



CENTER FOR NATIONAL POLICY

“MAPPING THE GLOBAL FUTURE”

FEATURED SPEAKER:

**DR. TOM FINGAR,
CHAIRMAN OF THE NATIONAL INTELLIGENCE
COUNCIL AND DEPUTY DIRECTOR OF NATIONAL
INTELLIGENCE FOR ANALYSIS**

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MR. TIM ROEMER: Good afternoon everybody. Welcome to the Center for National Policy. My name is Tim Roemer. I'm president of the center and very, very fortunate to have a terrific staff here to put on the kind of programming that attracts somebody of the caliber, the skill, the intellect of a Tom Fingar, who serves our country so well and so capably, and also has a terrific staff, but also that can attract a great crowd – an overflow crowd today pushing out to the door and out to the corridor in our beautiful July weather here in Washington, D.C. Thank you again for attending. It's very important for us at the center to include the public in these very, very important debates that we're having.

Nothing could be more important to our country's future than the intersection of our national security issues with a presidential election. We have a presidential election with two very talented and distinguished candidates – John McCain and Barack Obama – that will be paying a great deal of attention to the kind of issues that Dr. Fingar brings up today.

We also woke up to the news this morning of Iran and Iranian missile testing. We have been paying attention to the news that the National Intelligence Council went up to the Hill recently and talked about the importance of global warming and climate change.

We have been very aware of the National Intelligence Council's reporting on Global Trends 2020, where in some of the most innovative reporting they talk to Congress and to the American public about what the world might look like in 10 or 15 years. Sometimes it's very difficult to get members of Congress and the voting members up there to think about what's going to take place next week, given their busy schedules.

Global Trends tries to get members of Congress and the general public thinking about what's going to take place in 2020. Is the world going to be a world where we have a Pax Americana and a world continuing to be mostly dominated by the United States with a great deal of influence from other countries in the world; or is it going to be a world, secondly, that has a lot of influence from China and India; or thirdly, might it be a world with a caliphate established in the Middle East?

What different policy options does that present for the United States of America? What economic policy options? What political, what strategic, what tactical options? What does that do about our energy security? That's precisely what Global Trends and the exercise of thinking that that puts our policymakers in. It was one of the healthiest exercises that we went through on the Intelligence Committee when we received this briefing. How do you push people to start to think about that and plan for that?

I can guarantee you that a new administration coming in in January is going to be paying a great deal of attention to Global Trends 2020 to 2025. I think Dr. Fingar is going to give us a look at that today, maybe a glimpse of what 2025 Global Trends might

tell an Obama administration or a McCain administration. What might the world look like and what are the new administration's security options?

I'm very excited to have Tom here today. It's not often that we ask people back because there are so many talented people to have come speak at the Center for National Policy, and to get those people with their busy schedules.

We recently had Dr. Fingar here on Policy Day, just a few months ago, when we had General Jim Mattis here talking about Joint Forces Command and the hunt for al Qaeda overseas, when we had Andy Card, former chief of staff to President Bush and Leon Panetta, former chief of staff to President Clinton, talk about national security issues, how they tee those issues up in the Oval Office.

Tom was at that event. He made a presentation. He made such a compelling and eloquent presentation, we wanted him back right away. It was so interesting to the crowd that we had that day, we wanted him to come back and make it to even a larger crowd. So we're delighted to have him.

Many of you know his background. He is currently the chairman of the National Intelligence Council. With that comes the deputy director of national intelligence for analysis title. He has served in a host of different interesting positions, the assistant secretary of State Department's Bureau of Intelligence and Research, a critically important position, the director of the Office of Analysis for East Asia and the Pacific. He has been chief of the China Division – a very, very important regional area for the United States.

He also has, in the academic areas, degrees from Stanford University and Cornell University. So we're delighted to have him here today. I can't wait to hear what he has to say. I can't tell you how wonderful this exercise is to go through and how fortunate you all are to be part of it.

So please join me in a very, very warm Center for National Policy welcome to Tom Fingar. (Applause.)

Tom, thank you.

DR. TOM FINGAR: Can people hear me if I speak sitting down or should I stand up?

MR. ROEMER: Can you hear him with this? We have speakers right out there, so I think that you're fine.

DR. FINGAR: And you can hear me fine. After that lead-in, I'm afraid destined to disappoint, but thank you, Tim, for the opportunity to come back and speak to the kind of folks that the Center attracts. Thank you for giving up your lunch hour for all of you.

The talk I'm going to give now is in some ways an extension – a further development of the one that I gave a few months ago. Our thinking on the trends that'll be out there 15 years or so now has evolved and since they continue to evolve, I welcome your reaction. I'm delighted that sort of the godfather of this exercise, John Gannon is here. He started 2010. We're now up to 2025. We blame John for the convention of – every four years we look – five years further out into the future. That gap is getting so long, we may have to change the convention or the next one will be 2025.

And the purpose of this exercise is to begin with a careful look at current drivers, the factors that will push events, impediments to things continuing to move along their current trajectory, to look at trends, where they're going, be able to identify continuities and discontinuities, opportunities to sort of manage them at the margins, what might come around and bite you in the posterior if you're not paying attention.

They're not predictions and they're not policy prescriptions that as we have gone through these exercises over the years, it has evolved from a relatively small group of analysts or smart people thinking together and thinking about the world into ever more inclusive series of seminars and conferences around the United States. In the last iterations, we have done conferences on six continents. Two weeks ago, I was in Beijing for a session that had participants from nine countries that we began to talk through these issues.

One of the reasons we involve folks from outside the United States is that the intelligence community isn't allowed to look at the United States. That would be influencing policy; it would be inappropriate. So we've asked our foreign friends to tell us what they think the United States might do. What do they expect us to do, fear that we will do, want us to do, and how might we interact with some of the broader trends and developments?

So what I'd like to do in the next half hour or so is sort of telegraphically describe some of the trends that we think will be important not just a decade, 15 years from now, but they're important now. We can recognize them now and they will continue to be important, at least is the hypothesis out there. But precisely how they affect life 15 years from now will be shaped by what the next administration, the next Congress does to address them, as well as the private sector not just here, but around the world.

I've cast this as challenges for the United States and also for the intelligence community, sort of in the end bringing it back to sort of what's our role in that and I'll have a few sentences to say about that and the role of – the transformation of intelligence.

Let me briefly touch upon six trends or six dimensions of the world today that will continue to shape everyday life in many places. The first is the transformed character of the world. It's different today than it was five years ago. It will be different 10 years from now. Now, on the first – well, that sets a rather trite and obvious statement. What is behind it – and I'll pick up on this – there's some sort of fundamentally different characteristics as a result of globalization, which has been around

for a century, but at some point there are tipping points. What appears to be just quantitatively different becomes qualitatively different. I'll come back to that.

A second has to do with demographics, probably the most easily predicted shaper of events and capacity and problems – simply characterize the aging of the West and the continued rapid growth in the East and the extent that those geographic distinctions are meaningful. The problems of dealing with the elderly are very different from the problems of dealing with raging hormones.

The third is continued growth – continued growth of the global economy, but with continually growing inequality. The rich will continue to get richer. Some of those who are poor will continue to improve their lot, but a very substantial portion of the world will fall further behind. And that entails some serious implications of everything from recruitment into radical movements to humanitarian crises to migration.

The fourth is the potential for conflict. Though globalization and the integration of the world has made conflict between some players more costly and therefore less likely, the inequalities, the spread of technologies, proliferation of nuclear weapons, the ease of access to biological agents, and so forth, as importantly changes within regions and within nations that are linked to the globalization process, but that sort of exacerbate local strains and tensions, some of which are regional, some political, some economic, some religious, some tribal. Some of these spread across borders. Some of these will just undermine stability in regimes that are going to find it ever more difficult to cope with the magnitude and rapidity of problems confronting them.

The fifth has to do with the capacity of the international system. Again, oversimplifying for effect, the institutions, the system, that was put in place with U.S. leadership after World War II that has served not just the United States, but arguably much of the world very, very well for the last six decades is beginning to show its age. It is beginning to look a little down in the heels and questionable as the mediating agent, as the manager of relationships in a globalized world – everything from composition of the Security Council, which reflects the distribution of power 60 years ago, not today, certainly not 20 years from now, alliance structures that were put in place to deal with an empire that no longer exists, an ideology that is vastly changed where it continues to exist, and so forth.

That – just to pick one area, Northeast Asia, the most dynamic arguably economic region of the world, rapid change, rapidly aging populations in China and Japan, the primary organizing rubric for the region is the market. And markets are very, very effective at doing economic things that may not be the best basis for a security arrangement. The only alternative to that are the bilateral relationships that the United States has with Japan and Korea in that region – alliances that were put in place, again, to deal with a different problem in a different time. They remain important, but are they the best pillars of stability?

And finally the elephant in the living room, the United States. We are not simply reactive. We're an active player by virtue of our size and everything from conscious policy decisions to public attitudes, to the size of our marketplace, to expectations about what might need to be done to constrain the sole superpower, our ability to lead by example – at least for purposes of argument – that our ability to lead in the next 15 years is not nearly as great as was our ability to lead 60 years ago or 10 years ago; that in part we're victims of our success. The post-World War II system that brought prosperity and with it strength and with it interests and influence, that are developing around the world. And part of it is dissatisfaction with some of the policies of our country going back a decade or more.

But let me elaborate on each of these a little bit and then begin to pull them together as challenges.

The transformed world, how do we get beyond cliché of ever more global? An element of this is increasing interdependence. It's not just for resources, for markets. It's more than votes in the General Assembly that in a very real sense our prosperity, our security, where the "our" is not just the United States, but the citizens of more or less everywhere, is impacted to a greater extent now than ever before in the past and will be even more affected in the future, so that there is no here and there.

The world is sufficiently interconnected that everything from the human tragedy of a natural disaster to an accident that shuts down a major trans-shipment center for energy supplies to conflict with the potential to spill over into trade routes or trigger animosities that could lead to – resort to asymmetric forms of struggle and asymmetric runs of the gamut on the poor men's end from terrorism – I have the capacity to threaten you one at a time, anywhere in the world, all the time at a time of my choosing – to the other end, which is the nuclear – can't contend, can't compete politically, military, economically, but having a nuclear weapon is a pretty good insurance policy or deterrent, at least in the minds of some.

The stake that nations and corporations and individuals have in the international system commensurately is greater than it was before and becoming ever greater and is sort of the – things have a capacity to spill over in unpredictable ways, or even when they are predictable, in ways that if not managed properly, can have a highly beneficial or deleterious effect.

The rising powers – we talk about bricks and whether – this is the Goldman Sachs formulation – whether the S is a big S for South Africa or the small S that it's become recently, it's still got Brazil, Russia, India, and China. Each of these is a major player in its own right. Each of these nations has very, very substantial internal challenges that will strain or stress the political system, each of which has the capacity to affect its neighbors, its regions, and the global setting in many ways, ranging from votes in the Security Council for those that are members of the P5, to a competition for oil that is a factor in the high prices that we have currently. It's wrong and I'm not blaming them for

prosperity that requires more energy. It's just a fact of life. Demand goes up, supply doesn't go up as fast, the price goes up.

Access to resources, particularly energy – we may be more conscious of energy because of the price of gasoline, but energy is absolutely essential to the modern economy, primarily electricity and motor fuels. Think about daily life – all of the marvelous gadgets that depend on electricity, the connectivity that comes about through the World Wide Web, ultimately, electric powered, to everything that you wear, everything that you see in this room, everything that you see in your daily life that got from some place to you on a truck. It moved on a transportation system that is dependent on fuel of some kind.

Disruptions in either the electricity or the fuel sector have immediate ripple effects throughout economies, throughout populations. Competition for resources, concern about the environment, the climate change kind of exacerbated by CO₂ and other greenhouse gases, movement to more reliable, perhaps cheaper supplies of electricity generated by nuclear power brings with it the commensurate increased danger of diversion of fissile material. The capacity to produce fissile material for a power plant is the same kind of technology to produce highly enriched uranium for a weapon. You've got to set the settings on the equipment different, but they're not fundamentally different.

So as we anticipate higher demand for electricity, we should anticipate greater interest in nuclear power. We should anticipate greater interest in having control regimes, the strengthening of the International Atomic Energy Agency, increased concern about equalizers or deterrent capability that comes from weapons that one can build into other areas.

Competition for resources: will the market be adequate to manage it, or is there any possibility for the expressions of interest in a kind of a neo-mercantilist arrangement of locking in supplies, not through an imperial or colonial kind of arrangement, but something less than that, something more suitable for the 21st century. Is it conceivable? And even if it's not feasible over the long run, will it be attempted and who will attempt it? And what will the consequences be? But one of the, in my view, inappropriate illustrations of this for some is China's dealings with Sudan for oil, interest in locking in – I think there's other motivations we can talk about that – (unintelligible).

Mentioning demography, I'll come back to that. The pressures of population growth, competition for resources, climate change, all has a capacity for a kind of neo-Malthusian cycle here, probably not on a global scale, but locally; that the changes in the weather that disrupt the agricultural cycle in countries where there is still heavy dependence on subsistence agriculture; overstressing the capacity of an ill-funded government to step in and provide the assistance that the highly predictable response is people will move. They'll go from where they perceive it to be bad to where they perceive it to be better. Probably there's somebody already occupying the better place – might not welcome them in open arms beyond the first few hundred or few thousand. The potential for tension and conflict is real.

And go into the demographic dimension a little further – that in growth terms, the countries we call the West, the OECD, will age. The exception to this is the United States. We will age, but because of immigration we will also continue to grow and we won't age as rapidly, but we will. And the nations of the East that will continue very rapid population growth, again, for the next decade or so, except for Japan, which is among the most rapidly aging societies in the world – the problems and opportunities that derive from that; that an aging workforce must be supported by a smaller population of workers to provide the social safety net, Social Security, health services, and alike.

Retirees don't make good soldiers; that populating an armed forces for European countries, while they are trying to find the workers to support the aging population without migration, so that you – nations that have been very, very reluctant to take in large numbers of migrants suddenly open their doors because they needed to support the aging population of their own.

What does this mean for parts of the world? The challenges of health care for the elderly, the challenges of education and avoidance of alienation for the young, a meaningful job for not thousands or tens of thousands, but millions and tens of millions that because of the globalized world will have expectations that may well exceed the capacity of home nations, home governments, home economies to provide.

Do they have opportunities to move? Do they stay at home and become alienated? Do they turn against their own governments? Do they blame outsiders? Are they mobilizable for whatever kind of purpose? That the contrast between the portions of the world that are going to be dealing with the problems of youth and those that are dealing with an aging population will be quite pronounced.

I mentioned the migration and the flight. If one had to make a prediction now that the likelihood of significant population movements from Africa – well, Sub-Saharan and North Africa to and towards North, whether it foresees opportunities and there's less push from climate change, exacerbated conditions from governments that have less capacity than those of Europe, the movement from the Caribbean toward the United States, one should anticipate, particularly if the predictions about climate change begin to affect agriculture, begin to affect vulnerability to severe storms and the like.

The growth, growth in absolute terms and the inequalities that go with it, the gap between East and West, that old division, is clearly going to narrow; that China and India joining Japan, Korea, Taiwan, Thailand, and so forth, as very, very rapidly growing with tremendous changes in wealth and opportunity that are occurring. This was always tempered by the demography.

A couple of data points that are probably not accurate or close enough to make the point, that the world over the last two decades has made tremendous progress in reducing the number of people living at a dollar a day or below level – fantastic progress in hundreds of millions of people, almost all of whom live in China or India. So those two

countries have seen improvement, but the improvement here that we – you focus beyond the headline that they're raised out of the dollar – they're in the \$2-a-day, which is still not real wealthy in the 21st century, but they're moving to cities.

The urbanization phenomenon that puts greater strains on the political system to manage and provide services for people who're clustered in – a transportation system to bring in the energy, to bring in the food, to bring in the everything into urban populations, which by definition, are more vulnerable to disruption. And the growth in cities that has occurred, and is likely to continue to occur means there's less cushion, at least arguably, than there was in days of yore, when people could return to the farm or grow a little more vegetables in the back yard, or rely on local supplies for clothing and other basic necessities.

In a globalized world, a breakdown in transportation system for textiles or shoes that are coming here or into Europe from Asia has a real impact and you don't sort of restart a textile industry – that there will be predictable disruptions. Resources demand up, consumption up, with again, the consequences not just in terms of price, but in terms of energy consumption, greenhouse gases. Unless we have clean forms of energy and can get them faster than anybody that I'm aware of predicts them being available – the replacement for gasoline as a motor fuel. There are lots of ideas, but they're not going to be feasible in the near term.

These kinds of strains, and lots of others that you could add as easily as I, will present sort of too stark and they're overly – (unintelligible). One is coping – coping locally, coping nationally, coping regionally, coping internationally. The humanitarian assistance works fine for a localized breakdown. A regional breakdown is going to strain it much more severely. Coping in terms of expectations exceeding capabilities, a problem that has been with us for a very, very long term, but does it lead to cooperation or does it lead to rivalry?

Does the competition for resources take on other dimensions and who's going to manage them? What's the mechanism that's going to manage competition and keep it as much as possible in the “We're all in this together; we'd better cooperate and collaborate” basket as opposed to the lifeboat mentality of “Get in while there's still room,” and sorry about you being disadvantaged and giving you an incentive to resort to some type of violence or disruptive activity – bringing me to the potential for conflict.

There are lots of reasons that could lead to conflicts that may or may not be adequately mitigated by the interdependencies and shared stake in this. And one could point to this from specific kinds of concerns. Tim's reference to the Iranian nuclear tests – I don't mean to make Iran the bogeyman man here, but the concern about its nuclear activities, concern about regional arms race, and fold in the likelihood of increased interest in nuclear energy, that what manages all of the potential kind of strains, everything from Sunni-Shi'a, Arab-Persian, Arab-Israeli, competition for energy resources, vulnerability of energy resources, and the like.

The observable fact that we've got sort of a discontinuity between increasing global interdependence and sort of incentives to get along and make it work that ironically make possible the intensification of local problems and local rivalries – some of them will be inadvertent; some of them will be exacerbated by deliberate and competent decisions made by political leaders looking for an advantage, a fair advantage or an unfair advantage, in managing problems in their locality, even if that has a deleterious impact on a neighbor; that as we look at the international system to manage all of this, the point I made about sort of the erosion at some pace of the existing institutions, the need to come up with a refurbishment mechanism, how do we rejuvenate the existing enterprise? Is it better to try and rejuvenate what we have or to start over?

I say it's a new century. It's a new ball game. It's all very, very much different. Instead of a band-aid approach, my analogy here would be the preservation or the redefinition of the purpose of NATO after the demise of the Soviet Union – a very well functioning arguably single purpose organization transformed into a different purpose because it was available. Might it have been better to have sought a different arrangement for post-Cold War Europe, post-Cold War transatlantic relationships?

These are the kinds of questions that I think have to be asked of a very wide range of existing institutions. Who will lead them? Who can make proposals for change and get some reasonable traction? Whose proposals will be dead on arrival? It may be a good idea, but the fact that they were articulated by a particular nation or political system or individual may discredit them. How do you build the kind of coalition behind purpose of change? How do you persuade a population that things are getting better by and large – growth continues, rich getting richer, that they need to run the risks of making change in order to be assured of greater stability and prosperity down the line? That's a hard sell, in my view, for political leaders everywhere.

The final point concerns the role of the U.S. and I won't do very much on this. Again, we're not supposed to do that because we're the intelligence community. But at least as a proposition, the United States will have a smaller role, a reduced ability to lead the transformation of the world into some different system than it had in the past. Leadership will continue to be expected. We'll probably continue to step up to the challenge of providing leadership, but it's going to have to be hand-in-hand with others.

Who are the others? What's the basis for the partnership? Shared political system, common economic interests, geographic proximity, sort of historic affection, proposal for sort of a club of democracies? Okay, it has a certain appeal for the capitalist economies, state capitalists, market capitalists. You can extend the range of the possible and then imagine all the permutations of this. They probably will evolve a little bit by serendipity, but political leadership sort of is needed if we're going to have a strategy, have a plan, have an approach that can be debated by public's international statesmen and used to transform the world.

Now, let me bring this to a close. What does this mean for my community, the intelligence community? The range of problems that we face today is wildly different

than the ones of a few years ago. It's going to continue to be both wider and more varied and the demands for expertise are going to be even greater in the decade ahead than they are now. There's very little room for amateur hour in managing the analytic challenges of the kind of transforming world that I've sketched out.

I think we have done a number of things in the last three years that put us on a trajectory where we could be reasonably proud of what we've accomplished and reasonably certain that if we stay on that trajectory more or less, we can manage the problems. As we enter our quadrennial period of change, I don't think we need to be dramatically or revolutionarily transformed. Indeed, I would argue quite the opposite. For all of the specific shortcomings that exist in the community, the disappointment in what the director of the national intelligence structure would be able to achieve, sort of upending the game board so all the pieces fly in the air and starting it again is not the way to do it.

It's been challenging enough sort of managing this enormous enterprise during a period of conflict – you know, fighting the war in Iraq and Afghanistan, dealing with the global terrorism challenge, sort of – we couldn't break this while we're changing it. Looking out a year, five years, 10 years, the magnitude of the challenges will be different. There hopefully will not be the kind of hot conflicts that we are doing, but the need to keep the machine going while meeting challenges will remain.

And as you sort of read about and think about in this season that everybody's got an idea for what the next administration ought to put on the top of the list, I would suggest that the kinds of challenges that I outlined earlier ought to be much higher than the "Let's do another Monty-Python-like" – (unintelligible) – and opportunity for something completely different in terms of intelligence reform. Give us a break on that so we can work with the new administration on dealing with the real problems. (Laughter.) Let me stop at that.

MR. ROEMER: I think that was a pitch for keeping – (applause) – thank you, Tom – keeping the DNI at least somewhere like the way it's been set up. I think that's what you were saying.

Anyway, before we open it up, I want to invite some of the folks that are standing in the back. We have about five seats up here if you want to come on up and have a seat. We've got about five. So if you're not too embarrassed, like many people are in church to come to the front pew, come on up and sit down. And Tom and I won't – there are a couple of seats right up here. And anybody else who's brave enough to come up, you've got seating. If you've already eaten, you've got seating room up here. So once, twice, all right. You're stuck back there now.

A couple of quick questions before I come to John Gannon and John's probably a good person to ask the first audience question. Let me throw a couple of direct policy questions at you from the intelligence perspective, Tom, and that was a terrific presentation, looking at the entire world.

The next administration is certainly going to be wrestling with a difficult problem with Iran and we know there is a nuclear problem to deal with. This morning, we woke up to the ballistic missile testing in Iran. How do you assess the threat, and what advice would you give to an incoming administration on dealing with the Iranian issue in the context of what you've just laid out, the other international actors, forming coalitions? Do you work with Chinese and the Russians, with the Europeans? How do you use carrots and sticks? Are military options on the table? How do you look at this?

DR. FINGAR: Let me answer sort of stepping in and out of my intelligence familiar role and my private sort of capacity on this, which is actually something we do, that the logic of what I sketched out for you here suggests that Iran, like the classic, "Even paranoids can have real enemies" – that Iran lives in a tough neighborhood. It's a minority Persian population in an Arab sea; it's minority Shi'a in a Sunni world. It doesn't have a lot of friends in the neighborhood. It's got us in Iraq and in Afghanistan – that it has reason to feel insecure. It is doing things that are not – that are certainly explicable in terms of an assessment their security situation.

So recognizing that Iran has real security concerns seems to me is a useful starting point and then deal with those and say what is the best way for Iran and the region and our interests to be protected; that since we are part of the reason Iran feels insecure, rightly or wrongly, they do; that we're going to have to be buffered in our dealings with them.

You suggested working with the Russians, working with the Chinese, working with the countries in the region, everything from the Saudis and the Gulfis to the Turks, as well as the members of the P5, and the – oh, yes, Iran is located in a portion of the globe which has the majority of energy that is fueling the international economy. The stakes for many are high. That's an opportunity to involve them collaboratively, collectively in addressing the problem.

Saying that Iran has real security concerns does not mean, in my mind, that we ought to acquiesce to their preferred method for dealing with those concerns. It argues for engagement and it argues probably for engagement at many levels, from bilateral through multilateral, through informal mechanisms, as well as the formal mechanisms that exist. I don't think there's a real workable alternative to that.

MR. ROEMER: Some negotiation, and a McCain or an Obama administration sitting down at the appropriate time, the right time and place, would it be after the Iranian elections, before the Iranian elections, what preconditions? Do you want to get into any of that?

DR. FINGAR: I have plenty of ideas, but it would be outside my role and I would be properly chastised. (Laughter.)

MR. ROEMER: Well, we could go off the record, but I won't push any harder on that one.

There's an important vote about to take place. Probably a couple of amendments have been voted on already today in the United States Senate on FISA reform. My guess is after a 293-vote to 128-vote in the House, it's probably going to pass comfortably in the Senate. Is this the proper balance of putting forward the modernization tools to go after threats, but protect the Constitution and our civil liberties? Does it have that right balance, and how do you think the negotiations have gone forward and if it passes, are there some things that continue to need to be addressed and approved in the bill? What's your take on this?

DR. FINGAR: It is necessary to manage, to modernize the FISA process to be consistent with the current mode of telecommunications. I think this is almost a classic illustration of getting to more or less the right answer by a really ugly path, that the debate was tainted from the beginning, understandably so by sort of secret wiretapping as the characterization of it.

The tradeoffs here, the perceived civil liberties, the protection for civil liberties, both is what is necessary to protect our safety and security, that it's become very hard to separate sort of the content of legislation from the process that produced it. I think the product is better than the process. And I think the scrutiny that has gone into the process will continue, properly so, necessarily so, that if bounds are overstepped, that the community ought to be called to account. The administration ought to be asked to explain and, if necessary, it needs to be tweaked.

The sense I would add to this is that because time and attention span are limited, work to get the necessary FISA modernization has slowed down some of the movements in working for other changes that are part of the intelligence reform apparatus to bring into better alignment with contemporary realities, executive orders and legislation and so forth, but our unfinished business from the (ERPA?), for example, the executive orders that were put in place before there was a DNI, before there was a DHS, before the FBI was part of the intelligence community and the like. There's an awful lot of things that need to be sort of tidied up and attention span can now shift to that – attention can actually – (inaudible).

MR. ROEMER: Authorization bills and executive orders.

Last question, and then I'll go to John. One of the issues that is very important to us here at the Center for National Policy, and certainly important to the current administration and to both candidates running for president, and cuts across many of the six variables that you just outlined for us, is the threat of weapons of mass destruction getting into the most dangerous hands in the world, that with the opportunity of spreading technology to address the have and have-nots and some of the inequities in the world, so, too, with that spread of technology comes some threat and some danger. A.Q. Khan shows us very vividly what that proliferation can mean for the stability of the world.

How would you advise an administration to reorganize the intelligence community or downsize the intelligence community, allocate resources, analyze the threat, the timing of this? Do we have a lot of time, a little time on a weapon getting into the wrong hands? Talk to us for a couple of minutes about how you assess this threat and the spread of technology and what can we do about it domestically and internationally?

DR. FINGAR: To put it in a broader context, the globalization context, the linkages, the systems, the networks, most of which are listed that involve the movement of goods, money, technology, know-how, people who have knowledge that move around the world, the case of money at the speed of light, the case of people at the speed of an airplane, that makes it very hard to find the illicit activities amidst all of the licit activity. It provides innumerable opportunities for mischief-making, that there is specialization within the criminal world, that makes it harder to get at the folks who know which border guard is corrupt and can be bribed, but perfectly happy to move chemical precursors or illegal aliens or smuggle drugs or smuggle black-market items, the transport mechanism that exist, the financial systems that can move this around.

So it's hard to do. I think – thinking about how does one manage all of these links and monitor for all kinds of reasons that go beyond finding the criminal activity, the WMD, will give us a greater capacity to get at the WMD kind of problems that narrowly focused on them to the exclusion of others.

Having said that, there are investments that I think we need to make – we are making, but more are needed and some technological monitoring to be able to, at a distance, detect radiological materials, that it may be possible to do that, but it certainly is going to be hard to do it. And it's not possible now to sort of at any kind of standoff distance monitor shipping containers to know what might be in it.

Mercifully, producing fissile material is still hard. Once one has the fissile material, it's not that hard to build a bomb. It's not easy, but it's not that hard. After all, it's a 70-year-old technology now that is pretty widely known how to do it if the material is there. So focusing on the links in the process and the chain where one is most likely to be able to disrupt it is the way in which we have to go.

And there is a book by a fellow named Levi – it was done on the Council on Foreign Relations a while ago – I think actually is quite insightful. It takes a normal bumper sticker that the terrorists, the bad guys only have to succeed once; we have to stop them every time, and it stands – (unintelligible) – its head that says every stage of this process, whether it is nuclear weapons, where I would extrapolate into biological or chemical, cyber kind of things, there are many, many steps in the process and the bad guys have to succeed at every step; we only have to disrupt it once.

So being smarter about identifying where the links are, where the vulnerabilities are, concentrating resources, and again, building the international will, coalition, capacity

to deal with this is more of a law enforcement problem at the end of the day than it is an intelligence problem.

MR. ROEMER: Okay. Thank you.

John, let me call on you, but let me thank you for your contributions not only to Global Trends, as Tom pointed out, but also you're a key adviser and counselor here at the Center for National Policy and we're grateful for your participation on our steering committee. Thanks for joining us.

Q: Thank you. Tom, you've done a great job managing the global future process. To me, the process does a couple of things that are very important – one, it actually forces intelligence community analysts to get beyond collected intelligence to collaborate with experts on the outside, which hopefully, would be a model for the way the intelligence community ought to be functioning in today's world.

The second thing that it does is it gives an agenda to our – not an agenda, but it gives a set of trends to the policy-making community where the policymaker can look out five, ten, whatever number of years, and see where those trends are going and then take actions that actually change those trends, either through change to national policies or through international collaboration, international policy. To me, that's a very important function to be performing and I think that NIC is doing that better and better.

But go back to 2000, when we started this process. There was great deal of interest at the cabinet level. The members of Congress all wanted – (inaudible) – and they were extremely excited about it. I remember vividly that Colin Powell demonstrated, I thought, a remarkable understanding of all the issues, including infectious diseases in Africa and the problems of governance in various places in the world, but that commitment to strategy that – and then tried to encourage, gets swallowed up in tactics very rapidly.

I think if I look back now eight years and all the issues that we – the economic issues, energy policy, environment, we are worse off, it seems to me, even though the trends laid out did show where the dangers were and what needed to be done and what was – and also what was being proposed at that time was going to be woefully inadequate.

So in a political town, how do you get a strategic debate into a political environment that is inherently tactical?

DR. FINGAR: As always, John, you've put your hand on the critical step in the process. One of the reasons I was delighted to accept Tim's invitation to come back is I think we need you collectively, those who interact with, to help focus, not the political debate of the campaign, but sort of attention and priorities after the dust settles, that my experience is that at its brightest – full of ideas as people are when they come into office,

whether it's elected office or appointed office, to sort of the magnitude of the inbox, the daily demands, that very quickly sort of pushes out the thinking.

And I think what we need is sort of individually, collectively, authoritatively going and saying, this isn't just nice to think about, that the reason you're thinking about it is because it's not immutable, it's not inevitable. And we're talking to something that is out there five years or ten years, you should not think about it as that's beyond my watch. You should think about it in terms of what can I do today to make it better out there and that's the hard part.

One of the reasons we timed this – your timing here – to get this out in December after the election, before the inauguration, is while people do have a chance to think a little more clearly because in my experience, people come in in the new administration and they've got a time horizon of four years, and it gets shorter by seven days every week. And the nature of the challenges we face, the problems and the opportunities, are not going to be solved or realized or resolved in that four-year period and probably not in the eight-year period.

But I choose to believe that the kind of people that go into public service, elected, appointed, or professional, actually want to make enough of a difference to wrestle with these problems out there. We need to collect them – (unintelligible) – senior management positions to make sure we give people the opportunity to do that and encourage the people we interact with. It's the crucial link in the chain, John.

MR. ROEMER: (Inaudible.) How are you?

Q: Hi. About a year ago, you were testifying before Congress and you talked about the resurgent al Qaeda in Pakistan and the safety – (inaudible) – policy-makers are talking about the concern about someone who looks like you or me is going to show up and is going to be the instigator of some type of attack. Has your assessment in the past year changed at all? Has Pakistan been taking the steps necessary to confront al Qaeda? How real is the threat of somebody, a Westerner, being trained at this point and coming back?

MR. ROEMER: Do you want to identify yourself, too, for Tom?

Q: (Inaudible.)

DR. FINGAR: Well, the threat remains real. The border area, the FATA area, the Federally-Administered Tribal Area on the Afghanistan side remains a haven, that there is a danger of people who look like you and me – to pick up on that – being trained. We know that. We know specific interest, not hypothetical. The Pakistani government has done a lot, has run a lot of risks. Arguably, Musharraf finds himself in the position that he is in part because of risks that he took on behalf of U.S. interests bumping up against Pakistani domestic political concerns, that it's easy to say that however much happened, it's not enough if the problem hasn't gone away. It hasn't been solved.

Is the problem better or worse than it was a year ago at the time of testimony? It's a classic – in some respects, it's better. It's been bounded, clannish things disrupted. In other respects, it's probably as dangerous, maybe more dangerous. Partly it is sort of the European-type folks who will blend in more easily being trained, the – those who haven't been routed out have had another year to climb a learning curve to take advantage of the things that got their cohorts captured or killed to make it harder to find them. The survival of the fittest, law of the jungle kind of mechanism that makes it ever harder to get at, the drug dealers, the international crime syndicates that the weak and the incompetent get picked off early and the more capable learn from that experience and that we have going on in the terrorism world as well.

MR. ROEMER: Thanks, Pam.

Okay. Yes, sir?

Q: (Inaudible), NPR. One area you didn't get into at all was the current state of the international financial system. Nikkei average – Japan's stock market's down a record number of days in a row and all the indices in the (fair?) market. Nobody seems to know where the bottom of this is. What's your assessment of sort of the doomsday – dollar doomsday scenario that sort of where the whole financial system could go into a real state of crisis?

DR. FINGAR: I'm not brave enough to do that with Nick Lourdy (ph) sitting here. (Laughter.) And the honest answer is I've not done the homework enough to have an opinion. So instinctively, the worst of the doomsday seems too extreme. Is there a fragility in the system? Absolutely. That the workings of the international economy depend on the ability to smoothly move very large amounts of money very rapidly around the world, sort of a potential for disruption at any one of the nodes anywhere in the world is pretty high. But the coping mechanisms, a lot of them go back to the post-World War II period. They may be getting raggedy, but they probably still work well enough to prevent the bottom from falling out. I don't know. Nick, you want to – (laughter).

Q: (Inaudible), *New York Times*. (Inaudible) – Iran and the – today's missile test was discussed, and I wanted to get your thoughts on – it's kind of an instant analysis, but what Iran is up to with this test and also with some belligerent statements that the members of the Iranian government have made. There is some – one school of thought that perhaps Iran is even trying to provoke an Israeli attack that would have its benefits internally for Ahmadinejad. What are your thoughts on that argument and also on what they're really trying to do with the test today?

MR. ROEMER: Do you want to have Nick do that one, too, Tom? (Laughter.)

DR. FINGAR: Sure, sure. The overly simplified answer is I think Iran has a kind of hedgehog strategy here, that "Mess with me and you get stuck; I can hurt you," or a slogan out of our own revolution, "Don't tread on me." I think that "I have the capacity

to inflict pain” message is there. I assume that the Iranian military, the Iranian military industrial folk want to test them to see if they work and want to learn from them, that those – include the motivations. It’s very easy, not just in this, but in many, many circumstances, to over-analyze, to impute or see multiple motivations of multiple players and Ahmadinejad versus the Majlis versus Larijani, you know, playing to internal/external, all may have been a factor, but it often tends to be simpler than that.

Q: I’m Bob Dreyfuss from the *Nation* magazine. You mentioned a couple of times competition for energy. I was wondering if you could elaborate a little bit about what you mean by competition for energy. Is this from a company; is this from states? How actually do you compete for energy? And I would imagine the Gulf is kind of the centerpiece of that, rather than Sudan or – (unintelligible) – or something. So what do you mean by competition for energy and how do you project that developing at all?

DR. FINGAR: I think there are many dimensions of it. One is the workings of a market where you compete by price. He who has the most money can pay the most, afford the commodity and compete that way, likes that form of competition. There are elements at times, and more than hypothetically, of political friendship deals, a kind of foreign assistance in the form of energy. Saudi assistance to Pakistan would be one example of that where you maintain the political relationship for – (unintelligible).

What I was alluding to in my talk about sort of a kind of loose reference to selling up access to resources somewhere in a kind of a quasi-colonial, neo-colonial kind of a process, being one that goes in and develops the new fields. Most of the world’s energy resources, oil or gas, are under sort of state companies of one kind. So the major international oil companies don’t have the same sort of lock on reserves and resources that was once the case, that because they are state companies, they are susceptible and amenable to a blandishment incentives considerations that go beyond price.

Taking the Iranians, the Iranians would benefit dramatically from access to international technology to deal with some of its aging fields to develop new fields. But quite apart from the sanctions dimension of it, they haven’t been willing to offer companies acceptable terms for coming in and developing those resources. And part of it is presumably their notion of protection of a natural, a national resource, the appropriate roles for non-Iranian company – and there are many, many examples of that. But the desire to control a source of revenue gives companies (an incentive?) approach that says more than simply a market activity.

Q: So do you see the United States sort of maintaining its traditional role as the kind of the guarantor/protector of the Gulf that it’s had since the ’50s and would that be acceptable for these rising powers, to the energy-consuming countries in Asia?

DR. FINGAR: Any answer is going to be a gross oversimplification. But the world has benefitted, including the rising nations, quite substantially from the role that the U.S. has played in sort of the underpinnings of the international system, including stability in the Middle East. There are some chickens coming home to roost because of

the – again, the demographics, the politics, the strange-bedfellows dimension of this. Whether we are willing to do it, we don't get that much energy out of the Middle East anymore, but our major trading partners and allies – how much we do individually, collectively, who should be engaged in this, or should it be a totally different mechanism for dealing with it, I think are the way it should be thought about by the next administration. Rather than simply straight-line it, it should ask: are there alternatives? What are the down-sides to continuing what has worked very well in the past?

Q: Berton Gerber (ph), Georgetown. When you or someone goes before that new gang, whoever they are or whatever level they are, and you tell them about – (inaudible) – which are, as John said, really interesting to listen to and – (inaudible) – are going to get lost in the weeds of day-to-day life – (inaudible) – but when they turn to you and say, well, this is all very interesting, Dr. Fingar. What is the capability of the intelligence community, including the State Department, to cover these sectors? Am I going – am I, leader – going to be caught unawares because you guys don't have the ability to collect or analyze the information? And what would you say to that?

DR. FINGAR: That the capacity to do that narrowly within the intelligence community, the intelligence community plus the State Department, I would – the United States government is inadequate, but it's also not necessary for this to be a wholly-owned kind of activity. John was pointing to the importance of collaboration with academics, the journalists, think-tanks and folks. The message to the new administration, I think, needs to be the approach is to utilize your in-house people, those who you can instruct "Do this for me," to do it in a way that enables us to tap expertise wherever it is, to breaking down some of the barriers, demystifying some of the aspects of classification and secrets.

Most of these problems deal with information, not intelligence in a narrow sense. The – (inaudible) – washing information and mining that properly, talking to people who can make sense of it, talking to people who represent different arguably competing, if not complementary, kind of interest to understand the problem, to move towards a solution, treating relatively few things as secrets to be ferreted out at great risk and expense, and more of it as just tough problems requiring the application of expertise.

Q: So you'd advocate more transparency – (inaudible)?

DR. FINGAR: Absolutely, absolutely. Less – more permeable boundaries is the way I would characterize it.

MR. ROEMER: You want to come out here, Congressman?

Q: In your – (inaudible) – trends, you did not mention religion. Is that not important or, if it is, how do you deal with that?

DR. FINGAR: That part of this is the sequential nature of this report. The 2020, the one we did four years ago, looked at religion, particularly Islam and radical Islam,

and had a scenario that Tim mentioned, the new Caliphate linked to terrorism, linked to religious struggles. So part of it was trying to have these be cumulative by looking at different dimensions of them, rather than the same ones, that – I actually don't remember a conversation; I was not in all of them, by any stretch – as we sort of identified which trends we wanted to look at that said religion will be less important in 2025 than we thought would be in 2020.

But one is the element that clearly is in there is increased religiosity in many parts of the world, that it's not just in the Islamic world – in Latin America, Protestantism, the spread of Christianity and Islam in Africa in large numbers, but small percentage in China for world religions, as well as the popular religions. So religiosity and part of it is dealing, coping with change, part of looking for something to hang onto when all around is in turmoil.

Part of it seems to be the cyclical patterns over times of revivalism that are there. It clearly is a factor and the earlier sort of discussion as more things local having increased importance, or impact religious dimension here, particularly compounded – Nigeria, where religion and tribal and regional and economic class kind of things overlap and crosscut in different ways is a factor that's going to have to be worked into any kind of a policy to deal with it.

MR. ROEMER: Pat, last question, and then we get a wrap-up.

Q: Dr. Fingar, thank you for being here – (inaudible). You talked about the United States' relative position in the world is in decline somewhat – and yet we have to rely on others. I'm wondering – and you don't look at the U.S., you said, but do you look at the international economic position of the United States, this huge debt that we're running and increasing dramatically with these current account deficits of \$800 billion dollars a year and now the outflow of interest on the government bond, which are increasingly owned by foreign governments.

Do you guys look at that as part of this understanding about what kind of economic – what we have to do – you talked about some kind of a plan or a strategy. Do you guys get into the economic component of such a strategy in trying to figure out – (inaudible)?

DR. FINGAR: Yes, part of this is the argument that Bert was getting at for the need to have the conversations. On this issue, we're in a position of one hand trying to clap. Now, when we look at it as sort of the growth of sovereign wealth funds and their impact, potential impact, on the global economy, on investment back into this country, on the capacity to buy critical industries and the like, that the sort of where did all these money in sovereign wealth fund come from, where is it going, that there is a sort of the interest flow that you mentioned – high prices for energy.

So the – in order to properly understand the problem, let alone develop solutions for it, we have to get beyond the extant sort of definition of national security, the role of the intelligence community in dealing with others. The problems span our borders.

Q: I'm very humbled to know that you can look at the result of it and the funds coming back, but not what policies – the fact that we don't have an energy policy or a satisfactory trade policy as driving the outflow.

DR. FINGAR: Yes, I mean, we know what our policies are and what our policies aren't. But it would be improper for us to comment on a policy, or the absence thereof, or to make suggestions. That would be far beyond a writ of the job that I and my colleagues are in.

MR. ROEMER: To be clear though, Tom, did you say that you're concerned about the sovereign funds and where they get their money and where they're spending their money, or you're analyzing that?

DR. FINGAR: It's analyzing.

MR. ROEMER: Okay. You're looking at it and you're doing more than being concerned about it.

DR. FINGAR: Yes, I mean, we're looking at it and you can try to – exactly what is the difference between the sovereign wealth fund of today and the bubble economy of Japan, Inc. 15 years ago and the tremendous increase in oil-generated income in the late '70s or early '80s that when that oil revenue went to Saudi Arabians, and it came back in here in the form of investment, it had a big impact. And so you control for inflation and – (unintelligible) – magnitude of more or less the same, but it's going different places.

Again, happily, we are no longer the only safe place to put money. The United States plus Europe and Japan, there are many opportunities of foreign investment which means it doesn't get recycled back here. Whether that's a good thing or a bad thing is a different question. Whether that benefits to the United States because the international system as a whole becomes more prosperous and more independent or more fragile is a different calculation now.

MR. ROEMER: Last question from me. I just returned from a trip to Europe that we were looking at the rise of radicalism in Europe, and some of the concerns that we might have in places like London and Paris and Amsterdam and Germany and so forth. Can you give us a quick analysis of how the United States should be looking at that, how a new administration should be attentive to that problem? Is that a growing problem? What are resources to deal with it? What are recommendations to a new administration on some of the challenges here in the next five or ten years?

DR. FINGAR: The starting point for me is that the countries you mentioned are all very capable governments, political systems, very friendly governments, and they

know they have a problem. So sort of – we should be prepared to be helpful at the margins where we can be, where we're asked to be. But they're not going to expect, and we shouldn't sort of come in and tell them how to deal with their own publics, that the mechanisms that fit within their legal tradition and so forth to do this, that it is to have a confidence in the competence of our friends, even if that doesn't mean necessarily that they will see things identical to us or would do the exact same thing that we might in a situation – being prepared to help them, absolutely, but they understand, they get it on this issue.

MR. ROEMER: So you're confident in places like Great Britain that they've analyzed the problem quickly enough and they've got the answers in place to deal with the situation –

DR. FINGAR: Well, I certainly hope so.

MR. ROEMER: – even in connection with Pakistan?

DR. FINGAR: Yes, I certainly hope so, but they do have a very large population of very loyal Britons who are of South Asian extraction and they have a small percentage of bad eggs who are within that population. And they make calculations around sort of protecting the civil liberties and travel patterns of their citizens and risk management in this. I think we need to respect the choices that they're making.

MR. ROEMER: I want to thank Dr. Fingar – if everybody would join me one more time.

(Applause.)

Thank you so much for all you joining us. We will have programs through the summer into the fall, continuing to highlight some of the concerns about terrorism and national security. We have a military defense project that's ongoing and we welcome your suggestions for speakers.

Thank you very much for coming.

(END)