Remarks and Q&A by the Deputy Director of National Intelligence For Analysis & Chairman, National Intelligence Council

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MR. MATTHEW LEVITT (Washington Institute Senior Fellow & Director, Stein Program on Counterterrorism and Intelligence): Good afternoon, everybody. If everyone could take their seats, we're on a relatively tight schedule. Our guest has another meeting after this, and so we want to maximize our time. If everyone could take their seats, we'll start. Before we begin, those of you sitting at the tables will see we are recording live. Cell phones, even if they are turned to silent, disrupt the audio equipment, so if I could ask please that everyone turn their phones off, actually off, that would be greatly appreciated. We are thrilled to have Dr. Fingar, Tom Fingar, with us this afternoon, and the latest in the Institute's senior counterterrorism officials series.

I had the pleasure of working with Dr. Fingar when I was Deputy Assistant Secretary for Intelligence at the Treasury Department, in terms of our national intelligence meetings, and it is a pleasure to welcome him here to the Washington Institute. Tom is, as most of you know, serves as Deputy Director of National Intelligence for Analysis and is Chairman of the National Intelligence Council, the NIC. He's been in that capacity since May 2005.

Prior to that assignment, Tom was assistant secretary of state at INR, the State Department's very impressive, especially given its size, intelligence branch and was in the position from July '04 through May '05, and prior to that held a variety of critical positions at the State Department, including PDAS and a variety of other positions related to the Middle East, East Asia, Pacific, and specifically, China.

Tom is here today to talk with us about the Middle East. The government will be releasing in the near term a declassified report on what the world is going to look like in 2025. Today we're going to have a discussion about elements of that, elements of what the world will look like, what the Middle East will look like in 2025.

And the purpose of this is not to cover the entire waterfront but to stimulate discussion specifically on the Middle East. Over the next several years there will be lots of decisions about and within the United States that will have to be made. There will be a lot of leadership change, and there are a lot of global issues that will affect the Middle East. And we are truly pleased,

Tom, that you took the time out of your very busy schedule to come on the eve of the release of this report and share some of these ideas with us and then have a question-and-answer period to flesh them out. Thank you. Tom Fingar.

DR. THOMAS FINGAR: Thank you, Matt. Let me begin with first a note of modesty. I think it's probably an accurate statement that everybody in this room knows more about the Middle East than I do. But that's what makes this useful, valuable to me, to continue a process of dialogue, of consultation with regional and functional specialists, to both stimulate thinking on your part, provide ideas to us as we think about the future, think about what to focus on, what we should collect, what kind of analytic cadre we should build. And in some respects, this is a continuation of the roughly year-and-a-half process that resulted in the preparation and later this week the publication of "Global Trends 2025."

We've engaged literally hundreds of people around the world in this process in solicitation of ideas. What did they think that the world was going to look like? What did they fear that the world would look like? What did they wish it to look like? What did they think would cause the more unpleasant, negative, fearsome trajectories to come about? What did they think would be contributing to the more positive scenarios or trajectories from their perspective, and what did they think the United States was going to do.

Since this was prepared under the auspices of the National Intelligence Council, it would be inappropriate, some would say illegal, for us to look very closely at the United States. That's beyond our writ. One correction to Matt's introduction – this is not a declassified study. It was prepared from the beginning as an unclassified study, and there is no sort of classified annex or version. Now, when we issue it, what you see is what there is. And on the website, we will have some of the materials that were assembled – seminars, conferences, deliberations, expert background papers – that were prepared and contributed to this effort.

Today I'm not going to give you a preview of that study. I'm going to draw upon elements of that study, a subset of them, and make some observations about the part of the world you know better than I, really, to sort of create a version of the strategic thinking, the dialoguing process, the challenging of assumptions, the "what about" statements that we anticipate receiving so that you will be a part of the process as a contributor as well as possibly a beneficiary to it. Neither the 2025 paper, which is about a hundred pages, nor my presentation should be viewed as a prediction of the world. Even the word "projection" is a little more determinative than we intend this to be. We've got four scenarios; we've got a number of drivers or factors that we think will contribute to the shaping of events; by themselves they are inadequate.

And for those of you who read the "Global Trends 2020," this is not an effort to update that study or push it out five years further although it does take a timeframe five years further out. But we didn't mechanically take a new look at the same factors or drivers or variables. Some of them like globalization persist; others like energy and demography we looked at more closely this time than we did last time. Again, this is not a prediction; it's to stimulate strategic thinking.

The setup for both today's presentation and 2020 is to identify some of the relative certainties about the world and some of the truly as yet undetermined factors – we know they will influence,

how they will influence is a matter of leadership decisions, is a matter of the interplay of the separate variables.

For example, climate change – earlier this year, we did a classified look at geopolitical implications of climate change. The substance of that was conveyed in unclassified testimony available. Points I'd make here are: By 2030, the timeframe of the climate change, 2025 and this one, we're beginning to see some effects of climate change, and this is one where, according to the scientists, not us – we're not the ones making the scientific judgment – that the die has already been cast for climate change out to 2025 or 2030. Steps can and arguably should be taken now, but they won't have effect to beyond 2030, at least according to the scientific folks we consulted. So the effects are more or less a given; the actions that will be taken by governments, the policy decisions, the effectiveness or ineffectiveness of those efforts to moderate, prevent, or in some ways, shape the impacts of climate change are yet to be determined.

The world that we envision for 2025 we're characterizing as incompletely transformed. Now, that may sound like the ultimate copout: It'll be different than today, but we don't know exactly what it's going to be in 2025. But it's an important point. We envision the unfolding of the issues: demographic, energy, technological change, transfer of wealth from West to East, among others, as having an impact on the way the world does business, the way issues are defined and resolved.

But the shortcomings of the current international order, largely developed in the aftermath of World War II – international institutions, IMF, World Bank, the United Nations and specialized organizations – being increasingly incapable of managing tomorrow's problems. Designed for a different time and place, there are many who have a significant vested interest in the status quo because as nations or corporations or other actors, they benefit from it. But the adaptation to a new future will still be in a state of flux is what we're anticipating.

So as we think about this with respect to the Middle East, it's not in terms of a new global order with new or transformed or rejuvenated institutions with new instruments of global governance that we will have still a fair degree of adaptation, improvisation, multiple channels for managing the problems – and that that probably is going to make it more difficult for specific countries and regions and problems to be – countries and regions who address specific problems because the landscape will be shifting.

Shifting to the Middle East, here, more specifically, as in 2020, we see the Middle East as at the center of an arc of instability, that it's – if one looks at the globe as a whole, the Middle East, really from the Maghreb across into Central Asia, is one in which almost every problem that will challenge political leadership anywhere on the globe is to be found there and many at a higher degree of severity or intensity.

Indeed, it is the multiplicity of serious challenges that may be a defining characteristic of the region, that the ability to cope with any one problem, being affected, being made more complicated, more challenging because of the interaction of the problems, the need to address

many simultaneously, that actions taken on one will almost automatically the decision space and opportunities for managing the rest, where one cuts in will make a difference.

Demographic dimensions – we pay attention to demography in this, that the world will increase by about 1.4 billion people, demographers tell us. Only 3 percent of that growth will be in the United States, Europe, Japan, the developed world. The rest is in sub-Saharan Africa, the Middle East, Central Asia or Central America.

The demographic dimensions and challenges in the Middle East will be among the most significant. A youth bulge, which has been a complicating factor of the very large segment of the population with raging hormones – (chuckles) – of an age where challenges to authority are the norm, with views shaped by the global communications revolution, sort of knowing what is happening around the world, elsewhere in the country, the ability to communicate with one another very, very quickly, meaning that everything from notices to go to a rally to the spread of an absolutely unfounded rumor about what is alleged to have happened will be greeted with all the discriminating thought that one can anticipate from a youthful population.

But it's not a completely negative aspect. Looking at the region as a whole, the age structure will be roughly the same as that of Taiwan or South Korea at the time that each of them began their sort of industrial takeoff. The dependency ratios will be pretty good. There will be a large working-age population with a relatively small burden of senior citizens to support. And as one moves through the period between now and 2025, again, the projections are that the population growth rates will go down so there will be fewer dependents at the bottom. So there will be at least a potentially mobilizable workforce to move the region away from its heavy dependence on commodities, primarily oil and gas in the Middle East.

But that has requisites: education. A big challenge – again, as you know better than I, I think fair characterization overall – is that the education capacity, the education performance for most of the citizenry is inadequate, not preparing people for today's jobs, let alone tomorrow's jobs. The youth bulge means that the challenge gets bigger and bigger: The cost, the need for teachers, the need for facilities expands because the number requiring education goes up – so a hard problem compounded by growth in numbers.

There are the aspects of unequal access – male, female, the gender gap – in much of the region, a significant portion of the population, those of the female persuasion, that don't get the same kind of education as available to males. So if, sort of, the full capacity is to be tapped; you have to move males up a lot, but you have to move females up more in this. Benefits in global capacities of female education, on stability, development, tolerance, how resources are allocated within governmental structure are quite notable and mostly beneficial. Will that happen? Can that happen? Both the challenge and the potential are there.

Another element that comes out of the demographic portion of the equation are demands made on the political system. It's not just that the youthful segment of the population is sort of less respectful, less willing to accept things as they are. The exposure to communications, what is available elsewhere, their own expectations, and I'll come back to this later, some of the challenges that come out of climate change, that come out of global economic system; they're

going to want more from governments than simply being left alone, that the demands for performance that will be levied by the population on the governments are almost certain to go up, whether the capacity of the regimes goes up commensurately is at least an open question.

But that whatever might be required to enhance performance today: delivery of goods, services, meeting expectations of a wide variety is going to go up not just because of bigger numbers but because of higher expectations. And the pressures on regimes of all kinds to be more accountable to their citizens, it's not just an aspect of democratic or democratizing regimes where elected officials are more accountable to their constituencies. The observed phenomenon globally is that even authoritarian regimes or more authoritarian regimes feel compelled to take into account citizen concerns, complaints, expectations, demands. So the street matters more, and that will be a factor in individual countries in this region, it seems to us.

I mentioned dependence on oil and gas and commodities more generally, and as one looks out to 2025, one can project continued rise of China, India, Brazil, the rising powers. Large populations, tremendous requirement for energy, keeping demand and prices up for a very long time; money continues to pour into the region. That gives a certain cushion and capacity to any of the regimes that have these resources to buy off demands for perhaps more fundamental change, but the very high prices that we saw not that long ago gave increased attention to alternatives to oil and gas that we've experienced before in the late '70s, early '70s. It may be that the world is more serious this time about actually finding alternatives.

Now, whether or not those alternatives can be fully realized, put in place in 25 years, or by 2025, is somewhere between uncertain and unlikely. It takes a long time to put in place a replacement technology. But at the margins, it could begin to make a difference and could begin to affect price, earnings, and the benefits that flow there from.

So this is one that can go either of two ways, or anywhere in the middle, from the – the region continues to trade on its most abundant and most lucrative resource, obtaining a cushion that obviates the needs for fundamental changes in other areas, or a wise leadership – again, in specific countries – can say this is likely to be a short-term, windfall opportunity that we better act sooner rather than later to capitalize on. If we act on it sooner rather than later, it may have a comparative advantage in terms of attractive investment, creating a better-educated workforce, and so forth. And I think the worst assumption would be that all states in the region react, and all states with oil and gas in the region react in exactly the same way, that there's likely to be a variable picture, but I leave it to you to speculate on which one is likely to be more aggressive and which ones are likely to be more complacent about the situation.

Regardless of the specific price of hydrocarbons, the global situation, again not linked to the Middle East, is one where we envision continuing transfers or shifting of wealth from west to east. The oil- and gas-rich countries, not just in the Middle East, Russia, Venezuela, Nigeria, continuing to have large amounts of money, the East Asian industrial, the manufacturing that results in a large shift of wealth will, again, change relative interests and capacities to do things. Sovereign wealth funds, that in some respects sovereign wealth funds are, you know, similar to the windfall oil profits of the '70s, the Japanese bubble economy of the '80s, but are in different places and different orders of magnitude here.

And regardless of specific judgments about how much more money or how much less money flows into these funds, that's money to be available for investment, that in the past, one could assume that that money would flow in significant portions to the United States and Western Europe. Probably not a safe assumption for the future, at least in order to make how much of it – particularly the sovereign wealth funds in the Gulf – will be reinvested in the region? Is there an attraction, is there an incentive to invest at home, closer to home? To reduce uncertainty, reduce unstability because it's the right thing to do, or is this an economic decision? As you invest money, where are you going to make money? And if the region does not look like the most favorable one, either for investment from within the region or from outside, it will affect the relative standing of, again, individual countries and the region as a whole vis-à-vis other parts of the world.

I mentioned climate change. And again, without going into any detail on this, that everything that we have looked at in the conversations indicates that water shortages and high-cost food could well be a significant factor by 2025. And portions of the region are the most vulnerable, or among the most vulnerable, to water shortages. And competition for water, competition for agricultural land, competition for other resources that may become scarcer with industrialization rates of growth, again, outside of the region that could add a kind of competition to the international system that we really haven't seen for a very long time: resource competition. We stick with water. If water is a problem today, it'll be a bigger problem in the locations that are a problem today by 2025, a bigger problem for governments to deal with; a more demanding population, that, it seems to me, will have to be on the agenda that leaders inside and outside of the region have to grapple with.

Another dimension that we can assume will be there is the nuclear one. Whether this is a nuclear arms race in the region and could be triggered by what happens in Iran, by 2025, the issues of today will, in one way or another, be resolved. It clearly makes a difference how it is resolved, and whether there is a control regime, collaboration, cooperation and so forth, or a regional arms race or a control regime or an arms race that draws outside powers into the region in a way that is different from the past. There's the nuclear-power dimension of this. Again, rising oil and gas prices – if that's the scenario that in much of the world will make nuclear power more attractive, it means the spread of nuclear technology; it means the need to safeguard those facilities; it means, perhaps, capability for desalination to address the water problem, that there are a range of issues around nuclear power, both for civilian use and weaponization, that are likely to play out in this region.

This is part of your terrorism series of seminars. And terrorism, at least as a potential problem, will clearly still be there in this region, in part as the instrument of the weak against the strong, that if government responses to problems, pressures, demands are such that social dissatisfaction inclines a segment, could be a small segment of the population to take action to force the governments to behave differently, to change priorities, allocate resources differently, that historically resort to terrorism, should be expected. Putting yet more demands on the regimes and putting into a different kind of profile relationship of the governments to the outside. Outside protectors, protectors who have been interested in oil and gas, who may not be so interested, depending on what the alternative technologies are, who may not wish to be

vulnerable or may have a NIMBY problem – we sure would like you in the region to maintain stability, but not in my country, thank you, because that increases the unpopularity if not the threats to my government.

If one extrapolates from the demography, you know, again, all of these young, possibly alienated people, some subset, probably a small subset, will be available for recruitment to a cause, whatever the cause. Again, a subset of it might be interested in terror. We did not look at the ideological appeal, or the lack thereof, of al Qaeda. Had we done so, the extrapolation of a declining appeal where they've got a program that doesn't have a great appeal in the region, that sort of what they are for doesn't have a great deal of resonance. I think we would anticipate that that would continue; but again, the specifics that have given rise to Hezbollah, Hamas, PIJ, and other groups will clearly be a function, as they have been, of developments in the region.

Final point that I'd like you to consider – and again, this is all building to the dialogue where I won't have the answers, you will have the questions and that will be the success of the effort – but the final point concerns alternative models, that one of the phenomena of recent decades, particularly since the demise of the Soviet Union, has been the appeal of the Washington consensus model – more or less liberal democratic regimes with market economies, and the requisites to make that work.

But the rising powers, specifically or particularly China but to some extent also Russia, arguable have an alternative model here. It's not so democratic, a larger role for state, larger role for state capitalism, that the Middle East is a region that, like Africa and a lot of other places, sort of historically made the wrong choice in the '50s and '60s for the centralized, authoritarian model of development and paid a price.

Now, a variant or an alternative to the Washington consensus in the short term – but a short term that now, in the case of China, now extends over decades – may have some appeal. Can it work as well in the region with very, very different kind of traditions, populations, expectations, relationships to authority as it has in China and Russia? But there may well be an alternative model, and as those – if, or to the extent that alternative model is pursued in some countries in the region, it could alter intraregional relationships and relationships with outside powers. I'm sure I have dissatisfied anyone who came looking for the crystal ball take on the region, but if I have left you with a lot of questions and a lot of, yeah, but you forgot, then it's been successful from my point, and why don't I throw this open to your take on the region in 2025.

MR. LEVITT: Thank you, Tom. I'm going to take the prerogative of the first question and then I will take questions from the audience. Please raise your hand, make sure we make contact, so I can see you. If you're in the back, please come to the microphone. If you're at one of the tables, please make sure to use one of the microphones on the table and please make sure that the green button is pressed so we can hear you.

Tom, you know, this is I think the fourth time the community has gone through this type of process, and I think it deserves a tremendous amount of credit for doing it and for refining it over time. This is a much broader effort than ever before. But before we get into the details of all the issues you discussed which I'm sure we'll hear about tin a minute, my question is more, okay, so

the Intelligence Community deserves a lot of credit for thinking, you know, beyond the immediate horizon. But there are so many things on the immediate horizon, the things that you alluded to that will affect, in many, many ways, where we'll be in 2025. How do you see or how would you like to see this used? How do you anticipate this being used other than being presented and the Washington wonks will use it and will criticize it and will comment on it? But in government, how or if do we have reasonable expectations that the people whose job it is to deal with the present threats, that they will have the time, the interest and the capability – let's assume the intellect – to apply this now? What are we expecting this to accomplish today?

DR. FINGAR: That's a great question. The timing of these reports is deliberate, that we'd like to get it to members of a new administration for a last time around, a reelected, replenishing itself administration. New officials coming in with agendas, with expectations, to catch them in that window before they are consumed by the inbox and the press of day-to-day events. To think a little more about the world outside of their portfolio, the way in which events that are in a job jar of other officials might affect them, to link up their own aspirations and policies and concerns to those of others to begin to think about potential allies to be able to anticipate foreign reactions to it. But our audience is not just the new administration.

One of the things that we learned, quite to our surprise, actually, with the earlier ones, was the appetite in the United States and abroad to this kind of stimulative document, that 2020 was translated into several languages; it's used in college classrooms around the world; it's used as a World Affairs Council kind of discussion groups. And it does contribute to that kind of broader informed public in ways that are beneficial – it's secondary.

But we have in our heads that this was the way it played out the last time and is likely to again, that a connection between, you know, way out there in 2025 what people have to worry about today and tomorrow and it's broadest compass is, if you project events going in a particular trajectory on individual issues or woven together, we have some suggestive scenarios in this that are appealing to you. You'd like the world of 2025 to have at least some of the dimensions that are projected, to be able to ask oneself and ask the public, what do I need to do now to keep things on a positive trajectory? Or if one doesn't like the prediction or the projection or the scenario or the suggestion as to where it is going, to make a choice other than to simply dismiss this as the ravings of the intel weenies who probably don't know what they're talking about anyway.

MR. LEVITT: I've been called worse.

DR. FINGAR: I think we all have. But to say, if I don't like it, where do I have the best chance to influence events to bring them in a more positive direction? What are the things that I might do individually or unilaterally? What are the things that can only be done with cooperation of other nations? What are the things that can best be done through multilateral mechanisms, and something I didn't mention at all in this, which is the non-state actors. We see non-state actors as being very important. So it's an effort to broaden the discussion, expand thinking, expand the palate of possible alternative actions, and at least to be suggestive of points of intervention without recommending any particular course of action.

MR. LEVITT: Want to make sure it's on?

QUESTION: I was struck of a lack of any discussion of what, particularly in the Middle East, what the religious trend could look like. With all the young people with disaffection, with all the problems, will this be fertile ground for the spread of militant Islam? Is this a threat that'll be lessened or do you think it could become very large? I would think, looking ahead to 2025, where Islam will be, what its role will be in the Middle East and in near areas, could be very crucial.

DR. FINGAR: Yeah. Did we look at that specifically? No. And I should have been clear that my talk today goes considerably beyond 2025. I've taken some broad trends and thought about them in terms of the Middle East. So you ought to think of this as Fingar's take, as of today, on some of these issues, not a recitation of where the report comes down. It's not inconsistent with it, but this is a question that I think is indicative of many, that there are implications, depending on where one comes down, for greater or lesser tolerance within the region of populations, whether or not the demographics will affect this, how it affects the quality of education.

There are, of course, again within this timeframe, differences within Islam, within the Sunni school, Sunni-Shia, Iranian influence and is that separable from Shia organizations – that will play out in this region and is very much a part of the stew that will shape events. So you're absolutely correct and identify it as an important dimension, but it is one on which I'll defer to the room as to how it will play out.

QUESTION: I think in the Bible, a prophet is to be judged by how well they do at predicting the future. I think the bad news there is, if you were wrong, I think they stoned you. Anyway, can we go back to, like, 1990, and take a look at how well we predicted the world of today? I guess 1990 to '91 would be the equivalent timeframe. And in particular, I'm just thinking about, we didn't really understand in 1990, very well, the role the Internet would play in the world, I don't think Islamic fundamentalism was really appreciated – I mean, going through all those things and maybe, learn a lesson from how we looked from then to now about how we might look from now to the future.

DR. FINGAR: I mean, it's an absolutely correct observation. Indeed, we have a box in here, which I've forgotten the precise title, but it's sort of the need for modesty in this kind of projection. And it runs to – going back to before World War I – sort of expectations of what the world would by like and the key dynamics. And they're universally wrong. They missed everything that was important. And policies were set up around them. The next sentence here has to do with leadership. And I didn't mention that except very tangentially.

We judge both the longer historic record and in looking at the uncertainties where policy can make a difference, here. Good policies that produce beneficial results than bad policies – or unsuccessful policies – it might be a good idea, but poorly executed – and that leadership really matters. And part of the message we're attempting to convey here is that, you know, leaders can shape events – that this is not immutable. The future is subject to influence at the margins or to a greater extent – so this is a not a, understand it, accept it, there's nothing you can do about it – indeed, the message I would like to get across is precisely the opposite.

QUESTION: Thanks very much. I want to try to press you for a little bit more specificity: When you were talking about demographics, I agree, that's crucial. And, for argument's sake, if you look at Gaza, 58 percent of people now, are, you know under the age of 18. So are you presuming in the next period, until 2025, these trends continue as they are today? Or do you assume that there will be more education, a bit more wealth, smaller families? I mean, you have to have made that kind of decision, and could you explain what you decided and why?

DR. FINGAR: No. Not simply because – no, not doing the rollout of the – but in fact, we didn't go into that. Demography as a gross variable, numbers of birth, relative size of age cohorts, the things that are sort of fixed – that we took from the demographers, that, if I didn't make it clear in my presentation, that what kind of education is provided, what kind of opportunities, what kind of jobs are available, what kind of safety valves, through the political system, are provided will have a tremendous impact on whether this is a benefit and a resource for a particular country or region or an albatross, an anchor, a constraint on moving forward.

What is more fixed is size, and relative size of age cohorts. Sort of what one does with that as a government, as a society, within religious organizations, foreign investors that come in to see this as a source of relatively inexpensive, if talented and trained, labor or hopelessly undereducated to meet the demands – that's where choice makes a difference.

QUESTION: No judgments about whether the trends were toward more employment, better education or not?

DR. FINGAR: No.

QUESTION: Tom, rather than the biblical prophet that we've heard, what about a Hellenistic Cassandra? Did you have to – let me put it this way – can you avoid taking into consideration here the kind of traumas – shocks – to the system from global armed conflict, from panic epidemics, which are all-too-possible, from major global depression, environmental disasters and so on? Can one make the kind of straight-line projections that you have and avoid at least looking at the consequence of such events on the global system?

DR. FINGAR: I think if one were to simply take sort of the trajectories that we have focused on here, it's very easy to get Cassandra-like hand-wringing – it just is harder and harder to deal with these problems – but the intent, as well as the aspiration for this report, is that it has a certain grabbing people's attention, that this is not inevitable; that these are issues – they are among the issues – not just the ones I talked about here, but the longer list that's in there – they are among the issues that will cry out for attention, that a far-sighted leader can seize upon to make a difference or try to make a difference, to find partners or not find partners to work it.

And then sort of, having teed up the issue, resolution is more likely than if it were ignored or obscured by an exhaustive catalog of all of the things that any leadership is going to have to deal with. You know me, Marvin, I'm an optimist – a perennial optimist. And I would be dismayed if either my talk today or, when it comes out, the 20 – is read as a woe is me, we're headed for the cliff, maybe we've already gone over the cliff and all we can do is manage the intensity of

our impact at the bottom – that's, I think, not where I view things headed. I think we're smarter than to succumb to the most dire implications of this kind of study and sort of believe that discussion, debate, argumentation – that there are a lot of possible ameliorating, mitigating strategies that, even if partially successful, will lead to a future that is not nearly as dire as if one straight-lined all the negative ones.

QUESTION: Could you – sort of following on that, which of the trends do you think are reversible, and which of the trends do you think are inevitable and action has to be taken to sort of mitigate their consequences?

DR. FINGAR: I'm going to probably appear – because I will be ducking the question in some respects – but demography probably comes as close to inevitable as anything that I've talked about today. But that said, one can imagine lots of ways of responding to, adapting to, managing that phenomenon, that, you know, that energy will be important – okay, that's probably pretty certain, but how important, at what price, to which segments of the demand side or the producing side of the equation is a function of decisions that, potentially, are yet to be made.

QUESTION: What is Turkey's role as a regional power and as an ally of NATO and, possibly, an EU member? And, also, some resources of food and water going to be in the near future of the Middle East?

DR. FINGAR: If I understand here, what's the role of Turkey? EU, NATO membership, sources of water. Clearly by virtue of Turkey's location, size, the resource endowment that it has, the prospects over this time period for different types of engagement with the EU will be a significant factor in the way events play out. But, again, we didn't look, in detail, at specific countries. We hope others will. And I certainly lack the expertise to give even an informed guess in response to the specificity of your question.

QUESTION: You've mentioned energy several times. I'm going to pin you down and ask a very specific question about two or three studies, which I wonder if you've consulted. Shell Oil International does a series of scenarios, and they've usually been pretty good. They look out 20 to 30 years in advance. Another study was done by Chatham House, John Mitchell, on the transformation of the energy producers from commodities to other. And, basically, their conclusion – and this was done with consulting – finance from the Asian development bank – they're not running out of oil, but they are running out of time. And there are human resource constraints on their ability to convert from commodities to others. Peak oil – did you examine peak oil as a concept?

DR. FINGAR: I can't answer that in confidence. I know the Shell ones were looked at. And just to make a larger point about the way in which we did this, we had lots of studies that were done for us on specific topics, one of which was energy – and some seminars done, and the teams that organized that, I hope – I would guess – had looked at all these. But by the time it was distilled down, where I became involved, I wasn't reading specific studies.

QUESTION: I'm going to challenge your optimism here a little bit. You talked about the increasing – predicted the increasing instability of international institutions to solve problems.

With respect to the Middle East, does that inevitably add up to a recipe for more conflict, or is it possible that other institutions or other interests somehow emerge that give countries in the Middle East some alternative way to address their problems? Because it's given that that's going to be the arc of instability; if international institutions are failing, that adds up to a pretty dire outlook, it seems to me.

DR. FINGAR: I'm going to give an indirect answer to the question. Among the alternatives that we sketch out – and alternatives is actually too strong – among the possible lines of development that we suggest is the development of regional organizations – regional free trade association – because it's too hard to get agreement and put in place a new institution at a global scale. There are a series of if-then kind of thinking or kind of judgments that go into this, but then if the folks in a region decide that the best way to manage their challenges, of whatever kind – economic, literacy, security and so on – climate change – that they decide that they're going to work that regionally, that will be eminently feasible and maybe increasingly likely, but I'm going to leave it at that.

QUESTION: Dr. Fingar, you touched very lightly, I thought, on the problem of terrorism. Is that because you would expect terrorism to recede in the kind of prominence that it's had in the past eight years as other problems come to the fore?

DR. FINGAR: Yeah, there's both a relative and an absolute dimension to your question. That partly is the heuristic character of this that, in effect, says you've got to pay attention to these other developments, which isn't a, these are more important than terrorism, but just, you've got to look at them. Partly, there's an interactive character, as I was suggesting, about the youth education and responsiveness of regimes.

But we also explore terrorism in a way that – my statement here, not attributing it directly to the report – terrorism can, writ-large, have less appeal, less recruitment, less of a problem. Again, the waning appeal of international al Qaeda kind of ideology – but more dangerous. And this has to do with relative availability of biological agents that the lethality of conventional munitions, that one can imagine, sort of in the aggregate, the threat diminishes, but specific instances being much more deadly.

QUESTION: You mentioned education in context of development of a country. And, specifically, you mentioned that, like many people do, that it's essential to educate both sexes in order for a country to reach its full development. But I'd like you to comment on the resource aspect, which you also talked about, of that given. Wouldn't it be realistic or pragmatic for a leader to say, I don't have the resources to educate all the young of both sexes, and therefore, if I could construct, or continue to have cultural and religious impediments to educating women, such that they keep them down on the farm, so to speak, and they wouldn't revolt, wouldn't it be more efficient to devote my resources – my limited resources – and, more importantly, the jobs that might be able to be developed towards just the male?

DR. FINGAR: Could be. I mean one could certainly imagine governments making that choice or use some other discriminating mechanism – we're only going to educate those who are in cities, we'll catch up with the countryside later. We're only going to educate those of a

particular property-owning status, because they will have more wherewithal and incentives and support mechanisms – again, one could imagine a lot of criteria for discrimination in the distribution of a scarce resource.

How individual countries make that decision, how confident they are in their legitimacy, how confident they are in having the support of the public in doing that and what lessons they have learned or failed to learn from other parts of the globe – and, again, the global communications revolution, let me overstate it, there's no excuse for any leadership anywhere being ignorant about what has worked or not worked in other contexts as the starting point for saying, what lessons should I draw from that? Is my situation all that different? Might I learn from it? I think the array of the possible is wider than, we'll continue to do what we have always justified and we'll do it in the name of accelerated progress up the education ladder, the technology ladder, the scale or the type of modernization that we undertake.

QUESTION: What I have not heard you speak about is what other political forces in that region. If, indeed, we know that the Soviets were coming into power, we knew what to expect from them. After the French Revolution, we could tell what's going on. And the United States, given the fact that we have a limited number of parties, we know what the choices are. What are the political choices and what are the political forces in that country? Because you talk about leaders – well, the leader is a leader who needs masses to follow him. So what are the political forces that we face and what can we expect?

DR. FINGAR: Yeah, I don't know. I'll guess. Indeed, essentially almost all of the dialogue has been you posing questions, me tossing out ideas, that others should have different ideas is no more authoritative because I said them than anybody else, and probably less so. But, again, this is to stimulate thinking, and it's an absolutely apt question. Might it be politics triggered by the death of individual leaders, long ruling, well liked, who provide sort of a cushion and an inertia that a successor would not have? I think it's a fair observation in sort of the part of the world that you folks look at that there are not very many well-defined political party-like mechanisms for aggregating and adjudicating, moderating political issues.

The strongest one in many parts is the Muslim Brotherhood. If one looks to the '91 election in Algeria, the election of Hamas – that there are certain sort of reasons to be less than euphoric about the prospects for an electoral-based outcome. But how do political concerns get expressed? Who mobilizes them? What's the – is it religion? Is it a charismatic leader, unique because he or she isn't invoking religion as the underpinning for legitimacy of the characterization? Is there a, I have a better idea? Is it influenced by forces outside of the country, or completely indigenous?

Are religious debate or ethnic disagreements or conflict for economic resources sort of really played out in a political arena – are they translated into political demands on the system that come out as sort of a regional almost secessionist agenda? All of this, I think – and a lot more – is possible, in part, because there isn't a very clear, very strong sort of network of multiple vehicles for organizing political activity. And that's one of the hallmarks of the region.

QUESTION: It's probably fair to say that the last several administration have paid more time and attention and military and diplomatic capital to the Middle East than they would have liked. Have you looked at whether the relative importance of the Middle East region will rise, decline or stay the same over the course of the period?

DR. FINGAR: No. We haven't. That – if the characterization – gross, to be sure – of area of instability and is a locus for energy resources. If those two dimensions are right and remain salient, the Middle East will get attention – has to, has to. But exactly how that plays out, I don't have either a crystal ball or a clear notion.

QUESTION: (Inaudible, off mike) – I have a clarification and a question. You were speaking about terrorism before. Was that terrorism generally or al Qaeda? And my second question is, how do you see the high price of oil emboldening a country like Iran and making it more difficult for us to exert pressure on them in the future?

DR. FINGAR: I was speaking very broad brush about terrorism and probably more al Qaeda than any particular group. But does money embolden Iran or other – does it embolden Russia? Does it embolden Hugo Chavez in Venezuela? It's probably a pretty simple-minded but accurate proposition. If you've got more money, you have more possibility, more self-assurance, more capacity to buy off internal dissatisfaction or capacity to influence groups outside of the border, more capacity to invest in weaponry or more beneficent sources of national power or manifestations of national power.

That absolute amount of earnings, how much money is available, seems to me must be run through the lens or the screen of character of national leadership, whether this is an opportunity to address some of the internal challenges; to move up the ladder of capacity, capacity of the population; to address regional inequities or other inequities within; to provide better health care, better Social Security system for old age that will affect population size and growth.

A question was asked earlier – that is comes back to leadership: leadership of individuals, leadership of ruling elite, responsiveness of leaders to key groups within their political – since I don't think it is a simple – the more money a problem state has, the more trouble it makes, that one can at least imagine developments that would increase its stake in the region, increase its involvement in the international system in a way that would actually decrease its scope for making mischief.

QUESTION: I want to come back to the nuclear issue, if you would. First, I wanted to see if you established a connection of any sort between the provision of Western assistance in terms of material or technological aid in the nuclear – civil-nuclear sector to then nations in the Middle East region becoming nuclear-armed in the future. And, secondly, along those lines, did you make any projections or any sort of ranges of projections about how many nuclear powers there might be in 2025 in that region?

DR. FINGAR: No, actually, we didn't. We didn't. I mean, they're both very good questions, but in 100 pages, we actually did not do everything.

QUESTION: If you could give us the first part of that – (inaudible, off mike) – civil, nuclear.

DR. FINGAR: Having earlier in my career been involved in arms control kinds of programs and projects, that civil-nuclear provides opportunities for certain kinds of technology to be mastered. That is a necessary but not sufficient criteria or condition for moving into weapons. But there are a lot of countries with civil-nuclear capacity that don't have weapons programs, haven't had a weapons program. It's not a – if you can do this, you are going to do that. And some – most – under the NPT have renounced both the intent and the capacity.

QUESTION: You spoke briefly about the water shortage which indeed is one of the most severe problems affecting the area and is about to get even more severe because of demography and other reasons. You also mentioned in passing the issue of desalination and the question is, since desalination already is a matter of technology – and the price has really come down quite dramatically, unless alternatives to oil, for instance – and some countries, Israel, Gulf countries, already have taken some serious steps to move forward on that issue.

Do you think that this could be a long-term solution to the problem or it's going to be only on the margins and the shortage is going to remain for the next 20 years one of the biggest issues affecting the Middle East?

DR. FINGAR: It's probably not the solution, but it certainly could alleviate, could buy time, could create a context within which the room to maneuver, to negotiate, to have swaps and so forth would be increased, one. Sort of, at what expense, the safety dimensions of this – the fuel disposal and all of those kinds of issues that would need to be addressed – but not just it could be; I suspect it probably will be a part of the equation. Whether it is a big part or a small part I don't know.

QUESTION: We've gone from a world of two superpowers to, more recently, one superpower. As the last weekend, the G-20 meeting, showed, the tectonic plates of power are shifting. How do you see the balance of power in the world in 2025? Is it going to be two superpowers, the U.S. and China; multi-powers; blocks of power? What does it look like?

DR. FINGAR: Multi-power, multi-power. And, historically, multi-power eras have been less stable than either bipolar balance of power or unipolar.

QUESTION: Just following on that, I know you're talking about the Middle East today. You recently gave a speech, I think, where you talked a little bit, teeing up the report, about how the U.S. intersects all of this. Can you just talk briefly about the change in the U.S. military national defense complex going forward, how that is effective or not effective in dealing with future threats and what about cyber?

DR. FINGAR: What about –

QUESTION: Cyber.

DR. FINGAR: Let me take the cyber one first. Cyber, as my boss, Mike McConnell, has said on many occasions, is a very, very serious security challenge to the United States because of the interconnected character of banking or economy, power grids and everything else. But the potential for damage and disruption and, what, 96, 98 percent of the cyber world is in the private sector – so sort of managing this is a big challenge – or safeguarding its integrity is a big, big challenge.

On U.S. military configuration, I would be so far exceeding my own areas of confidence that I don't even want to guess on it, other than making the point that has been made by others, including Secretary Gates, that the way we have configured and equipped and trained in the past is not appropriate to the likely security challenges we're going to have in the future.

QUESTION: Can you just explain why that is – (inaudible, off mike)?

DR. FINGAR: In the world as it is now, as the world projected out to 2025, sort of small-scale clashes, humanitarian vulnerabilities, within them, resource disputes, that are low level, almost policing; increased urbanization, the sort of – what you see in Baghdad may be what is seen in the future, not the armies go off on the planes and disrupt agricultural production but don't go near the cities except for a massive bombing like in World War II.

But that would seem to require different kinds of mobility, different kinds of defenses against IEDs or other man-portable kind of weaponry rather than a clash of tanks, clash of fighter aircraft. I mean, that's what occurs to me by that characterization.

QUESTION: A lot of what you've been describing this afternoon seems like extrapolation of existing trends. But I'm wondering if you saw any germs, seeds, things that haven't developed maybe into a trend yet but might in the future, that might become forces none of us are aware of at the moment. And I'm wondering, B, if you took any just flights of fancy and said, you know, this could happen, without any real evidence.

DR. FINGAR: That sort of running through all of this is the – my answer to this man's question about earlier projections, that this is not a forecast, this is not a prediction, that history is replete with missing big developments. Could one imagine a technological breakthrough that suddenly made it possible to run automobiles on sand? I'm obviously being facetious. But given the pace of change over the last decade, it would seem to be more prudent than imprudent to hold that possibility out there.

Technological change, though unpredictable, may be more likely than dramatic political breakthroughs in there, changing international organizations, changing political cultures, changing political structures is kind of slow and often painful. I'm tempted to say that the entire exercise is an episode of whimsy here. And I'd – by that, I'm not trying to be facetious, that for analysts whose day job is to stick pretty close to the evidence to work the real problems that we are charged with addressing, to look out into the future where we don't have the kind of information. You know, we have no intelligence on Mother Nature's plans for hurricanes or typhoons, but massive flooding in portions of the world could have a big impact on attitudes and behavior.

So there is a sort of a need to suspend the normal way of doing business and Chris Croacham (sp) is back there and he was with me back when we did some of the earliest of the lookout 15 years. And it was really hard to get analysts to do that. So having gone through it, a large proportion said, this is really good; I learned to think differently; I opened up my receptors to a different kind of input, better able to consider the "what if," the things that would be game-changers for, if not dealt with adequately, events that could deflect from a most likely trajectory.

So, in that sense, the entire exercise, as indeed the discussion today where you're playing stump the band with me –

QUESTION: Very successfully.

DR. FINGAR: – that, you know, I'm thinking out loud. My ability to think out loud here is either good or bad; you will judge that. But it's certainly influenced by wrestling with these kinds of questions in the course of preparing 2025 and its predecessors. And a goal of this is to get a much large segment of the attentive public to do some of this kind of thinking and be prepared to ask the kind of questions that you are asking me, to answer those questions to yourself, to the group with which you associate, to challenge our political leadership in a way that – you know, their answers matter; mine don't. I mean, mine is just, you know, another pointy-headed intellectual speculating in a room full of people. But there are other folks whose decisions could matter on this.

MR. LEVITT: By my account, we have four questions left. We can make them short questions and short answers starting with Simon in the back and I think we might be able to get through all of them.

QUESTION: Taking on your most recent comments, was there any consideration that you would delay publication of your report because events like the collapse in the price of oil, the financial crisis had occurred? And, if there wasn't any discussion of delaying it, what sort of event would, in your imagination, cause that type of –

DR. FINGAR: There were some who urged us to take the time to try and more carefully factor in the global financial crisis. And, indeed, in recent weeks, we've convened a lot more sessions than we had anticipated, specifically to focus on this issue and, in the end, put it in there as a flag, put it in, in part to say, some of our projections about the waning ability of existing institutions to deal with their problems sort of got here faster than we had anticipated. But the timeline for this is to have it out after the election and as early as we could to get it into the hands of people beginning to move into new positions of authority.

So there was never, on my part and since, as the Chairman of the NIC, I was determinative on this, no serious consideration to delaying this. I supervised graduate students in a previous life and, you know, "I've got to read one more book" and – we'll never know all that we need to know. Let's get it out there and treat it as an iterative process. What kind of event would have caused us to stop the process? I can't imagine one, actually.

MR. LEVITT: Let's take, if we can, both of our last two questions here on the front left and then Tom, after both, you can answer.

QUESTION: I just wanted to clarify – are you saying that terrorism will become less attractive in the future or are you saying it will continue to be less attractive to the population at large? Second question is, do you plan to stay on in your current position –

DR. FINGAR: Until 2025. (Laughter.)

QUESTION: Well, in a near-term projection.

QUESTION: One of the words that I don't think you mentioned is "war." And, looking back at the last several generations and looking ahead at what many people think might happen in the shorter term, in the next five years, let's say, that has greatly transformed the Middle East and also sometimes been completely inconclusive, is war between various parties in the region or between outside powers and countries in the region. What do you think about the prospect of that over the next 15 or 20 years?

DR. FINGAR: Terrorism – actually, many different levels of cut in here, that kind of the appeal of terrorist arguments, that facilitates raising money, recruitment, tolerance, I think is waning, that most of this is sort of killing Muslims, killing women and children. It is actually losing appeal.

But the demographics of a larger cohort that may be, arguably, more alienated as a potential recruitment base, that even though the percentage that would actually be recruitable remains very small. It's a very small percentage of a larger number. War clearly is a potential disruptor. And we kind of tap-danced around that. And I will appear to be doing so in responding, but it is that there are more potential sources of conflict, some of them around resource availability, in the context of, arguably, reduced capacity of existing sort of mechanisms to deal with those conflicts of interest creates at least the potential for resort to arms in there.

And, again, depending on where one comes down as the likely capacity of political mechanisms – internal to the region and external to the region – 17 years from now, you can think that the potential for military clashes goes up, stays the same or goes down. And, again, the most important point of all, once that question is put on the agenda to think about it, what would one want to do now to reduce the likelihood that a conflict over water, for example, results in a military clash.

MR. LEVITT: Let me –

DR. FINGAR: In 2025, I will be 79.

(Laughter.)

MR. LEVITT: Tom, by your own standard of stimulating discussion, you have been a tremendous success. Thank you very, very much. Thank you all for coming. Have a wonderful afternoon.

(Applause.)

(END)

Dr. Thomas Fingar, Deputy Director of National Intelligence & Chairman, National Intelligence Council, addresses the Washington Institute for Near East Policy in Washington, DC.