



Press Briefing

SPEAKER

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MODERATOR: Good morning, ladies and gentlemen. Thank you for coming on this Friday to the Washington Foreign Press Center. We're extremely pleased this morning to have with us Dr. Mathew Burrows, who is the Counselor for the National Intelligence Council and the author of a report that was released yesterday called "Global Trends 2025: [A Transformed World]." Dr. Burrows was also the editor and author of the previous report that was issued four years ago, and that was "Global Trends 2020."

He's going to have an opening statement to talk a little bit about how the report was prepared and what their primary findings are, and then we'll have time for your Q&A. Thanks so much.

DR. MATHEW BURROWS: Well, thank you for coming out. And as indicated, I'll talk a little bit about the process involved in putting this together and then some of the key findings, and then we'll give you ample time to pose questions.

Every four years, the National Intelligence Council puts out this report. We time it for publication between the presidential election and the inauguration. It's an effort to raise policymakers' sights above their daily in-box. We look out – each of the reports looks out about 15, 20 years. We're talking about big trends as well as possible shocks, surprises, that we encapsulate in the scenarios.

What we – it takes about a year to put these things together. And the process that we go through is basically to talk to a lot of experts, both in this country and increasingly overseas. If you turn to the acknowledgements paper – page in here, you'll see the number of think tanks that we partner with both in this country and abroad. And in preparation for this publication, we actually went to about 20 to 25 countries. We talked to literally hundreds of experts.

And moreover, over the past five months as we were putting together this draft, we sent out two experts all over the world and met with various experts – Beijing, Stockholm, London, practically every continent. We've been in Africa and Latin America. But we sent out versions

of this and got reactions. And the effort here is to get perspective by others outside the U.S. as well as those inside on the key challenges facing the globe.

The NIC, just to give you an idea, it's a peculiar intelligence institution in the United States. As you probably realize, there are 16 intelligence agencies. The NIC sits on top of them. Our ordinary products are very classified works. You've probably heard of National Intelligence Estimates that look at key decisions and strategic priorities for the Administration. We tend to be looking always out.

This is a publication that we actually look farther out into the future, and we have – this is the fourth in the series. We have always put them out unclassified. They tend to be big sellers overseas as well as in this country. The last one was published in various languages – Chinese, French, Portuguese, Russian, Spanish. And then a lot of other countries and institutes translate portions of it that pertain to their particular interest. It's used universally in a lot of universities, both in this country and overseas.

I'd like to draw your attention in the draft to – let's see, I'll put on my glasses – an introductory box which is on Roman numeral pages 4 and 5 at the very beginning. And this is entitled “The Global” – “The 2025 Global Landscape and Relative Certainties” on the left-hand page, on the right-hand page, “Key Uncertainties.”

This, in many ways, sums up the key findings. We do have an executive summary. It's a bit longer. But this one is – are the elements we've put together, particularly for our policymaker audience, for them to think about, well, for planning purposes. What is it that I can count on, what are the things that we really don't know and are going to be extremely important?

So I thought I would just go down in a few of these cases, talk a little bit about it, and then we can get into your questions. The first box you'll see on the left-hand page – a global multi-polar system is emerging with the rise of China, India. We also talk about Russia, Brazil, and then three upcoming powers that we name in the text which are Turkey, Indonesia, and Iran.

So this system, if you look back to 1945 and now we're looking forward to 2025, total transformation. You have a lot more players at the table. And in addition to the nation states of the – increased number of nation states, we also believe that the power and clout of non-state actors is continuing to increase. And here, we talk about businesses, tribes, religious organizations, and even criminal networks as increasingly a factor in the international system.

One of the key theses in this work is the fact that you really will not have an international system. System is a misnomer. We – obviously, it's being transformed. It will still, in 2025, be in transition. And it's going to be a much more shambolic organization if – again, organization is probably not the right word for this system or order because of the multiplicity of actors and diversity of actors.

The next one talks about the unprecedented shift in relative wealth and economic power roughly from east to west. There are two drivers here. What has been until recently the – with the increasing energy prices, huge transfer of wealth to Middle East producers – Russia is another

producer. And then second is, of course, manufactured activity in China, a huge shift in economic power. We see these – this is the basis for the rise, but we see these countries as actually having dual identities in 2025. So in – these are very, very large states – India, China, 1.3 billion or so. Their GDP will rival practically all countries except the U.S. However, on a per capita level, they'll still be relatively poor compared to the West.

So in one sense, they're going to feel still poor, developing. But in another sense, they're going to be huge, powerful or potentially powerful countries. Now I raise this dual identity because in terms of the international system, first, they don't feel in many cases that they have a stake in the international system. It was designed in 1945, 1948 when they were more or less left outside of the inner circle. However – so they don't have ownership in any sense.

They have benefited, however, and that's when their rise, of course, has benefited from this international system. They are status quo powers in that sense. But they don't necessarily feel any obligation to assume the burden, and that's going to be a continuing tension as we go along. Because on the other side of it, as I – we've been talking and it – and in another of the boxes down here, we have more or less decline of a lot of Western countries, including the U.S. – the relative decline. So those capabilities that the West has had, and it's not only because of their own, as we will see, demographic issues and others that you have this decline, but also because of the dispersion of power, that they don't have the capability to continue to assume or shoulder the burdens, particularly the farther you go out to 2025.

U.S. will remain the single most powerful country, but less dominant. As I mentioned, we're talking here about relative power. There are various factors that are going into this. And as I just indicated, you have to keep in mind not only is it because it's relative to other actors that are coming up, but also about the nature of power and the dispersal of power.

Demographically – 1.2 billion by 2025, this is one of the certainties demographically. There's a lot more certainty when you're talking about a 15-year span than when you're talking about politics or economics. We know this is going to happen. We know it's probably going to put pressure on resources. And in fact, one of the key theses in the work is that resource questions are going to become an increasingly bigger issue on the international agenda. At the moment, of course, with the economic crisis, their prominence has slipped down. More people are worried about growth at the moment than they are about the possible depletion of resources. But once growth does resume, combined with increasing number of people, and also combined with how these – the access to these resources. Energy is a good example that a lot of production will plateau or peak in many countries. You'll have a concentration in the Middle East, in Russia, Nigeria, Angola, a smaller number of producers to supply a larger growing demand in the world. A lot of those places are risky in the sense of political instability. Also, development of alternative energies may take some time to come on board. So we can go into that a little bit in the briefing, but get – I think you get my picture that that issue -- water is another, and food is going to, as we say, rise up on the international agenda.

The number of countries with youthful populations in the arc of instability will decrease, but the populations of several youth bulge states will remain on rapid growth trajectories. This is interesting. This is a little bad – good news/bad news sort of thing. We talked over the past four,

eight years, we talk a lot about the arc of instability. You probably know it runs from the Andes through sub-Saharan Africa, Middle East into Central Asia. This is an area where typically the birth rates have not begun to decline and level off.

In the next 15 years, we will see a lot of countries, though, where the youth bulges will begin to decline. This is good news. Many of these countries with the beginning – the youth bulge beginning to peak will be in a position of beginning to reap the benefits of the demographic bonus. In other words, the profile will be similar to what happened in Taiwan, South Korea in the '60s and '70s where they can be in a position of economic takeoff, that's if they manage their economic affairs well.

But you have a number of – so that's the good news part of it. You have a number of countries here who haven't begun that demographic transition. A lot of those are in sub-Saharan Africa, but there are also other ones outside that are very key: Pakistan, Afghanistan, Yemen, Iraq, to an extent, and as I said, most of sub-Saharan Africa still with very high birthrates. Their correlation is fairly high between countries with high birthrates and civil strife with an instability within those countries.

Youth bulges, again, have their good and bad sides. As I said before, they allow you to lift off into economic growth. But if you don't get your house in order and you don't manage that, they actually lead to the other extreme, which is the civil strife.

Potential for conflict will increase in the Middle East. Here again, what we expect is actually a much more diversified Middle East and possibly some changing patterns in the Middle East. And this has to do, again, with the potential that we see in countries in North Africa to actually begin getting on the globalization train and growing and beginning economic takeoff. Even where that is going to happen in the short term, that usually involves political turbulence. So we could still see, particularly these are areas with a lot of authoritarian regimes, managing – you know, China has been able to do this fairly well, but other countries don't necessarily. Regimes can be very brittle with new economic forces, development of middle classes. So what we would expect to see is still political turbulence.

There are other parts of the Middle East area and other issues that give us a lot of concern. And if you read the text, you'll find that we make a finding here of the potential for instability. And conflict is going up in our estimation, much more than we saw in our report four years ago. The big thing there, of course, is a nuclear Iran, a potential for an arms race in the Middle East on that issue. The other thing that we see is on the terrorism side, we see waning attractiveness for terrorism. It's a matter of terrorists now shooting themselves in the foot, literally too much violence that innocent Muslim civilians have had to suffer from terrorists outbreak, the appeal – these come in waves. They're beginning to decline. At the same time, their access to lethal technologies will be growing, and just because – and this is particularly on the BW side. So that is another reason why we project to the potential for increased conflict.

The third area is possible interstate rivalries and conflict over resources. We see a little bit of this already – countries, China, India developing blue navies, worries about maintaining their

access to energy, rivalries elsewhere in the developing world and Africa. And so this is another concern. It's a type of conflict we have not seen for some time.

I think those give you some of the certainties. I'll just – I don't want to go on too long here – just give you a couple of the uncertainties. Climate change, how quickly climate change occurs and the location. We do know it's going to happen. We do know that it's going to have some physical impact during this period, mostly likely in the poorest areas of sub-Saharan Africa. But this is – you know, there are lots of scientists working on this. We don't know the pace it's going to happen, and we also know that what we could see is a lot more extreme weather events happening. And we actually talk about one in a scenario here, a hurricane hitting New York that could have devastating effects.

Europe and Japan. We talk a lot about the demographic challenges facing Europe and Japan. Demography is not destiny. They do face a severe challenge in the sense they have a very aging population. And in order to maintain economic growth, that makes it all the more difficult. However, you know, there are means around that, more people into the workforce, or say, on getting more women into the workforce. In the case of Japan, opening up in terms of immigration. We don't think those things are going to come about easily, so that's one of our – we don't rule that out – changes. But if they don't in some ways begin to get a handle on that and deal with those issues, they face the potential of decline. Russia is probably in a worse case in a demographic sense in that their age expectancy is going down, very high mortality for males in their 50s, 60s, birthrate is the same as with Western Europe, which means below replacement level. So they – one of the countries along with Japan that actually will see a shrinking population, and in Russia's case that's about 15 million in the next 15-20 years. They will be – they will have a fairly large Muslim minority, 15 percent, which, of course, presents social problems, as it does in the rest of Europe. And integrating Muslim minorities into the rest of the society, into the workforce, is going to be a challenge for both of these regions.

I think I'll stop there and open it up for some questions.

QUESTION: Hi. I wonder that since you predict in this report that China will become leading military in 2025, do you have an estimate about an impact on its, you know, ability to resolve Taiwan issues or how it will impact – how impacting U.S., you know, force structures in this area?

And the second question is about sea lane security. I don't see any prediction or discussion here. But during your discussion, have you thought about this? Thank you.

DR. BURROWS: I didn't quite catch the second about sea lane --

QUESTION: Sea lane security.

DR. BURROWS: Security.

QUESTION: Yeah, because with this change, so now U.S. is the dominant power keep the sea lane security globally. But will that, you know, change?

DR. BURROWS: Well, on the second one, I mean, the U.S. will remain in 2025 still the premier maritime power. And in terms of protecting the vitals, the sea lanes, U.S. certainly will be the only one capable. The caveat here is that Chinese navy, potentially India, will begin to be developing those capabilities. And we actually talk about – you know, I mentioned rivalry. We also talk about the potential for cooperation. There is a map at the beginning of one of the chapters which looks – entitled “Dire Straits,” looks at particularly the energy supplies and the long, of course, maritime routes that tankers and others have to take. In that sense, there are a lot of opportunities for U.S., China, India and others to cooperate on sea lane security.

Certainly, what we – with the rising power of China, on its military modernization programs, I mean, I think it’s their feeling that that, becoming a growing military power as well as an economic power, is part of being a big power. We would expect that to continue to happen, and we would expect it to be playing a greater regional role, both economically and militarily.

QUESTION: About Taiwan, I mean, especially as, you know, the impact on Taiwan issues?

DR. BURROWS: We don’t make any particular projections. I mean, we have looked – I mean, you know, what we have said when we talk about China is that it’s – the regime’s primary objective is to maintain employment and to keep the unemployment rate down. So in that sense, it doesn't want – it wants a harmonious environment globally and regionally in order to do that. So there is, you know, impetus and incentive for it not to roil the waters with Taiwan, to explore peaceful ways for accommodations.

However, I mean, we can envision, and particularly you get to looking at what could happen economically, a reverse or whatever, then the regime may play the nationalistic card. There you may have potential for frictions to develop and a situation in which there’s a lot more hostility and tensions in the region.

MODERATOR: Yes, in the back.

QUESTION: Good morning. My question is: Is there any possibility or chance that (inaudible) the development of the world of the international community won’t be so pessimistic, is there anything that can reverse the current development that it won’t be so many violence, turbulences, worse? This is one question, thank you.

And another: What would you advise to the President-elect Barack Obama? What should he do in his international foreign policy and development under the circumstances and information you published? Thank you very much.

DR. BURROWS: It is not meant to be a pessimistic report. I mean, we tend, when we do this in the intelligence community, of talking about lots of risks and pointing out the possibilities for, as you say, instabilities, wars, and such, and pandemics, and so on. But that is to ensure that that doesn't happen. And in a sense, I mean, what we do believe is knowledge is power, and understanding how things could develop and how things could go in a very bad way, understanding that before it happens is your best prevention against it happening.

So if you read the last page of the study, you'll see several paragraphs talking about leadership. And in all of these cases, we actually talk at times about opportunities. One of them that I can give you is particularly on energy and climate change, is that, I mean, we don't see a breakthrough on replacing petroleum in this period. We talk about a post-petroleum world, and we see it as inevitable that transition. But we see a lot of opportunities for statesmen to link the climate change issue with energy and develop a strategy in which it's actually a win-win for both the developed and developing world and the world – whole world. So I would – I know there is one way of reading this, but I try to persuade you to read it also in that sense.

The second question on, you know, what essentially the use made of policymakers. In many ways, that is it. I mean, this is – documented, useful – this sort of document is useful in the sense that it stimulates discussion. But broadly in this case, I think in the elite, also within the policymaking community, again, about how to think about trends, what are the key drivers, what are the things to worry about. And so this lays out that framework. And I've given you here in these two sections, you know, a sense, a guide – a lot of guideposts. What are the certainties that it's not going to be good to fight against because it's likely to happen? What are the things that you have to guard against? What are the opportunities?

MODERATOR: The gentleman back there, and then here.

QUESTION: Do you have any special chapter in your report about the role of information technologies and the Internet, how it's going to change the world in 15 years?

DR. BURROWS: We don't have – well, it's sprinkled around. I mean, first off, the (inaudible) talks about technologies and there's a little bit about the Internet in there. There's also, when you go to one of the chapters at the end talking about networks, and one of the themes there is that – and I alluded to this at the beginning – the rise of non-state actors in terms of networks and in terms of identities. The Internet is a crucial element in that, so that, you know, people in Brazil worried on the environment are connecting with those in the U.S., with those in China, with those around the world. And in many ways, there's a multiplication of identities. You may not feel not just Brazilian, but you also may feel a connection as an environmentalist. So yes, in that sense, we talk.

QUESTION: Hello. Why do you think that the emerging powers are likely to challenge the international system as it happened in the beginning of last century? Now in the beginning of the last century, everybody felt that the (inaudible) will last forever, but it didn't happen. And my second question is you raise climate change as a definite risk. I remember that, you know, your previous reports climate change was also brought up as a risk. Why do you think that it's -- this recommendation was taken not very seriously by the Administration?

DR. BURROWS: Well, on the second part, I mean, we don't do policy, in a sense. So, I mean, you'll have to pose that question to policymakers why they didn't do more on climate change. On the first question which -- essentially you're saying is, you know, why won't we see the repeat of what happened with Germany, Japan and so on and the two world wars; a couple of reasons.

I mean, one thing is that I don't believe history necessarily repeats itself. But much more importantly, as I indicated before, China has an interest in growing, developing materially. I don't think they want to, particularly during this period, challenge the system because they would see that as disrupting their own rise, and they have a much longer-term perspective, and they don't see themselves being able to, in any way, challenge the system. I think what you will see – I mean, they – we actually had a meeting in Beijing. We talked about this issue, and they felt that, you know, they wanted to write the rules much more and be in the inner circle, but they didn't see that happening within this period. And I would say the same thing with India. We are less – we're more cautious, less sure in terms of Russia, because we see them challenging the system more.

Yes.

QUESTION: Yeah.

QUESTION: On page 36, you – the report says Turkey's most likely course involves a blending of Islamic and nationalist strains, page 36.

DR. BURROWS: Yes.

QUESTION: What do you base this on?

DR. BURROWS: Well, we base this on quite a few talks we have with experts both here and abroad and then our observation of trends happening now in Turkey, so that – I mean, what we see, is in Turkey today, development of Islamists modernizing tradition is very strong and successful, combined with what has always been a very strong nationalist tradition. And that, too, what we would expect, I mean, we are cautious – I mean, and somewhat pessimistic, I would say, about whether Turkey will ever be in the EU. And we are worried about that relationship going sour. We would expect that to reinforce some of these – the nationalistic and the Islamists traditions and tendencies.

MODERATOR: Yes, sir.

QUESTION: I have not read the whole report, but going through the some of the chapters, it seems to me that this report focused pretty much on Europe, Middle East, Asia part of the world. And the question that I have is -- you know, if the assumption is that regions like Latin America will be pretty much calm for the next two -- or for the next decade, what is the assessment of what could happen in the region and the rest of --

DR. BURROWS: We do have – we do devote – I think you're right, first, in saying that, you know, we approach this as a global issue, so we're looking at factors that are driving, you know, the globe in certain directions. And Latin America as a region, we do not see as much in a driver's position as other regions. I mean, that's why we talk a lot about Asia. But if you turn to pages 15 in the report, you'll see a box talking about the trajectory on Latin America. And then if you turn in to, let's see, the chapter on new players on page 35, we also talk about Brazil. And

then Latin America was mentioned at various different places when we talk about the environment, climate change and so on.

But essentially, as I said before, in terms of global developments over the next 15 years, we see Latin America doing better than Africa. We see Brazil as an increasing regional player and one also that is going to be – and we have a scenario talking about this, even at the high – international high table. But we also see, you know, Latin America with some of its traditional ongoing problems not necessarily being resolved, the inequalities. We talk about populism in the sense of a Chavez revolution, the Bolivarian revolution as playing itself out just because of his squandering of and the way he has squandered the – his energy resources, and that, of course, being very important for funding his Bolivarian revolution. We see that petering out before the end of the period. So there are things that we talk about in – on that region, but I think you're right in saying it is not the – not the driver like Asia is.

MODERATOR: One more, please. Just one.

QUESTION: Hi.

DR. BURROWS: Hi.

QUESTION: You mentioned there's a few key uncertainty and one of them are – is whether there's a democratic system in China and your summation -- the political – potential consequence. There's a middle-class interest. Can you express more on that topic, please? Thank you.

DR. BURROWS: Yes. I mean, you – if you look in the first chapter, we talk a lot about growing middle classes. And this is not just in China; also in India, and to an extent, in Russia. What we see this doing over this next 15, 20 years is, in many ways, putting pressure on governments and regimes in those countries. One thing, they're keeping the material advantages and growth going on because they're still, as I mentioned at the beginning, at a fairly low level, but they are, in terms of cars and houses and ownership of houses, that they're aspiring to it, that they're increasingly getting those things as symbols of middle class status. The governments have to be increasingly accountable to those demands by the middle-class. We don't necessarily see democracy, particularly Western-style democracy, breaking out. We think in many ways that the material, so long as the material benefits continue to flow in and governments, to the extent that they are accountable, increase the availability of public services -- the health, the education - - that they can maintain at least a semi-authoritarian status.

Russia is in a slightly different case because it's – you know, has developed this (inaudible) economy devoted to continuing energy streams. Historically, those type of regimes have a way of buying off oppositions. So – but again, it's dependent on whether it can continue to – if prices, I mean, continue to get the energy streams. And this is dependent of course, on higher oil prices and gas prices. If that begins to fail, then we see a likelihood that there will be pressure to more liberalize, to open up to more greater political accountability.

MODERATOR: Thank you, sir, very much.

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