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Global Economy Top Threat to U.S., Spy Chief Says February 12, 2009

By Mark Mazzetti

WASHINGTON — The new director of national intelligence told Congress on Thursday that global economic turmoil and the instability it could ignite had outpaced terrorism as the most urgent threat facing the United States.

Dennis C. Blair, the director of national intelligence, outlined a variety of security threats during his testimony on Thursday.

The assessment underscored concern inside America's intelligence agencies not only about the fallout from the economic crisis around the globe, but also about long-term harm to America's reputation. The crisis that began in American markets has already "increased questioning of U.S. stewardship of the global economy," the intelligence chief, Dennis C. Blair, said in prepared testimony.

Mr. Blair's comments were particularly striking because they were delivered as part of a threat assessment to Congress that has customarily focused on issues like terrorism and nuclear proliferation. Mr. Blair singled out the economic downturn as "the primary near-term security concern" for the country, and he warned that if it continued to spread and deepen, it would contribute to unrest and imperil some governments.

"The longer it takes for the recovery to begin, the greater the likelihood of serious damage to U.S. strategic interests," he said.

Mr. Blair also used his testimony to deliver a withering critique of the Afghan government's inability to halt the spread of the Taliban, and he said corruption in Kabul and throughout the country had bolstered support for the Taliban and warlords.

The stark assessment of the security picture in Afghanistan laid bare the obstacles facing the Obama administration as it aims to direct more American troops and attention toward quelling the violence in the country.

Mr. Blair delivered his assessment to the Senate Intelligence Committee, in what was the new administration's first public recitation of the national security challenges facing the United States.

In a departure from recent years, when the heads of several intelligence agencies joined the director of national intelligence to deliver the testimony on the threats facing the nation, Mr. Blair faced the committee alone, a sign that the Obama administration plans for him to take on a more public role at the top of the intelligence pyramid.

Mr. Blair reiterated the oft-stated idea that no significant improvement in Afghanistan was possible unless Pakistan gained control of its own border areas, but he said that Pakistan's government was losing authority over that territory and that even more developed parts of Pakistan were coming under the sway of Islamic radicalism.

He linked Pakistan's problems, in part, to the fact that it was among the countries most badly hurt by the economic crisis. Already, he said, roughly a quarter of the world's nations have experienced "low-level instability such as government changes" as a result of the current slowdown in the global economy.

American officials say Pakistan's tribal areas remain home to the core leadership of Al Qaeda, though Mr. Blair said that its leadership had been battered in recent months by what he called "a succession of blows as damaging to the group as any since the fall of the Taliban in 2001." The attacks have been carried out by C.I.A. remotely piloted aircraft, which Senator Dianne Feinstein, the California Democrat who is the Intelligence Committee's chairwoman, said were operating out of a base in Pakistan.

Still, American intelligence officials have long said that dismantling Al Qaeda's haven in Pakistan would take more than a campaign of airstrikes against the group's leadership.

But Mr. Blair also spread around the blame for Afghanistan's problems. A day after a brazen attack by Taliban gunmen in Kabul, the Afghan capital, Mr. Blair named the American-backed government of President Hamid Karzai as part of the problem in Afghanistan.

"Kabul's inability to build effective, honest, and loyal provincial- and district-level institutions capable of providing basic services and sustainable, licit livelihoods erodes its popular legitimacy and increases the influence of local warlords and the Taliban," Mr. Blair said.

Speaking about North Korea, he cited renewed concern among American intelligence officials that the country could be using a covert uranium enrichment program to produce fissile material that could be used to build nuclear weapons. American intelligence officials have previously estimated that the North has harvested enough plutonium for six or more bombs, although it has never been clear whether the North built the weapons.

Officials in Washington believe that North Korea is preparing for another long-range missile test, in an attempt to demonstrate an ability to threaten cities along the West Coast of the United States.

Iran is another nation that Mr. Blair cited as getting closer to mastering advanced missile technology, one aspect of what he told senators at the hearing was Iran's "dogged development of a deliverable nuclear weapon."

He repeated the assessment made by Bush administration officials that Iran was likely to be using thousands of centrifuges to enrich uranium to produce material for a nuclear weapon. (Iran says its nuclear program is for energy generation.) But he said that a political decision ultimately awaited Iranian leaders about whether or not to turn Iran into a full-fledged nuclear power. "I don't think it's a done deal either way," he said at the hearing.

Mr. Blair's focus on the world economy was a surprise to some senators. At one point, he assured one senator that he had no plans to turn the focus of American intelligence agencies away from threats like Iran and North Korea. "I won't be turning satellites to look at G.D.P. accounts," he said.