

## **"The Role of Intelligence Services In a Globalized World"**

Remarks

By

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at the

**Conference Sponsored by  
Friedrich Ebert Stiftung**

**Berlin, Germany**

**21 May 2001**

**(as prepared for delivery)**

Thank you. I am delighted to be back in Berlin and honored to participate in this timely and relevant conference sponsored by the Friedrich Ebert Stiftung, which commands such respect—and deservedly so—around the world.

As you know, I am Chairman of the National Intelligence Council, or "NIC," a small think tank of senior analysts reporting to the Director of Central Intelligence that produces estimates on priority national security issues for the President and his top advisers. Today, I would like to share with you some observations about the future drawn from the findings of a strategic study the NIC published recently called [Global Trends 2015](#).

I want to emphasize that [Global Trends 2015](#) is not just a product. More importantly, it reflects a process of engagement with outside sources of information and expertise that exemplifies how our intelligence community must behave in the future. I have discussed this report, at their invitation, with several USG agencies, including our FBI, our military services, and our diplomats at State Department, as well as with numerous experts in academia and with foreign governments.

To deal with this future, in my view, our services will require a revolution in five areas: First in our communication with senior policymakers who must understand and support our mission and who must benefit directly from the intelligence we provide; second, in collaboration with new partners within our own governments, with law enforcement, and with liaison abroad; third, in our approach to advanced technology, which will be critical to our success; fourth, in our recruitment and development of the skills we need to achieve our mission; and, fifth, in our

commitment to leverage outside expertise, which will require unprecedented transparency in much of the way we do business.

Let me elaborate a bit on each of these points:

First, democratic governments and electorates, in collaboration with many new partners at home and abroad, recognize that the strategic threat environment has changed profoundly in the past decade with the collapse of the Soviet Union. At the same time, few of my countrymen, and I suspect yours, need to be convinced that our governments will continue to need intelligence services to protect their interests in a dangerous world. The question is whether we are demonstrating to our leaders and our parliaments that we are adapting our capabilities to new challenges; whether, in fact, we can do the tough job ahead. Our parliaments ask not whether we should exist, but what exactly our new mission should be and how much it should cost.

Second, to position ourselves to succeed, we must recognize that the much broader national security agendas we face will be increasingly transnational in nature and that our responses will have to be more collaborative across the agencies of our own governments—including intelligence and law enforcement—and across the borders of friends and allies. Threats--from global financial volatility, to illegal migration, to terrorism, organized crime, and information operations--will be globally dispersed and often complex, requiring close international cooperation from the get go.

Third, Technology. Every aspect of the intelligence business—collection, operations, analysis, dissemination, and protection of our sources and methods—will depend on the application of new technologies. Intelligence services will need to have access to state of the art technologies, which can only be realized these days by partnerships in the commercial sector.

Fourth, People. To cover the complex issues and meet the formidable technological challenges ahead, services must have the right mix of professionals who are recruited, trained, and deployed to deal effectively with the agenda of the future. Most of us, I believe, are struggling with this.

Fifth, Outside Experts. No service is likely to have "in-house" today the information and expertise needed to answer the critical questions our governments expect us to tackle: in such areas as science and technology, especially biotechnology; environment; humanitarian disasters; infectious diseases; etc. Services, therefore, will need to have sustained partnerships with outside experts in academia, the corporate world, and—most importantly—in the scientific community. [GT2015](#) is an example, a model really, of intelligence professionals working with outside experts on a wide range of issues.

The NIC’s [Global Trends 2015](#) study is not a traditional intelligence report based on classified sources and methods. Rather, as I have said, it reflects an Intelligence Community fully engaged with outside experts to talk about the future. For over a year, the NIC worked in close collaboration with specialists throughout the government as well as in academia, business, and the private sector to produce a strategic study that would identify drivers that will shape the world of 2015. The drivers that emerged from our discussions include:

- demographics,
- natural resources and the environment,
- economics and globalization,
- science and technology,
- national and international governance,
- and trends in future conflict.

Taken together, these drivers intersect to create an integrated picture of the world of 2015, about which we can make projections with varying degrees of confidence. The resulting report has drawn a lot of constructive reaction from US and foreign government officials and from the press and nongovernmental experts in the United States and abroad.

- This report is not history, nor is it preordained to be history.
- We hope many of the negative trends we describe will be changed or reversed because governments and/or the international community take steps to do so.
- This is not a doomsday scenario. It is a call to action, with fifteen years lead times—which is the benefit of strategic analysis.

So, let’s run through the drivers.

## Demographics

First, demographic trends—including population growth, urbanization, migration, and health issues. The world in 2015 will be populated by some 7.2 billion people, up from 6.1 billion in the year 2000. More than 95 percent of the increase in world population will be found in developing countries:

- By 2015, India’s population will grow from 1.1 billion to at least 1.2 billion; Pakistan’s will swell from 140 million now to close to 200 million.

Other countries—including Russia and some countries in Africa—will see their populations decline.

- Populations will decline in Japan and some Western European countries—Germany, along with France, Italy, and others--unless there are dramatic increases in birthrates

and immigration. Population experts estimates that Germany’s population will decline from about 82 million to around 80 million by 2015. Accompanying this decline will be an aging population requiring growing health care expenditures.

## **Movement of People**

By 2015 more than half of the world’s population will be urban. The number of people living in mega-cities—those containing more than 10 million inhabitants—will double to more than 400 million. These will include Mexico City, Buenos Aires, Lagos, Cairo, Karachi, Mumbai, Calcutta, Dhaka, Beijing, Shanghai, and Tokyo.

- Dhaka, Bangladesh, for example, had 400,000 people in 1950; has 12.5 million today; and will have 17.3 million in 2015.
- Urbanization will provide many countries the opportunity to tap the information revolution and other technological advances.
- But the explosive growth of cities in developing countries will aggravate environmental problems and natural resource scarcities, and will test the capacity of governments to meet the needs of their citizens.

## **Migration**

In addition to increasing urbanization, during the next 15 years globalization, demographic imbalances between industrialized and developing countries, and interstate and civil conflicts will fuel increasing international migration. Rising migration will create opportunities and challenges:

- For sending countries, emigration will relieve pressures from their unemployed youth but it also will result in the loss of skilled personnel—especially in Sub-Saharan Africa, South and East Asia, and Russia.
- For most receiving countries, immigration will provide demographic and economic vitality even as it raises complex political and social integration challenges.

**Illegal migration**—another issue that will demand closer international cooperation and better coordination between intelligence and law enforcement will be facilitated by alien-smuggling syndicates—and will grow dramatically--especially in the United States, Europe, and in the more developed countries of Asia, Africa, and Latin America.

--Illegal migrants now comprise about one-third to one-half of new entrants to most developed countries.

--Although apprehension rates at major entry points into many developed

countries have increased, police and immigration officials in several countries believe that the majority of illegal immigrants evade law enforcement.

--**Alien smuggling** is now a \$10 to \$12 billion -a-year industry involving the transport of more than 50 percent of illegal immigrants globally, often with the help of corrupt government officials, according to International Labor Organization and other estimates.

--As you well know, despite tighter controls, Germany remains one of the preferred target countries of illegal immigrants. The work that the BND is doing to detect the organizational structures and transfer routes of human smugglers is key to driving the smugglers out of business. International cooperation will also be important.

## **Trafficking in Women and Children**

Another form of illegal migration is the reprehensible crime of trafficking women and children across international borders for sexual exploitation and forced labor. Human trafficking—which includes alien smuggling as well as trafficking in women and children—is now the second most profitable criminal activity—following only drug trafficking.

- The CIA estimated that in 1997 alone some 700,000 women and children were moved across international borders by trafficking rings. Some NGOs estimate the number to be significantly higher.
- The US Government also estimates that each year the worldwide brothel industry earns at least \$4 billion from trafficking victims.

The US Intelligence Community assesses that trafficking in women and children is likely to continue at high levels in the years ahead given the large profits, relatively low risk, and rare convictions for traffickers. Increased international attention, countermeasures, and law enforcement will be required to stem this heinous activity.

## **Health**

Looking at global health concerns, our report projects that the gap between the health of people living in developed and developing countries will widen over the next 15 years. In developed countries, progress against a variety of maladies will be achieved by 2015 as a result of generous health spending and major medical advances—sparked by the biotechnology revolution.

Developing countries, by contrast, are likely to experience a surge in both infectious and noninfectious diseases and in general will have inadequate health care capacities and

spending.

- Tuberculosis, malaria, hepatitis, and particularly AIDS will continue to increase rapidly. AIDS and TB together are likely to account for the majority of deaths in most developing countries.
- AIDS will be a major problem in Africa—where it is projected to generate over 40 million orphans by 2015—as well as in India, Southeast Asia, several countries formerly part of the Soviet Union, and possibly China.

## **Natural Resources and Environment**

### **Food**

Looking at the third driver-- natural resources and the environment--world food grain production and stocks in 2015 will be adequate to meet the needs of a growing world population. Advances in agricultural technologies will play a key role. But distribution problems will persist in some countries.

- The number of chronically malnourished people in conflict-ridden Sub-Saharan Africa, for example, will increase by more than 20 percent over the next 15 years.

### **Water**

The outlook for **water** is troubling:

By 2015 nearly half the world's population—more than 3 billion people—will live in countries that are "water-stressed"—having less than 1,700 cubic meters of water per capita per year—mostly in Africa, the Middle East, South Asia, and northern China.

- In the Middle East and Africa, per capita decline in water availability over the next 25 years looks something like this: Israel, 33 percent; Jordan, 75 percent; Iran, 50 percent; Saudi Arabia, 67 percent; Egypt, 40 percent; Ethiopia/Rwanda, 60 percent; and South Africa, 55 percent.

**Water-sharing arrangements are likely to become more contentious—and could become a source of conflict.**

- Water shortages occurring in combination with other sources of tension—such as in the Middle East—will be the most worrisome.

## Environment

Our report also projects that many of today’s environmental problems will worsen over the next 15 years and I know that this is a major concern in Europe. With increasingly intensive land use, significant degradation of arable land will continue as will the loss of tropical forests. Given the promising global economic outlook—which I’ll get to in a minute--greenhouse gas emissions will increase substantially.

- Environmental issues will become mainstream issues in several countries, particularly in the developed world, but progress in dealing with them will be uneven.

The work that intelligence services—including the CIA and the BND--are doing on environmental issues reflects the broadened definition of "national security" that is appropriate for today’s globalized world.

Several years ago—in 1997—the National Intelligence Council, which I chair, produced an unclassified assessment entitled "The Environmental Outlook in Central and Eastern Europe." The report assessed that environmental conditions in CEE countries have improved considerably since the collapse of Communism, but CEE governments face an uphill battle to build on that progress.

One area of particular interest to CIA is environmental crime --which is one of the most profitable and fastest-growing new areas of international criminal activity.

--The US Government estimates that local and international crime syndicates worldwide earn \$22-31 billion annually from hazardous waste dumping, smuggling proscribed hazardous materials, and exploiting and trafficking protected natural resources.

--Organized crime groups are taking increasing advantage of the multibillion-dollar legal trade in recyclable materials, such as scrap metals, to comingle or illegally export or dump toxic wastes. Most of these wastes are shipped in "trash-for-cash" schemes to countries in Eastern and Central Europe, Asia, and Africa.

--The stealing and illicit trade of natural resources is also a significant income generator for criminal organizations. Well-organized criminal groups in Africa, Eastern Europe, Latin America, China, and Southeast and Southwest Asia are heavily involved in illegal logging and trade of forest timber.

## Energy

On the energy front, despite a 50 percent increase in global demand, energy resources will be sufficient. But there will be major changes in the geopolitics of energy.

Asia—especially China and to a lesser extent, India—will drive the expansion in energy demand, replacing North America as the leading energy consumption region and accounting for more than half of the world’s total increase in demand.

- By 2015, only one-tenth of Persian Gulf oil will be directed to Western markets; three-quarters will go to Asia.
- The United States and other Western countries will increasingly rely on Atlantic Basin sources of oil.

## **The Global Economy**

Looking at the third driver—the global economy, though susceptible to cyclical downturns, is well positioned to achieve a sustained period of dynamism through 2015.

Our study suggests that the fundamentals of a global economy driven by information technology are strong, including increased international trade and investment, improved macro-economic policies, and the rising expectations of growing middle classes. Dynamism will be strongest among so-called "emerging markets"—especially in the two Asian giants, China and India—but will be broadly based worldwide, including in both industrialized and many developing countries.

The networked global economy will be a net contributor to increased political stability in the world in 2015, but the rising tide of the global economy will not lift all boats. The information revolution will make the persistence of poverty more visible, and regional differences will remain large, notably to the disadvantage of Sub-Saharan Africa, the Middle East, and Central Asia and the Caucasus.

## **Science and Technology**

Looking at the fourth driver, the world will encounter quantum leaps in science and technology. The continuing diffusion of information technology and new applications of biotechnology will be at the crest of the wave.

- Future technologies will challenge intelligence services first and foremost, to have a constructive relationship with the scientific community if we are to understand, let alone respond to, emerging scientific breakthroughs.

- The challenge of future technologies is what I describe as a "system breaker."

Information Technology IT will be the major building block for international commerce and for empowering nonstate actors of all kinds. By 2015, information technology will make major inroads in rural as well as urban areas around the globe, but some countries and populations will fail to achieve significant benefits.

- Among developing countries, India will remain in the forefront in developing information technology, while China will lead in the use of such technology.
- Latin America's Internet market will grow exponentially.

Internet usage in Europe is already expanding rapidly. As you know, with the introduction of flat-rate access, the number of Germans who are connected to the Internet is projected to grow substantially over the next three years—boosting e-commerce and Germany's rapidly growing Internet economy.

## **Biotechnology**

By 2015, the biotechnology revolution will be in full swing with major achievements in combating disease, increasing food production, reducing pollution, and enhancing the quality of life. Many of these developments, especially in the medical field, will remain costly and will be available mainly in the West and to wealthy segments of other societies.

## **Other Technologies**

Developments in other technologies are also noteworthy.

- Breakthroughs in *materials technology* will generate widely available products that are "smart," environmentally friendly, and that can be custom-designed.
- Developments in *nanotechnology* are likely to change the way almost everything—from vaccines to computers to automobile tires to objects not yet imagined—is designed and made.
- The challenge for the intelligence and law enforcement communities, of course, will be to monitor and intercept the activities of adversaries who will seek new technologies to advance their interests.

## **National and International Governance**

Turning to the fifth driver, nation-states will continue to be the dominant actors on the world

even though they will confront fundamental tests of effective governance. The decisions that governments will make will be the critical factor that determines whether the negative trends I have described so far will continue or indeed will be reversed, and whether the full benefits of the positive trends I have cited can be fully realized by struggling countries.

Globalization will complicate government decision-making and create increasing demands for international cooperation:

- Countries will have less and less control over the greater and freer flow of information, capital, goods, services, people, technology, and diseases across their borders.
- Nonstate actors of all kinds—including business firms, nonprofit organizations, communal groups, and even criminal networks-- will challenge the authority of virtually governments.
- Regional and international cooperation in intelligence and law enforcement will grow, but the most sensitive operations and information sharing will continue to occur at the bilateral level

Transnational criminal organizations will pose a particular challenge to nation-states. Such groups will become increasingly adept at exploiting the global diffusion of sophisticated information, financial, and transportation networks.

Criminal organizations and networks based in North America, Western Europe, China, Colombia, Israel, Japan, Mexico, Nigeria, and Russia will expand the scale and scope of their activities.

- They will corrupt leaders of unstable countries, insinuate themselves into troubled banks and businesses, and cooperate with insurgent political movements to control large geographic areas.

## **Conflict**

Let me say a few words about the sixth driver--the nature of future conflict. The risk of war among developed countries will be low over the next 15 years. But the international community will continue to face the possibility of interstate wars as well as a number small-scale internal conflicts.

The potential for inter-state conflict will arise from rivalries in Asia, ranging from India-Pakistan to China-Taiwan, as well as among the antagonists in the Middle East. Their potential lethality will grow, driven by the availability of weapons of mass destruction, longer-range missile delivery systems and other technologies.

- The proliferation of weapons of mass destruction continues to change in ways that make

it harder to monitor and control, increasing the risk of substantial surprise. Among these developments are greater proficiency in the use of denial and deception techniques--shielding their activities from our monitoring efforts and creating misleading indicators--and the growing availability of technologies that can be used for both legitimate and illegitimate purposes.

The bottom line is that the proliferation of weapons of mass destruction will tend to spur a reversion to prolonged, lower-level conflict.

## **Internal Conflicts**

Over the next 15 years, internal conflicts stemming from religious, ethnic, economic or political disputes--such as we have seen in Bosnia, Kosovo, Macedonia, Sierra Leone, Congo, and Indonesia--will remain at current levels or even increase in number.

- Such conflicts frequently will spawn internal displacements, refugee flows, and humanitarian emergencies. The United Nations and several regional organizations will continue to be called upon to manage and respond to these crises.
- Internal conflicts will occur most frequently in Sub-Saharan Africa, the Caucasus and Central Asia, and parts of south and southeast Asia, Central America and the Andean region.

Meanwhile, states with poor governance; ethnic, cultural, or religious tensions; weak economies; and porous borders will be prime breeding grounds for terrorism. In such states, domestic groups will challenge the entrenched government, and transnational networks seeking safehavens.

## **Asymmetric Warfare**

The United States and other developed countries will face *asymmetric threats* in which state and nonstate adversaries avoid direct engagement with military forces but devise strategies, tactics, and weapons to exploit perceived weaknesses.

Increasing reliance on computer networks make developed countries' critical infrastructures more attractive as targets. Computer network operations today offer adversaries new options for anonymous attacks. We do not know how quickly or effectively such adversaries as terrorists or disaffected states will develop the tradecraft to use cyber warfare tools and technology, or, in fact, whether cyber warfare will ever evolve into a decisive combat arm. Clearly, we all need to collaborate in defining and responding to the cyber threat. It is a classic transnational issue.

Rapid and encouraging advances and diffusion of biotechnology, nanotechnology, and the materials sciences, moreover, will add to the capabilities of adversaries to engage in biological warfare or bio-terrorism.

Such asymmetric approaches—whether undertaken by states or nonstate actors—will become the dominant characteristic of most threats to the US homeland and to US allies.

So, looking at the world of 2015 as a whole, what are the implications for governments and their intelligence services?

I suggest four conclusions for nation-states:

- First, national policies will matter. To prosper in the global economy of 2015, governments will have to invest more in technology, in market-oriented reforms, in public education, and in broader participation in government to include increasingly influential nonstate actors. They also will have to control corruption, which, especially among emerging democracies, weakens the state, slows progress toward democracy and civil society, and betrays citizens who have endured economic hardship and political oppression in the hope of a better life for their children.
- Second, the United States and other developed countries will be challenged to lead the fast-paced technological revolution while, at the same time, maintaining military, diplomatic, and intelligence capabilities to deal with traditional problems and threats from low-technology countries and groups. The Palestinian rock thrower will continue to engage us, while the adversary with the capability to use a laser to damage our satellites will present a new challenge. The United States and its partners will have little choice but to engage leading actors and confront problems on both sides of the widening economic and digital divides in the world of 2015, when globalization’s benefits will be far from global.
- Third, international or multilateral organizations increasingly will be called upon in 2015 to deal with growing transnational problems from economic and financial volatility; to legal and illegal migration; to competition for scarce natural resources such as water; to humanitarian, refugee, and environmental crises; to terrorism, narcotrafficking, and weapons proliferation; and to regional conflicts, to information operatives, and cyber threats. National actors will still matter--of course, as partners and sometimes competitors in this future: China, Japan, India, Mexico, Brazil, EU, and Russia.
- Fourth, to deal with a transnational agenda and an interconnected world, governments will have to develop greater communication and collaboration between national security and domestic policy agencies and across government agencies in general. Interagency cooperation will be essential to understanding transnational threats, including regional conflict, and to developing interdisciplinary strategies to counter them.

Let me conclude with three corollaries for the intelligence business, which, hopefully, will

provoke some useful discussion among us.

- First, intelligence services stand or fall on the basis of how useful they are--and are perceived to be--to top national leaders. We will need to provide our different governments with a clear value added, both in what we collect clandestinely and how we integrate this with the best open source information on issues that matter the most to our consumers. We will have to pursue -- or have a partner who pursues -- technological breakthroughs in collection to help keep pace with the science and technology revolution and the adversaries who will take advantage of it.
- Second, while regional international cooperation will grow in intelligence and law enforcement, intelligence will continue to serve the nation-state first, bilateral relationships second, and multilateral or international organizations on an ad hoc basis. The nation-state will endure, according to our study. In my view, so will our professional obligations as intelligence officers to protect clandestine sources and methods and to maintain an appropriate sharing policy with foreign partners that is based firmly on reciprocation.
- Third, we will be challenged to exploit critical information from open—but sometimes hard to penetrate—sources.

Today's open source environment challenges us to provide desktop Internet access to all of our analysts to help them develop contacts in the commercial sector with open source companies; and to incentive their contact with outside experts who have much information and expertise to share. Mastering open source information will be an imperative, not an option, for the intelligence business because it will increasingly contain the answers to critical national security questions. In a near reversal of the old order, open-source information will dominate the universe of most intelligence analysts—the problem will be coping with vast amounts of information rather than too little.

Let me stop here. I'd be happy to take your comments and questions.