

Statement Before the Committee on Armed Services

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“The State of the World: National Security Threats and Challenges”

A Testimony by

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Mr. Chairman, members of the Committee, thanks very much for the opportunity to testify today in your first hearing of the new Congress. And thanks so much for pairing me with my friend General David Petraeus, who has done so much at home and abroad to advance American interests and to keep our nation secure.

I understand this to be a “framing” hearing, that is, one to set the stage for more detailed and policy-oriented hearings later. You have given it an ambitious title, *The State of the World*, which any briefer must approach with a large dose of humility, given the turbulence and uncertainty that mark our times.

My strategy to make sense out of all this is two-fold.

First, I will talk about the things that make these times seem so turbulent — not just a list of issues but a number of broader global trends that affect almost everything else.

Second, we’ll turn to some of the specific issues but try to array them in some priority order based on their relative importance and urgency.

Cross Cutting Global Trends

The international system is in transition from a period when things were quite clear, moving toward some new alignment for which we do not yet have a name or a broadly-accepted guiding concept.

The Cold War from the late 1940s to the fall of the USSR in 1991 was certainly a threatening period, but we had the luxury of viewing and interpreting everything through the prism of a single adversary — the Soviet Union.

The 17-year period after the Cold War from 1991 to the 2008 global financial crisis was a unique time when American power was essentially unchallenged. America's actions around the world were constrained chiefly by whether it had the resources to do what it wanted. Russia was in turmoil, China's influence was still building, and our focus was mainly on regional instability in places such as the Balkans and, toward the end of this period, on terrorism.

But dating roughly since the financial crisis almost a decade ago we have been moving into a new era — a period of enhanced global competition, and the acceleration of trends that challenge our preeminence, complicate our decision-making, and demand of us greater agility and geopolitical savvy than we have needed in the past.

So let's look at some of the broader global trends that help account for this period of accelerating change. There are many, but I'm going to mention five:

First, we are witnessing a diffusion of power among nations. Over the next couple decades the world will be without a hegemonic power — that is, without a country so powerful as to exert dominant influence and advance policy with little reference to others. Emblematic of this is the decline of great power clubs like the G-8 and the rise of the G-20 and a series of ad hoc and informal coalitions and forums.

The US held a dominant position for those 17 years after the Cold War, but as new powers emerge and economic patterns shift, we are moving toward a more multi-polar world. We remain the single most influential country and no major problems will be solved *without* the US ... but the US cannot solve them *alone*. And others are competing for the preeminence we have long enjoyed. This means in these coming years coalition-building and alliance management will be more important than heretofore and the keys to success in international politics.

Second, demographic trends over the next couple decades will contribute to societal stresses and instability. By 2035, the world will have grown to about 8.8 billion people. But less than 3 percent of this growth will occur in the developed world, many parts of which — Europe and Japan especially — are now aging societies. What some have called a “pensioner bulge” will contrast with a youth bulge elsewhere, especially in sub-Saharan Africa, parts of the Middle East, South Asia, and Latin America.

An underlying trend will be a continued growth in *urbanization* — now at more than 50 percent but projected to rise to two-thirds within the next couple decades, triggering an urban construction boom exceeding that of many previous decades.

A worrisome impact of these trends is a growing demand for services and employment in the societies least able to provide them, triggering more migration and possibly sectarian and ethnic tensions. Moreover, the wars of the last 15 years have produced a generation of terrorists trained to exploit these circumstances by virtue of their experience with urban warfare.

Third, an early manifestation of this is the growing discontent of populations with government at various levels. We saw this in our US election campaign, and it is plainly evident in Europe in the form of burgeoning populist movements and the Brexit -- and in the Middle East with the frustrations that exploded during the Arab Spring and that are still there just under the surface.

This combines with a fourth trend – a technology revolution that exceeds in speed and scope anything we’ve seen in modern history. The last century was driven by physics and engineering -- which led to air power, improved mobility, and nuclear energy. This century’s trending technologies appear to be biology, information technology, nanotechnology, and robotics – and the synthesis of these in a continuously inventive manner. This finds expression in phenomena such as the so-called Internet of Things, a world of unprecedented connectivity — one that holds advantages but also vulnerabilities for the United States.

Here's the key point: this technology revolution has brought a truly revolutionary and unprecedented devolution of asymmetric power to individuals and small groups through things like social media and easy access to knowledge. This is power they can exert for good ends or ill. This of course is part of what explains the growing gap between citizens and government.

Fifth — and this may be the most important point I make today — the next few years are likely to see growing controversy over the basis for global order. Most of our current global institutions were created by the victors in WW II – now 70 years in the past – and enforced by the United States and its partners. As new powers rise, challenges to all of this are appearing everywhere.

Global order is of course a slippery concept. It boils down to this: throughout modern history, most countries have accepted a few simple rules to ward off total chaos: laws and conventions around land, sea and the air. These rules are not sexy — maritime law isn’t exactly known to quicken the pulse — but they’re as vital to the international order as a score is to an orchestra.

But now, as we approach the 25th anniversary of the Soviet collapse, one of the most worrisome trends is that the “rules” we take for granted on land and sea and in the air are for the first time since then under simultaneous challenge on three continents. The challenges come from Russia, China and a host of non-state actors in the Middle East, which collectively are breaking internationally sanctioned “rules” of normal conduct — and thus adding another element of instability to today’s very chaotic world.

For example, Russia's invasions of Ukraine violate treaty pledges taken by Russia and 56 other countries to consider borders "inviolable"; the Russia-U.K.-U.S. agreement not to use force against the territory or independence of Ukraine after it gave up nuclear weapons in 1991; the 1997 bilateral friendship treaty in which Russia and Ukraine agreed to respect each other's borders; and a host of U.N. agreements against such violations.

China, for its part, is disregarding in the South and East China Seas international consensus on maritime and aviation freedoms. Under international law, states can claim territorial waters only 12 miles from shore. China flouts that rule by building artificial islands atop coral reefs 500 miles from the Chinese mainland and interpreting its construction to claim 90 percent of the South China Sea; never mind the claims of at least five other nations, including the Philippines, Malaysia and Vietnam. And in the East China Sea, China unilaterally declared an Air Defense Identification Zone, telling nations they need Beijing's permission to fly through. Both seas are vital to Asian and U.S. commerce and security.

Unlike during the Cold War, the enemy now is not a singular competing ideology but rather a struggle over the rules governing international conduct and over global leadership. I firmly believe that the United States — and the world — will run great risks if America neglects its leadership responsibilities. No other nation has a record of leading with both its own interests and the global common good in mind.

We already live in a violent era, and if these issues of order are left unsettled, the chances of further conflict, if only by miscalculation, will grow dramatically. That is the story of the 20th century.

Stacking Up the Issues

It is in this global context that we now confront a long list of complex bilateral and multilateral challenges. I will resist an encyclopedic listing in favor of trying to array them in some sort of priority order. This is not easy because today, most of the major issues are more intertwined than in the past and difficult to peel off or assess in isolation.

Personally, I've always tried to divide problems among four categories, recognizing that these categories will never be mutually exclusive. But I'll take a stab at sorting out which issues should belong initially in each of four buckets: **Urgent, Important, Emerging and Deserving of Maintenance.**

What gets a problem into any bucket is very debatable, and Committee members will all have their own take. Here's mine:

Urgent. My assumption is that things crossing this threshold directly threaten the lives of Americans or the physical security of the United States or our closest allies on an immediate and ongoing basis. That criterion points you to things like terrorism, nuclear weapons and cyber threats.

On *terrorism*, there has been significant progress against ISIS over the last year but it remains dangerous — kind of like a wounded beast. In my testimony here a year ago, I mentioned that ISIS at the height of its power and popularity in 2014-15 had at least five advantages that Al Qaeda in its heyday never had — an abundance of territory, a lot of money, a powerful narrative, social media mastery, and access to Western targets by virtue of its many recruits from among our allies and neighboring countries.

All of these are hard to measure confidently but reports indicate that ISIS has now been degraded on at least four of these.

Territory: The so-called ISIS “caliphate” occupied about one third of Iraq and Syria. The US-led coalition has clawed back close to 50 percent of Iraqi territory seized by the group. But there’s still very far to go in Syria, where the ISIS capital of Raqqa is intact, opposition forces are divided, and Russia’s intervention has fortified the Assad regime in power.

Money: At one point, estimates of ISIS wealth ranged from the hundreds of millions into the billions — derived from taxes, oil, kidnapping, smuggling, and theft. By all accounts, that has been degraded by an uncertain amount through attacks on oil infrastructure, cash storage sites, and the costs of administering territory. One sign of this is that pay for ISIS recruits is reportedly down by about 50%.

Narrative: ISIS recruits were pouring in at 1000/month in 2014-15. Reports are that this is down to a couple hundred per month. More importantly, surveys of youth in the Middle East have shown increasing disenchantment with ISIS, with about 80 percent ruling out support for ISIS, compared to 60 percent in earlier surveys.

Social Media: The group still has a powerful cyber presence but on one important measure, its use of Twitter, the US military says there is a decline of about 40 percent.

Access: This is the major advantage that ISIS retains by virtue of having pulled in 30-40 thousand foreign fighters over the years, many with travel documents that make it hard to keep them from returning to Europe and neighboring countries in particular. The Congress’s Homeland Security Committee reported last year that of the close to 7000 fighters who had joined ISIS from the West, about 1900 had already returned to Europe. In all likelihood, the intelligence services on the continent and in the UK are stretched thin if not overwhelmed by the task of detecting and monitoring this population of jihadists.

Assuming ISIS is eventually pushed out of its principal nodes in Iraq and Syria, unlike Al Qaeda it has a global network that ranges from fairly well developed nodes in a half dozen countries to affiliates or organized sympathizers in several dozen more. So unless they are decisively smashed, we can anticipate continued plotting and attacks like those we saw in Europe, Turkey and elsewhere.

Meanwhile, Al Qaeda is positioning itself to take advantage of ISIS's weakening position in Iraq and Syria. It has reinforced its leadership structure in Syria and carefully cultivated an image of moderation relative to ISIS. But it continues to be focused on attacks against Western targets. And its Yemen branch, Al-Qaeda in the Arabian Peninsula (AQAP) is exploiting the civil war there to sink deeper roots and expand its territory. This Al Qaeda branch of course was behind the Charlie Hebdo attacks in Paris in 2015 and has come closer to successfully mounting an operation in the United States than any other part of Al Qaeda.

Moving beyond terrorism, *North Korea* probably presents the most pressing near-term concern and this administration and Congress will face a decision predecessors have not had to confront with the same urgency: how to protect against or neutralize its nuclear and missile capability.

Until a few years ago, I would have described the North as episodically dangerous but manageable. In the last few years, though, a series of developments has moved the isolated state up near the top of the U.S. "nightmare list."

First, the North's ability to project military power far beyond its borders has grown dangerously.

Second, its leader is not just implacably hostile to the United States — he is also much more volatile and unpredictable than his predecessors.

North Korea has long had the capability to hurl artillery, chemical weapons, conventional military and Special Forces at Seoul, the capital of U.S.-allied South Korea. The city is a mere 35 miles away from the Demilitarized Zone that divides the two countries. The country's arsenal and proximity have simultaneously worried and constrained both Seoul and Washington as they've tried to manage the threat.

Now there is also the looming prospect of an intercontinental ballistic missile (ICBM) exploding somewhere on U.S. soil. After years of struggle, Pyongyang is finally within range of that goal, which the intelligence community first detected in the mid-1990s. Back then, Pyongyang was incapable of managing the two- or three-stage missile sequence required to lob a missile from Asia to the U.S. But in 1998 it demonstrated an ability to achieve stage separation and ignition at altitude and in recent years has twice successfully launched a satellite into space with multistage rockets — a critical stepping-stone toward an intercontinental capability.

Since then, U.S. military officials have publicly noted two new multistage missiles, the KN-08 and KN-14, displayed by Pyongyang but apparently not yet flight-tested. Both are road-mobile, making them harder to detect and monitor. The North is systematically testing the missiles' component systems, and though it's hard to say when it will be able to put all this together, the goal is now clearly within reach.

Add nuclear advances to the new missile technology, and you're squarely in the nightmare realm. The North has now conducted five nuclear tests, two last year alone. The latest, last September, was the largest, with a yield comparable to the bomb the U.S. dropped on Hiroshima in 1945.

Washington's prestigious Institute for Science and International Security (ISIS) estimates that Pyongyang has between 12 and 20 nuclear weapons and could over the next five years raise that number to as high as 100. Its nuclear and missile tests in recent years have moved the North very close to a nuclear-tipped missile that can reach the United States. Possessing such a weapon would give the North a blackmail capability in its various disputes in Asia and with the U.S.

Turning to *cyber*, the threat's immediacy is evident from Russia's hacking of our election, which has led both the Senate intelligence committee and the Trump administration to mandate investigations aimed producing recommendations .

Beyond election hacking, cyber security will be an abiding concern for years to come because of the degree to which our country is now dependent on connectivity in various forms. And now with the so-called Internet of Things (IoT) coming into view, that dependence will only grow.

As an aspect of national security, cyber is now roughly where the nuclear weapons issue was in the early Cold War, when we knew the destructive power the Soviets and we possessed but had little idea of its longer-range implications. Gradually, through arms control negotiations we came to understandings that put some element of predictability into this.

We need to move through similar multilateral consultations on cyber while acknowledging that not all the power is in the hands of nation states. The latter reality should push in the direction of some international agreements on limiting the danger from non-state actors — because ultimately the prosperity of all nations will depend on secure communications. This is the newest element of what we call the “global commons”.

Unquestioned Importance. These are issues so complex and long-range as to be in the “this will take time” category. In my last testimony to this Committee, I discussed the Middle East's many simultaneous disputes — Sunni-versus-Shia, terrorists-versus-regimes, terrorists-versus-terrorists, autocrats-versus-reformers, Palestinians-versus-Israelis, all of Syria's problems. These all fall into this category and raise the overarching issue of America's standing in the region, which, fairly or unfairly, is somewhat, diminished.

Nearly all of the region's problems converge in *Syria*, which could just as easily fall into the forgoing “urgent” category. It is a civil war, and civil wars historically last about a decade. They typically end when the combatants are exhausted, run out of supplies, or when their external proxies stop supplying them. I doubt that Syria's war will end until

the Great Powers now at arms there — Russia, the United States, Iran, Turkey — come to some agreement about its future.

As we meet, there is a fragile cease fire but no progress on a diplomatic settlement, on which UN-brokered talks are set to begin in a week. We cannot know how or when a settlement will come about but we can know what's at stake. The list is long: the durability of ISIS, US standing in the region; Russia's influence there; Iran's reach beyond its borders, Turkey's clout in the region; how Turkey balances its NATO membership with a budding Russian partnership; the flow of migrants to Europe — where perceptions of overload played into the UK's Brexit decision and have increased centrifugal pressures within the EU.

And with regard to *Europe*, it was until recently a “not to worry” fixture on the world stage. Today, for the first time since the European integration movement took off in the 1950s, Europe is contending simultaneously with at least four potentially destabilizing trends: the volatility of the Euro; the migration crisis; the centrifugal forces strengthened by the Brexit; and the challenges to existing borders flowing from Russian moves in the East. In short, a sort of “disturbance in the force” at the very center of America's traditional and most reliable alliance partnership.

Also perched in this category are large, important countries with uncertain futures — mainly China and Russia. The relationship with China is big and complex — perhaps America's most important — with a tangle of interdependencies that get in the way of simple-minded approaches. This said, China's push for Asian dominance and its specific challenges to America's conception of global order — Beijing's sweeping sovereignty claims in the South and East China Seas, for example — will preoccupy the new administration and Congress throughout their tenure.

China has its problems, with its economic growth (6.7%) now at a 25 year low. But President Xi has consolidated great power, partly with the aim of yanking China toward a new development model, based less on selling cheap imports and more on domestic consumption.

At the same time, he has launched a range of potentially transformational initiatives that could ultimately consolidate a Chinese role as the leading country in that hemisphere — the 57-member Asia Infrastructure Investment Bank that most US allies have joined; the New Silk Road, intended to connect China to the Middle East and Europe via a series of air, rail, and port facilities; and most recently, Xi has been moving into the vacuum created by the US abandonment of the TPP by negotiating a trade pact of his own. This is the Regional Comprehensive Economic Partnership (RCEP), which is pulling in 16 of the world's fastest-growing economies, comprising 12% of global trade and one-half of the world's population.

Without a robust regional engagement by the US, the danger is that Asian nations, including allies like Australia and South Korea (34 percent and 25 percent of their trade with China respectively) will be pulled irresistibly into China's economic orbit. They

desperately want the US to follow through more robustly on the so-called Asia “pivot” begun in the last administration.

Russia, too, will be an enduring issue for the Congress and the administration. I came away from a recent trip to Moscow, Kiev, and Riga impressed with the hostility of Russia’s narrative and with Putin’s iron control. Officials in the Kremlin and foreign ministry acknowledge that the US-Russian relationship has deteriorated but accept absolutely no responsibility for this. They are full of bitterness about what they portray as a deliberate US effort to weaken and encircle Russia since the collapse of the Soviet Union. Putin has nearly total control of a sycophantic media and no effective opposition.

Meanwhile, there has been no let up of Russian pressure on Ukraine. The Minsk agreement, negotiated by the Organization for Cooperation and Security in Europe (OSCE), has yet to produce a durable cease fire and Russian mainline troops are still inside the Donbas — eastern Ukraine.

NATO’s response to this and to the insecurity felt by eastern-flank NATO members has been to authorize four battalions going forward — one each for the three Baltic states and one for Poland. The Baltics are nervous because of Russia’s military maneuvers on their borders and because of the propaganda that Moscow directs toward their large ethnic Russian populations.

The economic sanctions the West has slapped on Russia are anathema to Putin and he will be seeking some agreement to lift them in any bargaining underway with the new administration.

There is nothing at all wrong with aiming for an improved relationship with Russia, but the US must be aware that Russia calculates its interests in a cold-eyed clinical way and Washington will have to be equally dispassionate in dealing with Putin. Historically, when Russia encounters weakness or hesitation, it demands more, then blames the opponent for escalation when the opponent resists — then calls for discussions, which it uses to consolidate its gains. Deals don’t come easily.

Emerging Issues. This hopelessly difficult category has to include issues that are evolving, many of which hold great potential for surprise.

For example, we will have to keep an eye on the *Iran* nuclear agreement, under which Iran agrees to reduce 98% of its stockpile of enriched uranium, mothball 13,000 centrifuges, reconfigure its major underground facility and its plutonium reactor, and submit to inspections – in return for significant sanctions relief.

The agreement is not perfect; it is a compromise, but it does buy time during which we will have stay alert for any cheating on Iran’s part. So far, the UN organizations responsible for inspections have not reported major violations.

More broadly, the US must be prepared for the geopolitical turbulence that could come from changes in something that for decades has been the X factor in international relations: the global supply of *oil*.

The availability and price of oil has determined the policies of many countries and the character of others. But the world, after decades of shortages or uncertainties about supply, is now dealing with the consequences of oversupply. This has come about due to a combination of factors including: increased US production due to "fracking" technology, conservation, "green" technologies, new battery technologies, declining Chinese demand, and the fact that -- with oil prices low, most producers have pumped at record rates to capture market share.

For all of these reasons, it is harder for the big oil producers to push up prices by limiting supply as in the past. OPEC is currently trying to revive this practice, but with so far uncertain results. One catch-22 for OPEC is that any success getting higher prices is likely to bring more US fracking firms back onto the market, pushing supply back up.

The precise impact of this on politics is incalculable, but it is not hard to imagine that it holds potential to alter the policies, character, and politics of countries like Russia, the Gulf States (principally Saudi Arabia), and Venezuela -- countries that depend disproportionately on oil revenues.

The US is largely insulated from direct impact because of its diversified economy and the likelihood that North America will achieve energy self-sufficiency sometime in the next couple decades, with the US actually becoming a net exporter of oil. But it will have to adjust to the indirect impacts and above all resist any temptation to believe that its self-sufficiency on energy gives license to ignore the kind of turbulence we are now seeing in oil producing areas such as the Middle East. None of its key allies, particularly in Europe have the luxury of independence, and they will look to the US to lead in ensuring the stability of supplies from such areas.

Once again, it's the burden the leader has for protecting the "global commons". To dodge this responsibility would be to forfeit leadership -- although in a world of rising powers the US should certainly demand a greater degree of burden-sharing than has existed heretofore.

Then there is a host of building problems that could burst at any moment, starting with *Venezuela* — the Latin American country closest to economic and political meltdown. We do not want political instability and humanitarian crises anywhere, let alone in a nearby country with the world's largest proven oil reserves.

Maintaining Global Expertise and Insight. Then there's the rest of the world. If America wishes to keep its global leadership role, it cannot ignore much that goes on. Therefore, through its diplomatic, military and intelligence capabilities, the U.S. must be prepared for almost any eventuality.

In my experience, it's usually something that no one has planned for or about which there is little consensus such as the financial crisis or the sudden collapse of a government (Suharto in Indonesia in 1998) ... or an American spy plane forced down by a hotshot Chinese pilot in 2001 ... or the humanitarian collapse in Somalia in late 1992 that caused President George H.W. Bush to send 28,000-U.S.-troops just as Bill Clinton was preparing to take office.

So while Central Asia, sub-Saharan Africa, Central America and parts of South Asia and Southeast Asia have not figured large in what I've said, our diplomatic, military, and intelligence authorities must still maintain effort on these areas sufficient to ramp up in the event developments there shift in ways that present threat or major uncertainty for the United States.

Let me just close, Mr. Chairman by expressing appreciation again for the opportunity to testify before this Committee. I continue to hold a view formed during my time in government: it is that this committee, by virtue of size, diversity, and its tradition of bipartisanship captures so much that is good about the great nation whose interests we all seek to secure and advance.

We are now ready to take your questions.