

**Remarks and Q&A by the Director of National Intelligence  
Ambassador John D. Negroponte**

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AMB. NEGROPONTE: David, thank you very much for the kind introduction. Also, thank you for mentioning a number of the important guests that you have here this evening. I do want to just also repeat how happy I am that Sir Jeremy Greenstock and Anne Greenstock are here this evening. We were really close collaborators at the United Nations together – working the Security Council and all the other issues during that time – during the run-up to the war in Iraq, during a time of very difficult problems with respect to the Middle East. The entire agenda – the United Nations – I don't think I have ever had the opportunity to work with a more professional diplomatic team than the Greenstock's – and I am just delighted to see them here this evening.

I do want to mention one other diplomatic colleague who is here with us this evening. Alexander Philon is with the Greek Foreign Office – runs their think tank now, which explains why he is here attending the Oxford Analytica Annual Meeting. Aleko and I not only go back to 1958 to 1959 in Paris, when we were both studying at the institute, the Institut d'Etudes Politiques. But our parents knew each other, and I think Aleko's parents came to my parents wedding in 1938. So, we go back a long long way, and I guess I would have to say Aleko is the oldest friend – the friend of longest standing, that is here in this room tonight.

In any event, ladies and gentlemen, friends and colleagues, I'm delighted to be here with you at historic Blenheim Palace and impressed, as always, with the diversity and the distinction of the participants that Oxford Analytica has brought together for its annual conference.

David Young and I have, as he mentioned, been friends for a long time. I watched him develop this unique organization and have learned a great deal over the years from reading its analyses and participating in its events.

For most of that time, as David noted, I drew on Oxford Analytica's insights as a diplomat, although I did spend four years in the private sector, a time when I found that participating in this conference particularly useful.

Now I am in the intelligence business, an enterprise in some ways not dissimilar from Oxford Analytica. Scanning the list of panels and seminars in which you have had the opportunity to participate, I see many familiar topics. We are in general agreement on most of today's key questions.

This evening, then, I would like to focus my remarks on the way today's key questions will evolve tomorrow. In other words, I would like to take "a longer view." As recommended by the President's Commission on Weapons of Mass Destruction, this is one of the most important

themes we are promoting in our overall approach to reforming United States intelligence: placing a renewed emphasis on strategic analysis. We have created a Long Range Analysis Unit in our National Intelligence Council. We have institutionalized a Quadrennial Intelligence Community Review that parallels the Department of Defense's Quadrennial Defense Review. We are participating in a government-wide study of future international challenges and opportunities called Project Horizon. And we are taking steps to ensure that all sixteen institutions in the United States Intelligence Community are developing the programs, career tracks, and human and technical resources they need to provide the primordial service expected of any intelligence organization: strategic analysis and, above, all, warning.

This is not an easy task. The further out in time that one thinks, the greater the uncertainty, but that does not render strategic or long-range analysis without value. Analytic experience focused on the future is one way to begin—if only begin—to deal with the obvious truth that, “We don't know what we don't know.” I say “deal with” as a way of signaling my belief that strategic analysis is a process more than a final product, and it's a commitment that takes a certain amount of fortitude.

Strategic analysis is all the more needed now because of the unfolding new age in which we live. The former bipolar world—with its structure of nuclear deterrence and balance of great powers—is no more, and the shape and contours of the new age we are entering are not yet clear. There are more variables and factors in play, both regional and functional, than ever before. Simply distinguishing between the tactical and the strategic is increasingly difficult.

In this fluid atmosphere, hard-pressed 21<sup>st</sup> century leaders need assessments of future concerns that carry within them some direct connection to present ones. When a persuasive scenario of the future is developed and then “walked back” to the present, that's when strategic analysis is really useful—because that's when the consumer of strategic analysis can draw on it as a tool of thought and use it as a foundation for action.

Still, as we all know, there is no guarantee that the hard work of doing good strategic analysis will be appreciated.

Speaking in Blenheim Palace, I need only mention Sir Winston Churchill's name to provide an historical example of someone whose strategic analytic gifts were second-to-none and yet who, despite his stature and rhetorical skill, faced resistance to having his prescient message accepted. That is why we, as an Intelligence Community, have to make long-range analysis a priority, insist on allocating time to it, and do it well. Otherwise, we will risk reaching analytic conclusions that seem all too rational at the moment but fail to take into account under-appreciated trends that will accumulate great weight and force in the future.

So, as we look ahead ten or fifteen years, what contemporary problems will challenge us in a new and different way? Tonight my objective is not to answer this question in detail, but only to advance a few themes that certainly will preoccupy us in the first quarter of the 21<sup>st</sup> century. These are themes that will have significant consequences for all of us, whether we are North Americans, Europeans, Africans, Asians, Latin Americans or Middle Easterners. They are: first,

the new geopolitical landscape, second, globalization, third, terrorism, and fourth, the proliferation of weapons of mass destruction.

As someone who believes that the nation-state remains the fundamental building block of the world order, I think that in the 21<sup>st</sup> century we will continue to see international affairs revolve around political arrangements among discrete sovereign states. In other words, nation-states will remain the primary entities accountable to each other, and to their citizens, for international stability, peace, and rule of law. But there will be more significant nation-states on the scene. In fact, it is likely that several rising new powers will transform the geopolitical landscape in ways reminiscent of the emergence of the United States as a major player in the early twentieth century. This is not inconsistent with forms of multilateralism—global or regional—although it presents an added challenge, one we already see various global and regional institutions like the United Nations and the European Union confronting.

As a result, the decades ahead will be characterized by instability and flux, raising important questions: As the new landscape takes shape, for instance, what factors will make a state stronger, more influential, and more successful? And how will we measure those factors and qualities? Through a state's gross domestic product? Its human, technical, and natural resources? Its per capita income? Its military might? Its alliances? Or will the strength of a state be rooted in its quality of governance, transparency, and levels of corruption? These certainly are the kinds of questions you and we will seek to address. Regionally and globally, the import of the answers will be large.

For example, most forecasts indicate that by the year 2020, unless it runs into serious economic difficulties—a possibility we cannot discount—China's gross national product will exceed that of all other Western economic powers except for the United States. India's gross national product is likely to experience commensurate growth. The economies of other developing countries, such as Brazil or Indonesia, could surpass all but the largest European countries by 2030. Given the large populations of these countries, they are not going to have standards of living comparable to Western Europe, Canada or the United States, but they will become more significant political and economic powers, nonetheless.

Other countries may preserve or perhaps even gain in influence, but they will face challenges. Within an enlarged European Union, an aging population, a shrinking work-force, and the challenge of integrating a large Muslim population, will mandate difficult decisions for many states. Russia will grow in importance as a major oil and gas exporter, but it too faces a demographic challenge resulting from low birth rates and poor medical care. Russia will have to confront governance questions as well.

One possible result of all these developments is that we will begin thinking about the world differently. The geo-political map that we carry in our heads about how to physically locate country "X" will be complemented by country "X's" location within the geo-economic matrix we refer to as "globalization." My working definition of globalization may be the same as yours. Globalization is a growing interconnectedness reflected in the expanded flow of information, technology, capital, goods, services, and people throughout the world.

The scale of globalization as we know it already makes it a megatrend, a force so ubiquitous that it will substantially shape all the other major trends in the world. The greatest benefits of globalization likely will accrue to countries and groups that can access and adopt new technologies. Indeed, a nation's level of technological achievement may be defined in terms of its investment in integrating and applying new technologies, as opposed to inventing those technologies. The increasing size of computer-literate work-forces in many developing countries, along with the efforts by global corporations to diversify their high-tech operations, will make these new, productive technologies widely available and at lower costs.

Overall, this is good, but as in the case of the new geopolitical landscape, globalization is not necessarily an absolute good. We see many signs that the benefits of globalization are not global. Others around the world also see these discrepancies. The connection to the information revolution makes contemporary globalization very potent—in both a good and a bad sense. There will be winner and loser countries and even pockets of losers within countries that otherwise have won. And thanks to the information revolution, everyone will see and feel this as if it were happening next door.

On the positive side of the ledger, the information one can readily find on the Internet can be a great boon to advances in science, education, and health. It can create envy that will spur peoples to overachieve. But on the negative side of the ledger, the same information can create resentments and generate backlash. Globalization exerts enormous stress on traditional lifestyles and values, and by extension, on some religious and ethnic communities. The irony is that globalization greatly empowers those whom it offends, enabling resentful individuals and groups to arm themselves with more lethal weapons than ever before and strike back.

Last year my office commissioned a study that explored the theme of how the globally transformative revolution now under way will enable the average individual, regardless of location or pre-existing resources, to have massive, global impact. During the course of this study, a central notion emerged repeatedly: thanks to technological advances, “traditional, stable, hierarchical organizational forms, be they corporations or nation-states, are losing their relative advantages to loose, dynamic networks, that form and dissolve rapidly to accomplish their goals.” In other words, “economies of scale” have begun to offer diminishing advantages. This runs contrary to the general thought and practice of industrialization and national development, but of course, it is not a brand new finding.

In this context, the third theme we need to consider from a strategic perspective—international terrorism—presents itself forcefully. The description “loose, dynamic networks that form and dissolve rapidly to accomplish their goals” clearly applies to international terrorism. I say this drawing on first-hand experience as well as current intelligence. In 1995, I was in Manila as the United States Ambassador to the Philippines. A man named Ramzi Yousef also lived in Manila at that time. Ramzi Yousef was the author of the first plot to destroy the World Trade Center complex, which took six lives in 1993. By 1995, Ramzi Yousef was plotting to blow up eleven United States commercial aircraft in flight. His bombs were to be made of a liquid explosive designed to pass through airport metal detectors. Does this plot sound familiar? Fortunately, Ramzi Yousef started a fire in his Manila apartment while he was mixing his explosive brew and

had to flee. A month later, good cooperation between intelligence and police agencies led to his arrest in Pakistan.

That was eleven years ago. Five years ago, I was preparing to assume my duties as United States Ambassador to the United Nations in New York when terrorists actually succeeded in destroying the World Trade Center towers. In speaking to the General Assembly a few weeks later, it was a matter of personal conviction on my part to say, “We knew we had cancer. Now we know it has metastasized and the struggle we face will be lengthy.”

International terrorism is a long-term, highly explosive problem that requires long-range thinking. As President Bush said earlier this month, al-Qa’ida, its affiliates, and independent terrorist networks themselves are operating within the framework of their own long-term utopian vision. Some of what we know about this vision comes to us publicly; other elements have been acquired by our intelligence agencies. But all of it is in the terrorists’ own words, and most importantly, there is no appreciable difference between what they say and what they attempt to do.

The more expertise we develop in assessing terrorism, the clearer it becomes that we must better understand the sociology of the dense networks that spawn violent action as well as the political, social, economic, and other factors that terrorists exploit to achieve their goals. Some aspects of globalization play directly into the terrorists’ cynical manipulation of traditional institutions, values, and beliefs. Other aspects of globalization give them the ability to command, control, and equip their recruits. The information revolution enables them to operate in the totally new dimension of cyberspace, reaching out and plotting across time zones and national boundaries with relative ease.

Political factors—government repression, corruption and ineffectiveness—also fuel their efforts. The terrorists consciously seek to exploit political vulnerabilities that are part and parcel of the current flux in the international system. That is critical to achieving their vision of a repressive totalitarian system of government—sowing the seeds of chaos in nation-states that are in the process of establishing representative democracy. The Levant and beyond are written into the terrorists’ long-range analyses as well.

At the same time, we must be mindful that radicalization can arise out of severe socio-economic alienation in even the most advanced democratic states. We have seen this happen. It will only get worse unless steps are taken to remedy that alienation with policies that foster inclusiveness and tolerance, and that are based on good governance and equal protections.

But the terrorists have weaknesses. Let’s keep that in mind. They are not in complete agreement or fully cooperative with each other. And we know that their flawed vision is not shared by the majority of Muslims or even by many of those frustrated by the political and economic stalemate in countries in the Middle East and elsewhere. While desirous of maintaining their cultural and religious identities and values, most Muslims want security and prosperity for themselves and their families. They certainly do not want to be, as they are, the primary victims of terrorist attacks. We must empower the voices of moderation within the many Muslim communities.

Clearly there is no way to combat international terrorism without major programs of international cooperation. Terrorism is a threat that can and will, in a globalized world, strike almost anywhere. It already has. And terrorism is a threat that only grows more troubling when coupled with the prospect of proliferation of weapons of mass destruction, whether by rogue states or non-state actors and networks.

The technological advances that I discussed earlier in the context of globalization present stiff challenges when we contemplate the world we will inhabit in 2020 or 2025, and factor into the pervasive insecurity further proliferation of weapons of mass destruction would cause. The open literature on new and emerging destructive technologies is so abundant that I do not have to add to it. And the literature on the nexus between states and terror is equally abundant. Sub-state terrorist organizations like Hamas and Hizballah are dangerous adversaries, another feature of the changing geopolitical landscape I described a moment ago.

Confronting such facts, our intelligence enterprise, in conjunction with our friends and allies, must think far ahead on two counts: First, we must be sure that we have the scientific and technical human resources necessary to analyze emerging weapons of mass destruction developments. And only then can we take the second step and skillfully perform that analysis. Developing, recruiting, and retaining science & technology personnel of the caliber we require is a national security priority for the United States and many others. Technology has left the traditional linear discovery path and moved onto the exponential curve of Moore's Law, so time is of the essence. Like terror and in combination with terror, weapons of mass destruction proliferation has the ability to challenge and alter the course of sovereign nation-states and damage their viability. Of course, one must be skeptical when one hears the sky is about to fall, but we now live in a world in which individuals are infinitely more "powerful" than ever before. Small groups of individuals and small states, for whatever reason, can avail themselves of that power, and the disorderly nature inherent in globalization and new technologies invites them to do so. As a consequence, a great burden falls on responsible political leadership the world over to think very carefully about how to ensure the security of their citizenry.

I don't want to diminish the seriousness of what I've said, but I do think there is reason to believe that in the 21<sup>st</sup> century we can shape our political and economic arrangements in such a way as to avoid some of the worst consequences that would otherwise befall us.

Great Britain's recent success in foiling the plot to attack US-bound commercial aircraft offers an excellent example of how intelligence, law enforcement, diplomacy and political leadership can work together effectively in protecting our citizens in the 21<sup>st</sup> century. And it's important to go further than saluting British officials. I'd also like to salute the British people. Their vigilance has helped Great Britain's authorities do their jobs without infringing on the fundamental premises of the rule-of-law that include preserving civil rights and protecting privacy. That is a test only a well-informed, and responsible society can pass. Despite living under considerable stress since the London bombings in 2005, the people of Great Britain have done so, determined, as always, to maintain the United Kingdom's free way of life.

The new geopolitical landscape, globalization, terrorism, and the proliferation of weapons of mass destruction are the kinds of issues that we in the United States Intelligence Community

certainly will want to discuss with Oxford Analytica in the years ahead. Understanding these continuously evolving problems will require cutting edge analytic methodologies and substantial intellectual imagination. But in the past, you have been more than generous in sharing your expertise with us, and I have every reason to believe that in the future you will continue to do the same. Ours is a dialogue that clearly serves the common good.

Thank you very much.

MR. DAVID YOUNG: John will take a few questions for five minutes or so.

QUESTION: (inaudible)

AMB. NEGROPONTE: The question was from Mr. Jeremy Bentham of the Shell Corporation talking about energy and the study of energy over the past five years – a lot of work that you’ve done – and he asked me to comment on the question of energy as a strategic asset.

I personally like to think of energy as a commodity – supplies our economies and helps them run – and have been one of those who tended not to think of it in terms of its geopolitical utility – but clearly there are actors on the world scene who think of it in a different way. And whether or not that kind of approach will serve them well in the long run, I am not entirely certain. But when you look for example at Russia, which clearly thinks of its possession of vast energy resources as giving it a political leverage over Western Europe, and perhaps over the central Asian states as well, I think they are playing a game whose long term viability in my mind is open to question because a lot of these strategies would appear to depend for example, on monopolies that they have over transportation groups or the fact they there are certain areas in central Asia that can only export – can currently export their energy resources through Russia. But surely over time these kinds of circumstances are likely to change. I think as a consequence, it could probably be difficult to apply that kind of strategy on a sustained basis.

And the other question of course relates to price and whether countries such as Russia or perhaps Venezuela in Iran – Venezuela is a good example who tend to use – seem to be trying to use their oil resources for political purposes. Whether if there are abrupt downward movements in price whether that really will have the same kind political utility to them as it – as they think it does have for them now.

I have in particular mind Venezuela which has a very extensive kind of foreign policy subsidizing a number of pet projects around the Western Hemisphere and elsewhere, while their own people are going begging for a decent life and a decent economy and goods and services – and I wonder how long that kind of approach by the country of Venezuela is sustainable.

Yes, sir. Please go ahead

QUESTION: (inaudible)

AMB. NEGROPONTE: Right. Let me argue against my own speech here – the principal theme of my own speech for a moment here and say that rather than trying to take too long a view visa

vie Iran, I think we better focus on the here and now. Our focus really – of our diplomatic strategy and our policy toward Iran is to try and avoid a situation where by they develop nuclear weapons. And it's for that reason that in the United Nations, and in the Security Council we are pursuing – support the European approach whereby Iran would suspend its nuclear enrichment in exchange really for some of the other benefits of relationships with ourselves and the West. I think it is troublesome – at the moment, our assessment, the Intelligence Community assessment is that Iran is determined to acquire a nuclear weapons. I think, for state purposes, not to make any of those materials available to non-state actors. But we think in a volatile situation such as the Middle East the fact of Iran acquiring nuclear weapons would have some very serious repercussions amongst the other actors in the region.

And of course the other reason that we are concerned about Iran, as you have alluded to, is the fact that we consider them a state sponsor of terrorism, and I think that that kind of activity on their part is very much an evidence during the course of recent developments. Certainly what we are doing right now is trying to constrain their behavior through out diplomatic strategy, but I think we are going to have to wait and see how that works.

Yes, sir.

QUESTION: (inaudible)

AMB. NEGROPONTE: I don't think I was referring only to the United States but very often when we talk about threats, we talk about threats to ourselves, our allies, and our interest's aboard. And we think certainly, at least the armed elements of Hamas have represented such a threat. I think there are some opportunities hanging in the balance there, and Hamas itself is going to have to decide which road it wishes to take. The road of some kind of a real political accommodation in the Middle East process or one that continued violence and enmity against the existence of Israel. That's what I was referring to.

Let me look over here and see if there is one other question and I think I – it has been a pretty long day David, for all of us. Yes, sir.

QUESTION: (inaudible)

AMB. NEGROPONTE: Well there shouldn't be tradeoffs. We just had this debate in the Senate of the United State with respect to the interrogation, and the questioning of high valued detainees as they call them – dangerous terrorist and the President laid this all out in a speech a couple of weeks ago and then we proposed legislation to the Congress whereby we would vote – respect the decision, and uphold and carryout the decision of the Supreme Court. Goes without saying, we have been ordered by the court to do that – to treat these detainees under the terms of the Geneva Conventions. At the same time, find a way to legally, constitutionally, and in a way consistent with our international obligations, continue to be able to interrogate these detainees. And yesterday, the Senate, the committee that is responsible for this legislation – where Senator John McCain and other prominent Senators are members, reached agreement on a compromise which we think addressed both of those very very important priorities. Yes, I think it can be done. I think it's good we have had this debate in our Senate.



Frankly, I am happy that the whole issue – the detention of these terrorists has come out in the open and been the subject of public discussion before our legislature – I think that was healthy and positive thing. I think that these kinds of efforts – the war on terror, and what we do to prosecute it, can only be viable in the long-term if we have the kind of support that we need from our people, and our Congress, and I think that yesterdays vote by the Senate Armed Services Committee was a step in that direction.

Well, again, I just want to thank you very very much for the opportunity to talk with you this evening.