world. He has the least power. And you see this constantly with Trump being dragged into court and sued and everything like that.

You don't do that to a dictator. So the answer is, the United States has dealt with far greater crisis – the Civil War, the Depression... I remember being of that generation, being told that the United States has lost the respect of the world because of Vietnam.

And this is what I learned. The respect of the world is nice to have, but the United States president has been drawn to the position over the past century, where he is seen as the United

States. And that isn't the case. And I am embarrassed by Trump, but also amused. I mean, he's a very funny guy. He doesn't mean to be funny, but the point being made is it doesn't matter all that much.

Firstly, internal fragmentation. In the case of China, you're seeing things that 10 years ago, you would have never dreamt that you'd see. I mean, you're seeing activity and prime minister Lee being there, not being there, you're seeing a level of instability within society. China has a serious economic problem. There is a price to pay. So the United States come back because it could create over the next 20 years domestic consumption also not to mention World War Two. The Japanese came back because they could impose austerity without having to declare it. So you need to have resilience. And the resilience comes from being able to manage the disappointment. And you can't manage it if you don't have a credible plan for solving it. And this is the weakness of the Chinese policy. They're having a problem. The first step is to admit it because everybody knows it. The second step is to have a credible solution, but the problem of China right now, I think, Xi and internal forces that are piling onto him. And so that, I don't know that I'm guessing

### **Jie-Ae Sohn**

One thing we haven't really addressed is the current situation - the COVID-19 situation that we're in now. A lot of our general audience and we have been hearing about how the COVID-19 pandemic is a shift in the global geopolitical sphere, that it will create changes that we didn't even think about before. How do you look at the COVID-19's impact on geopolitical futures?

### **George Friedman**

Well, thus far, relatively little, but very at the beginning of this. If somebody had said back in February last year, you're going to go on social isolation for the next five years, we would have a very different response. So what we'll be doing here is boiling the frog, which is an American phrase. If you take a frog and throw it in the water and boil it slowly, he doesn't notice he's dying.

So we are betting now on vaccines coming, let's assume that it becomes obvious that this disease is not going away. And we have no cure. Now you have a different dynamic. You start comparing it to smallpox and cholera and other diseases that we live with. And you say, look, this has a relatively low death rate compared to those. We didn't resort to these steps because the problem is not only economic - it's social.

The example I'd like to use is - imagine a five-year-old kid growing up for the next two years has no playmates. This is essential. How does somebody carry out a courtship ritual in this environment?

In other words, how do you meet the member of the opposite sex or whatever? Very difficult. So there are fundamental social functions that have been suspended. If it turns out, and I don't think it will, then we are going to see a re-evaluation of risk and it will be a routinization of the system. It could be able to go for three years, four years. The medical profession says these things because they're doctors and they don't consider anything outside of that.

But how are you going to go to a meeting and have to distance ourselves from each other?

I'll certainly do it for a year, but one year is going to be the moment breaks. As to how it changes the international system. It's had a profound effect economically on the cost of maintaining it. The danger is this sense of depression. Depression from a geopolitical point of view, a recession is a cyclical event that's managed by financials. Depression is the destruction of elements of the economy.

So in the United States, we've seen massive destruction to the airline industry, but recoverable. You've also seen retail stores shut down, not recoverable. When we start reaching the point and the variable we're looking at is bankruptcies. And when those start to, and they haven't mounted. So that's good. That's going to be the scary point because that can be a 10-year problem. And as that happens, I assume the central banks are gonna notice, but they're used to handling recessions.

## **Ahn Dukgeun**

By a 20-year analysis raised via Dr. Freedman, I think that this is a very nice tool. If you think about from 2000 to 2020 is, is like a service application period from the economic point of view. Global economy has been hired remarkably service - it's the transformed into a service industry.

So global economy has been seriously integrated by the globalized service industry sector. And from 2020 to the next 20, clearly we will face digitalization period. Then, as I mentioned, during the past 20 year, it has been fortified by the global trading order. But if we have current situation maintained, then we will face economic divide or new cold war or whatever is very conflicting or confrontational global economic systems. Probably one centered by the US and the other fought by the China centric economic region or area. Under that circumstance, do you see any other next players? For example, we suddenly saw China emerged. Do you see, like Korea can be the next player? Or Vietnam or India after the digitalization period, to emerge as quite interesting new player?

## **George Friedman**

If you think about China's emergence, it has one advantage. Mao Zedong. The situation in China was so poor that, as they say in the United States is a 'dead cat bounce'. It was going to rise. It also had a deep commitment to education. The Chinese understood and didn't have to preach it unlike many third world countries.

I mean, the Chinese took the education at extremely high rate. The weakness of the Chinese development was that it was regional education. The education you got in Shanghai was different than with other, but not so completely as to cause major unrest. So what you are looking for is a country with resources, country, with political discipline and a population that responds to it. Size also matters.

So it also matters that the United States wanted China to emerge and entered into a series of experimental relationships early on. And we were deeply involved. American financing of the Chinese growth was extraordinarily important to have a patron. It had a patron - the United

States.

China's problem is, is still wants the American patron, but only in Chinese terms. So that's going to be hard to do.

So the question is, what countries do I see? Poland is one extreme disciplined, extreme obsessed with education and has strategic position that makes a country like the United States or other countries, Germany, want to finance them.

Turkey is the historic foundation in the Middle East. When the middle East is quiet, it's the Ottomans who do it. And they're starting again. Their economy is, this is the only one that I'm starting to question , because Erdogan's inability to rationalize the economy for a long term surge. It was very well educated. It has countries that care a lot about how it does, but it simply cannot formulate an economic principle, not a plan. It is still using the principle that used before it surged. As for Japan, it doesn't have to recover. It has to make decisions. And that's what's scary about Japan. It's not a question of getting there. It's a question of deciding they're going

Korea has done extraordinarily well. You're the 12th largest economy in the world on the GDP, not the PPP, the real GDP. That's an extraordinary achievements for Korea. Your companys trade worldwide. The brands are respected by everyone. You have a range of products from kimchi, which I don't like, but all the way up to some of the most sophisticated electronic systems. You are playing in bio-medical areas. I mean, you're not going to become China's successor, but inter-relationship with a country with a markets that you can really exploit - we should have and you haven't done. So Korea is a country that is not searching for its future. It has found its future.

## **Jie-Ae Sohn**

You talked about the fact that Korea is situated between Japan and China. So, but it is also in terms of its Alliance between China and the United States. If you talk about two realms of power. So could you look forward to how Korea can really be able to navigate these very turbulent geopolitical waters in the future?

## George Friedman

There's no future without risks for this case. Here's the problem. You present a direct threat to China because your peninsula closes in on the waters that it needs access to. And if you become a base, and the US has been very careful what it deploys here so it doesn't trigger China, the Chinese have to react to that. So there's that problem. In terms of the Japanese problem, they can bypass you altogether on the way to straight to Morocco or whatever they want to do. Your problem is that you're going to find out what they decided to do when they do it. It's just too late. So you must develop a plan of options. You have to have scenarios and make prudent in limited investments.

Your key strategic problem is to maintain your alliance with the United States. So long as you become our fundamental interest to a superpower, it will bear the burden. But it's a super power that is idiosyncratic and speaks its language and no other. So the real fear comes to me is... I don't fear a Chinese attack. I fear of Chinese sense that it's being strangled. And you have an arm that's strangling them.

So the one thing I would not like to see is American destroyers and aircraft stationed in the West coast. That would be a very bad signal to the Chinese. So you really have to put yourself in the Chinese position. The reason they're not going to try to go to wars? They could lose! For some countries, losing a war is okay. Not for China, they can't manage that. So what they're doing is trying to be as aggressively appearing as possible without crossing the line.

How will they read a threat from Korea? Now, if I were the Chinese, I'd say, the US had no reason whatsoever to put these troops there. Obviously that meant the aggression. I have to assume that, and now I have to take a step. Therefore the US is not even suggesting putting that there. I think the Americans are extremely aware of the Chinese sensibility.

So here's a situation that was very much about the Cold War. You know why we didn't have a war? Because the Americans and the Russians wanted one. Nothing was to be gained from war. So wars occur with one nation and other believes they can benefit from it. Japan clearly benefited from or thought they could benefit from this. So did Germany. But in this situation that we have right now, I don't think the Chinese want to take the risk and the Americans

certainly don't want to go to war. And what happened in the Cold War is... both sides settled down to a situation where they signaled each other and spoke quietly to each other and did all these things. I would suspect that's going on with China as well.

I would suspect that when those aircrafts go to Taiwanese airspace, there happens to be no American aircraft in the region. I hope.

### **Jie-Ae Sohn**

Since you brought the subject of education...One of the things we got a lot of questions on is education for some reasons.

### **George Friedman**

Maintain your options like nations. Know the possibilities and maintain them. I am a strong believer in the liberal arts. I am a strong believer in that if you have read the great books, you will have options. You also have to learn to do other things. But to me the liberal arts art is the option play as it goes. So that's the only advice I could give and it's worth every penny of it.

### **Ahn Dukgeun**

Sure. I always emphasized the importance of history. As Dr. Friedman shows us, understanding of history gives you a perspective to understand the whole situation. So I always 24mphasize the studying of history.

Unfortunately, not just in Korea, in many countries' academic curriculum, history became a selective course instead of the mandatory class. I don't think that that's right direction.

### **Chung Jae Ho**

I second that opinion. Actually, I got my master degree in history. And I think that was really



helpful for my PhD in political science. But back to your question, many students come to my office hours asking exactly the same question. I always tell them to focus on what you like. Not what other people say. Of course, it's a difficult challenge for them to choose what they really want. But if you, if you spend a lot of nights thinking about that question, it will come to you. I think that's how I came to my profession, at least. So if you choose what you really wanted to do, and you will put a lot of time into it and you will excel yourself and then you will make ends meet.

### **Jie-Ae Sohn**

The other question that was brought up for us is again, focused more on the Korean peninsula. Do you think Korea will be reunified in the next 50 years?

### **George Friedman**

Yes. The current situation is tenable on anything creeks. So my view is that, as I said to a number of people, North Korea's problem is that it's a 15<sup>th</sup> century-Italian city States ruled by the Bourgeois. And that's not a very stable system because inevitably there will wind up in a civil war or the leader dies and army doesn't know what to do and all sorts of things.

They have done a brilliant job staying alive. I mean, nuclear weapons are not nearly as impressive as the fact they're still there. But there's a weakness embedded in that system that will...the problem is it can go out of control because of their internal strangeness. But I think the outcome of that will be South Korea being very unhappy because if their regime falls, you will have to do an East Germany with them. And this will cost you a lot of money. So think about what you want.

### **Chung Jae Ho**

May I follow up on that? In your 2009 book, will you actually specified the timing of

reunification – before 2030. That’s less than 10 years. So what would catalyze the process?

### **George Friedman**

You can’t predict it, but you can put down the probability of it happening. And the probability is, this time, we have not a leader emerging from the family who is quite as stable and strong as the others. What I’m saying is that how long can you manage to balance the malice that rises in families with the needs of state? So, yeah, I’m looking at the date very strange.

### **Jie-Ae Sohn**

Are you a pessimist or an optimist about the future?

### **George Friedman**

Any reasonable person is an optimist and a pessimist. History is both. I mean, if you look at the past hundred years, would you say sitting at the beginning, I should be an optimist or pessimist? Firstly, if you’re going to optimist, what are you hoping for? And secondly, if you’re a pessimist, what are you afraid of? So, I can’t answer that question basically. I know what I want. It’s probably not what you want.

###