

The Honorable

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Silent National Security Threats

You would expect a former National Security bureaucrat to be talking to you about some of the really tough issues before us today such as Iraq, Iran, North Korea, the Middle East peace process, terrorism, etc. But I want to talk about a different kind of issue, what I call silent national security threats. The kinds of threats we're facing that we know are out there but that sneak up on us. They're not quite so dramatic, but they nevertheless could very powerfully impact our future. I once had an English Setter named Morgan, who, like all English Setters, was intellectually challenged—I don't mean to offend anybody here who either has or is an English Setter. He was rather like the lobster in the pot where you slowly turn the heat up and it doesn't realize until it's too late because it's gotten used to the heat. Morgan was lying on the hearth when we built a small fire in our living room many years ago, and the fire started getting hotter and hotter. Finally I literally dragged him away from the hearth and he'd burned all the hair off the top of his head and was still smoking. I think some of the issues I want to talk about are in about this stage of the fire—just before it burst into flames on Morgan's head.

Four threats are particularly on my mind right now and they are: China, our federal deficits, the problem of poverty, and the problem of HIV-AIDS

Four threats are particularly on my mind right now and they are: China, our federal deficits, the problem of poverty, and the problem of HIV-AIDS. They are all connected, just as they are connected to a lot of other similar threats, such as the proliferation of weapons around the world, the problem of competition for oil resources, the problem of water which creates conflicts around the world, the problem of America's standing in the world in terms of popularity—I won't go through the polls, which are quite alarming—the problem of the growing soft power of Europe and China, etc. Let me concentrate on just those four.

Let me start with China and let me begin with a goofy story. I met a Chinese general couple of years ago when I went with a delegation from Georgetown and our National Defense University to meet with Chinese military leaders at their defense university. We had wonderful meetings for two and a half days, but we had, by design, saved the Taiwan issue for the last afternoon because we knew there was going to be trouble, and indeed there was. There was some considerable disagreement, in part because the Chinese knew that I had been involved in the decision to send two aircraft carriers to Taiwan in the crisis of

1996. So after the end of the meeting we all had hoped “that's over now—and we can go back to being friendly again.” We had a dinner that our Chinese hosts put on at the best restaurant in Beijing, called the Peking Duck. I'm seated next to this crusty four-star Chinese general and on the other side is my dean, Bob Gallucci, from the Georgetown School of Foreign Service—and by the way, this reflects nicely on him and he is my boss and if anybody wants to say, if you run into him, that I was making him look good, please feel free to do so.

So they start serving the meal and at the beginning the general stands up to welcome us, and rather than saying, “Here's a toast to the peace-loving people of the United States and China, etc.” he denounces us again on Taiwan, but I bite my tongue. We then start the meal. At the Peking Duck they serve the whole duck, and it began with the feet. So there on my plate are these two duck's feet beaten into a gelatinous mess and for the sake of my country I swallowed down the first one, looked over and Gallucci is putting both of his into his napkin. The general, who is still irritated with me over Taiwan, notices that I've gagged down one of them and he points to the other and then looks expectantly. So, I ate the other foot and now I'm really getting irritated, but I can't say anything. Then we start eating, and the good part of the duck comes and this is a wonderful meal and we're all enjoying it and then he bangs on his glass and he says, “I would like to ask Mr. Lake a

question,” and so the whole room listens. He says through an interpreter, “Why is it that in China (an ancient civilization) we enjoy eating a wonderful bird called the duck and in the United States (earliest civilization) you eat something called a turkey?” Well, now I’m mad. He is now offending Benjamin Franklin, the

trying not to laugh and looking at me, and Gallucci then, without missing a beat, says, “Yes, General and that’s why we don’t eat mice either.” So, some day, somewhere, that General is going to tell some American with equal condescension why it is that we don’t eat duck and I will finally have my revenge.

A second contradictory problem is that the Chinese economy has been overproducing in some areas, for example, cars. While it makes their GNP look very good, the goods aren’t being bought and this can overheat the economy, so as the economists have pointed out, they have to figure out how to cool-off their economy without creating a slump. Third, and more important to them, is the decline and legitimacy of the Chinese Communist Party. The ideology simply doesn’t work anymore in underwriting the legitimacy of the regime and there is considerable and growing opposition to the lifestyle of the elite, and the corruption. Government services provided by the Party are actually not as good for the population as they were before in safety and education and health care, etc. In fact, the World Health Organization (WHO) has the Chinese public health system now ranked about 144th in the world, which is stunning compared to earlier. Less is invested in education than the average third world nation and they face an aging population. Over a quarter of the Chinese will be 65 or older within the next decade, and I think those are the most productive years, but there it is. By the way, one of the reasons I love China is that when they talk about the younger generation in government it’s the only country in the world where they’re older than I am. That’s wonderful.

Fourth, there is the problem, of course, of Taiwan. Recent good news there. Moderates have done well in the most recent elections in Taiwan, there have been better talks between the mainland and Taiwan. But we should never underestimate how important and emotional an issue this is for all Chinese. They look on it as an internal problem, and I’ve noticed in meetings with Chinese officials that while they read their talking points on almost every issue, when you get to Taiwan,

It is extremely important, it seems to me, that we have towards China the same kind of moderate middle-of-the-road policy that we had under Clinton and that we now have under George Bush. I think that the relationship has been handled quite well since 9/11. This is not going to be easy because there will be bumps on that road. Let me tell you why I think so. The General and his colleagues face four very difficult issues as they address the future. One is the problem of unemployment. Last year, about 24-25 million urban Chinese were unemployed, and probably a couple of hundred million [were] out in the countryside. They

don’t have a social safety net that will allow them to just take care of these folks, and their economy, while doing extremely well, is not providing nearly enough jobs to soak up this unemployment. The result, predictably, is labor and popular unrest in various parts of the country, and that’s a problem.

pilgrims, a NATO ally—but I still can’t say anything, so I said, “Well, General you have to understand American culture. In the United States there is a wonderful man named Walt Disney and he invented a character that we all love very much and his name is Donald Duck, and that is why we do not eat duck in the United States.” And all the Americans and the Chinese guests are



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as I was describing earlier, it becomes very personal and very emotional.

So, how do they resolve their dilemmas? Well, I think predictably in the coming years they're going to do it in two ways and you can see it happening now. One of them is simply to repress the dissent; that's why the human rights situation in China is not getting better, and in the countryside it may be getting worse. The other is to substitute the loss of the ideology as the legitimacy for the government and substitute nationalism. The issue that you can use there most effectively is Taiwan, which, as I said, is very important to the public. The problem here is that it means that in the United States the constituency for a sensible China policy, in which we are neither saying they're our enemy or our partner but we are rivals in many ways, can be squeezed, because on the left the human rights violations are going to cut into it and on the right nationalism is going to cut into support for such a policy here. Meanwhile, this is all against the backdrop of increasing competition from China and Asia, and not just there, for energy resources around the world. China imports 13 percent of its oil from Iran and six percent from Sudan. That's one reason why our diplomacy in the Security Council is so difficult.

So, China worries me and not because, even though they're building up their military forces, they're necessarily an enemy. I think these are structural problems.

The second structural problem I would like to talk about as a national security threat is our growing debt, and I mean it in a literal sense. It is not only a threat to the security of each of us in this room, and more importantly to our children and grandchildren, but it is a

threat, I believe, to our nation in a number of ways. Let me quickly say that I am going to talk here about

every day our government is borrowing over \$1 billion to fund the deficit...How long are foreigners going to go on producing the stuff we're buying and then lending us the money to buy it?

economics and every economics professor I ever had would be stunned at my audacity for doing this. I have studied international economics during the course of my academic career three times. The second and third times, not only did I not remember what I had studied before, there wasn't even *deja vu* that I had studied it until I looked it up. So, take all this with a grain of salt, but I'm pretty sure of the following. The numbers are staggering.

We, this year, are going to have a federal deficit of around \$400 billion. That is very dangerous. It means that by most projections in the next decade the additional debt we're going to run up will be depending on policy decisions, not including the cost of social security reform as proposed, will be somewhere between \$1-4 trillion. As Everett Dirksen once said, or would have if he were alive today, "a trillion here, a trillion there and after while you're talking about real money." This is dangerous for a number of reasons. The way to make this real, because the number is so big, is to realize that every day our government is borrowing over \$1 billion to fund the deficit. Where are

we getting it? Well, you issue Treasury securities. About half of those are bought by the Federal Reserve Board and are trust funds, and the other half, the so-called privately financed debt, is bought either by American citizens or foreigners. I've seen studies that show that since 2000 Americans have not been buying the debt because we're too busy spending and therefore foreigners are buying it up, specifically a lot of foreign governments. They also, because of our trade deficit, hold about \$11 trillion of our dollars. This is very important because that holds down our interest rates and keeps the dollar more or less propped up as a global currency.

The question has to be asked: how long can this go on? How long are foreigners going to go on producing the stuff we're buying and then lending us the money to buy it? I know my banker wouldn't do that for me forever. If your banker would, please drop me a note as to who your banker is 'cause I would love it. You may have noticed a couple of days ago that the South Korean Central Bank said that it was no longer going to gobble up so many dollars and our stock market started to go down immediately. So, this is dangerous because if they finally decide that they are not going to support their own market for their goods in this way we could be in deep trouble. And worse, guess who is now the second-biggest holder of our Treasury securities? China—to bring me back to the first problem. So let's do a leap of imagination. Supposing that Chen Shui-bian of Taiwan does what he earlier said he would do, and it's not clear that he will do it now, but suppose that he calculates that the Chinese are going to be so interested in their image for 2008 when they hold the Olympics that they'll give Taiwan a pass in the meantime. Supposing

Taiwan then holds a referendum on a new constitution and has a new constitution in 2007, and suppose it crosses a red line that the Chinese, who are very strong in their view of all this hold. We could have a huge crisis.

Now, in 1996 when we had a big crisis over Taiwan, we did military planning on what would happen if there was an attack and we had to respond militarily, which I hope and believe we would have, but also planning on how, short of military action, we could put pressure on each other. Traditionally we Americans think “Okay, we can put sanctions on them.”

But just think about the situation if the Chinese float rumors in the bond markets that they’re about to sell off our Treasury securities, what that will do to the price of those securities, which means we have to raise interest rates. In other words, I think we’ve lost in the practical real world of diplomacy a lot of leverage and that is a problem for our national security.

So, how do we fix this? How do we fix the deficit? Well, as I said I’m neither an economist nor an expert in voodooism, so I don’t know, but I think I do know one way not to fix it and that is to cut back on the programs that affect our national security. I don’t think we should be cutting back on our science programs here at home; that affects our national security. I don’t think we should be funding at the low levels we do programs to deal with loose nukes in Russia, etc.

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So, let’s look at the FY2006 budget that the administration has just proposed, and here there is some good news. There are considerable increases in our national security accounts, and this is not counting the \$80 billion Iraq supplemental. We can talk about Iraq later. Those increases come largely in

the so-called millennium challenge account designed for development assistance in certain targeted countries and in the President’s Emergency Plan for Aids Relief (PEPFAR). The president’s initiative on HIV/AIDS is wonderful and the president and the administration deserve a lot of credit for it. But the bad news is the

following: the increases in the challenge account and in PEPFAR are considerably less than the president had promised when he announced all this a couple of years ago. The challenge account isn’t even up and running yet and hasn’t spent a nickel after a couple of years. More bad news is that there are cuts in democracy programs despite the inaugural address. There are cuts in non-AIDS health programs such as infectious diseases and child and maternal health.

There are cuts in the global funds to fights AIDS and tuberculosis and malaria and there is a cut in the funding for UNICEF, which

relies strictly on voluntary contributions every year. It is the only U.N. agency, I believe, that doesn’t get part of the regular U.N. assessments. Please put your hands on your wallets because that was the first subliminal appeal for UNICEF that I’ll be weaving in here from now on.

Again, while recognizing that there are increases here and they deserve our support and praise, I find infuriating the shortfalls both in human terms, because of what that means for people living in poverty and facing HIV/AIDS around the world—and those are reason enough for us to put pressure on Washington to do more—but these are also damaging in terms of our national security and we need to be doing more both out of sympathy, and self-interest.

So that brings me to the question of how come, then, both poverty and the fight against HIV/AIDS are national security issues. Let me describe very briefly why I think so and let me begin with poverty. First, a few sad stats.

There are three billion people around the world living on less than \$2 a day. Let me do, in my charismatically challenged way, a bit of a rant here on this. We think of those people as poor people holding out their hands for us because they’re lazy and shiftless and simply don’t do any better. This is sometimes encouraged by the way our NGOs ask for money, depicting

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starving people holding out their hands. The fact is that it is very hard work being poor; that around the Third

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World poor people are working hard, just like us, every day. They get up in the morning and they walk ten miles to get firewood, they carry water for ten miles on their shoulders, especially the women, they till fields that are dying without water or fertilizer, you can see them in city streets and in Africa fixing bicycles without the proper tools and it takes three hours when it should take ten minutes. It's hard work and these people need our support, not just out of sympathy because they're poor and sick but because they are prepared to work hard if we give them the means to make their lives better for themselves. I worry sometimes at how we've portrayed this, and that it doesn't give them their proper due.

So, why is poverty a national security issue? Well, poverty fuels conflicts. Studies show that if a country's per capita income doubles, its risk of conflict drops by roughly one-half, and those conflicts affect our interests. Studies also show that poverty is an important indicator of failed states and those states become havens for criminals and terrorists. Poverty helps to spawn and incubate and spread infectious diseases because countries have less public health systems to deal with them. If you really want to get scared take a look at some of the predictions about avian flu, which the WHO and others say if it breaks out—because the virus changes so quickly that we can't do the vaccines now—if it breaks out it could kill anywhere from 100 million to a billion people around the world. Think about it. Studies also show that poverty helps to create environmental degradation, which I saw so many times horribly in Haiti and that in turn creates more poverty.

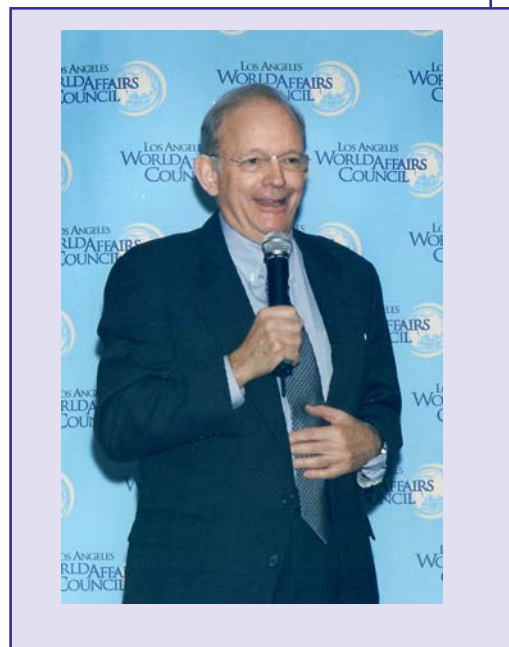
Finally, poverty fuels terrorism. Here very briefly let me say [concerning] the debate that you hear between those who say we have to go

after the leaders through covert action and can those who say no, it's the result of poverty and we should [go after] poverty—it's both. We need to go after the leaders—in my view this is a struggle that will be to the finish with them, but we also have to do something about the potential followers and future leaders. For no matter how many leaders of Al Qaeda we get, it will be like fishing: when you catch a trout in the pool the next day you always find another trout that has taken its place.

Think about this: over the next decade one billion workers are going to enter the global market place or become of age to become workers. One billion of them, and if we don't have a global economy in which the benefits of globalization are well enough spread to give them jobs, they are almost inevitably going to be frustrated and turn away from the models that we believe work for societies, and accept some of the inflammatory rhetoric of our enemies.

So, to fight future terrorism we have to address poverty and to do that we also have to think about the children, because they're the ones that will be going into this labor force. And here, this situation is almost as dangerous as it is tragic. Over one billion children live in poverty. Thirty thousand children die every day of preventable causes. Thirty thousand, every day—today. One, by one, by one, by one, and if you think about your own children and the impact on one of your children of watching another of your children die that way, you can understand that this is not just a human tragedy but the psychological affect on the children who survive has to be immense—surviving either diseases or wars. There was a UNICEF study in the late 1990s that showed

that something like 90 percent of the kids in Afghanistan who were polled believed they would die in the conflict there—this is before we went after the Taliban. And if you give so little value to your own life, then why are you



going to place value on other people's lives?

This brings me to the fourth issue then, and the worst one of all, and that is the threat posed by HIV/AIDS, which again is a horrible human tragedy. Forty million people are infected now, over 20 million people have died. I can't help asking myself, if Al Qaeda had killed 40 million people and was holding 20 million people hostage now, wouldn't we be spending a little more money on that than we are on the current HIV/AIDS epidemic? We have to change the way we think about these things.

Why is this a national security issue? Well, because it is devastating economies, devastating whole societies. I visited Swaziland and Mozambique last November. I had

never seen anything like Swaziland. It is a Rwanda without machetes. It is horrible. Of the women between 19 and 50, half of them are infected with HIV/AIDS—half of them! Vietnam was

of the impact on the international system, on our own security, on the world economy.

So, all four of these threats, silent or otherwise, are scary and are real threats. But in fact, I'm an optimist. I'm an optimist for a number of reasons. I'm an optimist first because we can do a lot about all of these issues. We saw in Mozambique before HIV/AIDS struck, we were making huge progress in children's literacy, in fighting diseases, and doing all kinds of things. We know how to deal with HIV/AIDS and in fact we are making progress in some areas. More people than ever before are getting anti-retroviral therapies around the world, although not nearly enough, and not nearly enough children. We know how to fight poverty in many ways; we know that if we get rid of our agricultural subsidies, for example, and have free trade in agriculture 200 million people would be lifted out of poverty very quickly. We know how to do these things if we will.

I'm an optimist because of the huge outpouring over the tsunami, which shows that the American people are prepared to address these issues if we can capture their imagination and their energy in the right ways. The fact is that HIV/AIDS is a silent tsunami. The tsunami killed about 200,000 people or so. Since December 26, 2004, well over twice that many people have died of HIV/AIDS—well over twice as many. So, our question here is, how do we capture this wonderful outpouring into a persistent attack on these programs?

I'm an optimist because of what I've seen in these countries of the people themselves and how they're prepared to work on it. Let me tell you very briefly about one of the most wonderful women I've ever met. Her name is Siphwiwe, she lives in Swaziland.

She was married; she was an agricultural worker. She got a scholarship from the African Development Funds to go to Nairobi to be trained in her agricultural work. She went for her routine medical exam; a doctor walked into her room to give her her results and said, "You're not going on your scholarship. You are HIV positive," and walked out of the room. Siphwiwe, whom I met in a little village out on the countryside in Swaziland—a wonderful, very brilliant woman—said she asked herself, "So, what's next?" And then she realized that there was no "next." No counseling, nothing. She went home, told her husband and the husband threw her out of the house. God knows how many more people he's infected. So, she went back to her village and with four other women began something—this is the second subliminal—that UNICEF helped put together. All five of them were HIV positive and two of them are now dead. Siphwiwe and two of her associates are still alive and they are out in the

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nothing compared to this in terms of its impact on the society in Swaziland. You can see it is in a slow-motion collapse. Economies are devastated. I needn't go through all the ways in which people are pulling back investments in some southern African countries. The armies, the teachers, all the elites are highly infected, which damages stability. Think about this, because this is an even greater national security threat than what's happening in Africa: the infection rates now in India and China and Russia are approximately what they were in Africa in the early 1990s. They are still limited to the populations at high risk. If they break out into the general population the way they did in Africa you won't see exactly the same progression—where it went from one percent to 24 percent over the last decade. India has a better public health system than the African countries did, but if you take half of that, just think of it those populations, of those numbers. And if their economies and social systems are devastated the way Africa's were, think

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villages doing little income-generating projects. They're out in the villages just saying, "I'm HIV positive" and trying to overcome the stigma. They are out there advising parents on how to write wills and help with the problems that kids face. When they're orphaned, [kids] have no legal rights in most of these countries and, therefore are prey to horrible abuses of all kinds from their neighbors and relatives. She

is doing all this, like so many other HIV positive people that I met, as a way of simply affirming her life in the midst of this incredible tragedy. I have no idea whether she'll be alive a year from now or not, because she's been positive for six years or so.

People like that meant that I came away looking at these projects inspired—not depressed, but inspired—because of what they can do. And I'm encouraged because of all the people and NGOs and all of the Americans who are giving so much of their lives to working on things like this.

I see all the interns from the UNICEF office here from local colleges who are giving 15-20 hours a week of their own time to help work on these problems. And I will not, because it would be highly inappropriate here, ask you for contributions to UNICEF at www.UNICEFUSA.org.

Finally, I am an optimist because even more important than UNICEF to me are the Boston Red Sox, and what happened last fall shows that even our most Quixotic dreams can come true.

Thank you very much.

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