

Still, historically, rising economic powers have often caused the most trouble politically, and nations sometimes put national pride and place before objective material goals. Even a relatively liberal China will require American vigilance. Should China spend most of the next two and a half decades focusing on economic development rather than military modernization, it will still be a major regional military power by 2025. It will possess a strategic nuclear arsenal, a robust theater missile capability, and regional power projection capabilities in the form of a limited blue water navy and an enhanced air force. As a result, China will be a natural focus of security concern for all states in the region as well as for the United States. In consequence, relative economic prosperity would enable other states in the region, including Indonesia, the Philippines, Vietnam, and perhaps even Japan to increase spending on conventional weapons so as to expand their regional power projection capabilities as a hedge against China.

In such a circumstance, a liberalized, if still not fully democratic China, would enjoy a mixed relationship with the United States, one not radically different from that of the past decade. Sino-U.S. ties would feature some cooperative bilateral agreements, including most likely confidence-building measures in the security arena, arms control agreements, trade and investment, and scientific and cultural exchanges. At the same time, the relationship would be characterized by vigorous competition and periodic episodes of significant mutual suspicion over issues such as managed trade, intellectual property rights, arms sales policies, industrial and security-related espionage, and human rights. Chinese regional power, as it applies to the Spratly Islands and the South China Sea more generally, or to Taiwan, or to China's geostrategic competition with India, will also be part of the broader picture.

So will China's relationship with Russia. Should Russia develop a form of nationalist authoritarianism as it picks itself up from its present state of political lethargy and economic decay, China may resume a strategic entente with the United States. The logic of doing so would be a variant on that which defined the Sino-American relationship between 1972 and 1989. Especially under circumstances in which China was drawing heavily on U.S., European, and Japanese resources and institutions to tackle its internal problems, Beijing might assume a generally benign leadership role in East Asian security affairs and in the United Nations. In other words, China could become an incipient great power with a moderately or fundamentally more liberal political order.

But there are at least two other possibilities for China's future, and they are far less positive from a U.S. perspective.

One is that China continues to get rich, but Chinese authoritarianism remains. For rising income levels to translate into political pluralism, an intervening process must occur: the creation of a middle class ready and willing to articulate its interests. For a variety of reasons, this might not happen in China.¹⁴⁵ The country could instead metastasize from what was a communist command economy into a looser corporatist system, bound together by a network of interwoven political, military, and economic elites, and sustained at large by appeals to nationalism. Such a polity, founded on the greed of the elite, the will to power, and the manipulation of the masses, would not endear itself to the leadership of other major economic powers. Nor could it expect particularly close and sustained linkages to the

¹⁴⁵ See David Zweig, "Undemocratic Capitalism: China and the Limits of Economism," *The National Interest*, No. 56 (Summer 1999).

growing international economy. Should it fail to deliver the goods economically, such a regime could all the more easily end up falling into aggressive regional policies, as have past corporatist and especially fascist and neo-fascist states.

Such a new nationalist China could become decidedly hostile to the United States, and that hostility could be reciprocated. Several triggers for such hostility exist even today, and they will not go away soon. One is a crisis over Taiwan in which the United States strongly sides with Taipei, a crisis made much more likely by Taiwan's renouncing of its "one China" policy in July 1999. A second is a Chinese movement to seize the Spratly or the Diaoyu islands, accompanied by clashes against Filipino, Vietnamese, or Japanese forces. A third is an aggressive Chinese military armament program. A fourth is domestic turmoil that Chinese political impresarios rush to blame on the United States. A fifth is the bloody repression of political reformers or ethnic minorities. And another is a spate of U.S. policies that make small irritants worse instead of major problems better.

In this degenerative case, the United States would probably seek to balance a hostile China by strengthening bilateral security agreements with regional states and seeking additional basing facilities in the area. The United States might also sharply limit private sector trade, investment, and transfers of technology to China, as well as place sharp limits on U.S. travel to China and on the numbers of Chinese nationals studying in the United States. Whether U.S. allies in or outside of Asia would support such actions is uncertain, absent a major Chinese provocation. For this reason alone, and also because there would be only a limited communist ideological component to Sino-American hostility, it would be misleading to analogize such a situation as a "new Cold War" or a new form of "containment."

Another possibility is that China collapses politically and violence erupts. Elements of a potential collapse are not hard to find. They include all of the following: the loss of ideological legitimacy on the part of the Communist Party, massive corruption among the political and economic elites, the pressure of separatism in Tibet and Xinjiang, a failure to reform the state-owned enterprises that produce simultaneously a budget default and massive unemployment, increasing economic demands from a graying population, the continued rise of anti-modern religious/martial arts cults, and a series of poor political judgments. A collapse could produce a return to warlordism, economic disaster, humanitarian catastrophe, the potential scattering of China's weapons of mass destruction, terrorism, and massive black markets run by organized criminals with links to crime syndicates outside of China. Just as Russian weakness has come to plague U.S. national security policy, so acute Chinese weakness might do the same.

No one knows what China will look like over the next 25 years. The only thing that seems truly clear is that the status quo cannot persist. The notion that China could grow economically between 6 and 10 percent each year for 25 years and still be governed by a sclerotic Chinese Communist Party is simply beyond credence. Something has to give, but the predicates for what that something will be remain unclear.

Aside from a regional or global economic downturn and the possible transformation of China into a major problem, a third worry is rather old-fashioned: the destabilization or mismanagement of the regional balance of power.

In East Asia, three nations form the true pivot of regional geopolitics: China, Japan, and Korea. It may seem odd to minimize the importance of such major states as Indonesia (213 million people), the Philippines (78 million

people), and Thailand (60 million people), to name just three. And yet it is true.

Of course, this does not mean that other countries are of *trivial* significance. Indonesia is the world's fourth most populous country and home to the world's largest Muslim population. It has played pivotal roles in ASEAN, ARF, and APEC, has supported UN peacekeeping operations, has been involved in global disarmament efforts, is rich in oil, and straddles some of the world's most critical sea lines of communication.¹⁴⁶ The outcome of Indonesia's economic and political restructuring will play an important role in the future stability of East Asia. A democratic Indonesia that peacefully resolves separatist claims could capitalize on its demographic and economic potential and be a stabilizing force in the region. Conversely, if Indonesia's military turns against the democratic process or if separatist movements multiply and undermine the cohesion of the state, this archipelago could inundate its neighbors with refugees and become a harbor for international criminal and other elements. The break-up of the country, or its collapse into a multifaceted civil war, would be both a political and humanitarian nightmare for the entire region.

Southeast Asia, too, is important to U.S. interests. Not only is this region likely to play a more important global economic role, but it is an area to which competition among China, India, Japan, and Korea could flow, especially if the area itself becomes unstable. It is also an area in which elite attitudes toward democracy are very mixed, and it may thus become an important stage of ideological drama over the next quarter century.

Nevertheless, the geopolitical triangle formed by China, Korea, and Japan matters most to the United States. It is an extraordinar-

ily complex, yet familiar, triangle. In a world where global economic integration and technological dynamism take rhetorical pride of place, and where economics is often believed to trump the hoariest political legacies, geopolitics seems to grow pale. But the level of mistrust and outright fear among these three countries is a reality that will endure. Chinese political elites and intellectuals resent Japanese successes and yearn to reestablish Chinese national dignity, somewhat at Japan's expense. Nearly all Koreans resent Japan as well, but fear moving too close to China. The Japanese fear Chinese and Korean revanchism, and their pacific and generally mercantilist attitudes since World War II have been unable to fully overcome historical legacies. Added to this mix is the influence of both Russia and the United States, which for reasons both geographical and historical are bound to and will invariably influence this triangle.

The spark that could ignite a conflagration among this triangle could fly from a nationalistic and aggressive China, a nationalistic and nuclear-armed reunified Korea, or a militarily assertive Japan. It could also arise from a steady accretion of Chinese strategic military power that comes to undermine the credibility of both explicit and implicit U.S. security guarantees to Japan, Korea, the Philippines, and other countries. But as historical analysis teaches us, the timing and the order of such shifts would be crucial, and knowing that timing and order beforehand is virtually impossible.

Korea seems the most likely starting point for major change. But we do not know exactly what change in Korea will look like. If the aging Stalinist regime in North Korea

¹⁴⁶ U.S. Department of Defense, *The United States Security Strategy for the East Asia-Pacific Region 1998*, p. 36.

suddenly collapses under the weight of its own atavisms, and a new leadership in Pyongyang essentially throws itself upon the mercies of the government in Seoul, Korean reunification will still be a mammoth task. It would be even greater, however, if reunification is preceded by a desperate war launched by a panicky North Korean leadership. Japanese reactions to such a war would either vindicate or deeply erode the U.S.-Japanese security relationship.

It does not take much imagination to envision a major shift in the East Asian geopolitical triangle if Korea does not dismantle the North's nuclear weapons program upon reunification. That shift would be even greater in magnitude if Japan and the United States part ways as a result of the events surrounding Korean unification. Under such circumstances, Japan would face pressures to become a nuclear weapons state. The triangle could then be composed of three mutually suspicious, nuclear-armed states.

It is not hard to see the predicates for a "go it alone" scenario in Tokyo, even though, on balance, it is not very likely to occur. It could go something like this. Under the best of circumstances, Japan's share of global GDP will have dropped from about 8 percent in the late 1990s to roughly 4.5 percent by 2025.¹⁴⁷ For a political culture that has based its self-image almost exclusively on economic success since 1946, this is not good news.

But the best of circumstances cannot be guaranteed. The economy may shrink dramatically if Japanese leaders fail to introduce effective economic and financial reforms. The political system could remain essentially paralyzed. After years of negative economic growth and a severe pension crisis touched off by Japan's graying population, the political

stasis in Tokyo might finally break open. Having persuaded the country to reemphasize Japan's military traditions, a new party could come to power dedicated to restoring national pride and competing with a rising China. Such a coalition of conservative leaders would break Japan's bilateral security agreement with the United States. Meanwhile, American leaders could miss the early signs of major change, frustrating the Japanese even further and contributing to their alienation from the postwar partnership.

So a shift in the triangular relationship might commence from a point other than Korean unification. It is also altogether possible that Korean unification could be delayed for another 20 years or more. Beyond rebuilding the economic infrastructure, the South understands the huge task of integrating such a poor population of 25 million people, not to speak of the enormous difficulty of demobilizing, retraining, and employing the hosts of a 1,144,000-man North Korean standing military force. And unlike Germany, where nationalism drove reunification, Korean nationalism sits better historically with a divided peninsula. Seoul may thus be content to let the United States and others tend to a decrepit North Korea as an international ward, a tack the North Korean leadership would un-

¹⁴⁷ The Ministry for International Trade and Industry (MITI) estimates that even if Japan emerges from its current eight-year recession, it cannot expect more than a 1.8 percent growth rate between 2000 and 2010, and a paltry 0.8 percent thereafter. These estimates, which take into account Japan's sharply aging population, its bank debts, and its decline in productivity are optimistic. The well-regarded nonprofit affiliate of the Nikkei newspaper group in Tokyo, the Japan Center for Economic Research, projects near zero growth through 2003, and then a long, gradual shrinkage in GDP after that out to 2025. See Peter Harcher, *The Ministry* (Cambridge: Harvard Business School Press, 1998).

doubtedly prefer to the “East German alternative” of closing up shop for good. If that happens, Korean unification could be a very protracted, perilous, and expensive task.

If the tectonics of this triangle do shift, it will set off major changes with which the United States, by dint of the entanglements of postwar history, will have to deal. This is because the United States remains the only country external to the region with both the power and the desire to balance off local states and promote stability through reassurances to all three countries. The U.S. presence in East Asia has been, and will continue to be, critical to the region’s stability and prosperity. Regional fears of China could lead to a continuing and even an expanded U.S. military presence in East Asia. Yet a host of regional and national changes could place pressure on the United States to reduce or withdraw that presence. It is even possible that pressures for and against the U.S. military presence in Asia will be brought to bear simultaneously.

One general source of pressure for reducing the U.S. military presence is that overseas basing is becoming more vulnerable to a wider number of countries that could use ballistic missiles armed with weapons of mass destruction. That could make U.S. bases potential *sources* of danger rather than bulwarks against it, and raise their political and monetary costs.¹⁴⁸ Overlapping political pressures could also arise. As noted, a major sea change in Japanese politics could lead to a sharp reduction or even an elimination of U.S. bases in Japan. A reconciliation on the Korean peninsula would eliminate the most obvious and immediate justification for U.S. bases there.¹⁴⁹ Reunification could also stoke Korean nationalism, and simultaneously convince American public opinion and the Congress that

a U.S. military presence in East Asia is no longer a necessary or a wise investment.

Ultimately, however, whether the positive potential of East Asia is realized, or whether a less sunny future is in prospect, depends less on U.S. policy than on the initiative, discipline, and foresight of East Asians themselves. Those prospects will also be affected powerfully by the course of the global economy, over which U.S. government policy has an important but limited influence. It will also be affected by whether the potential for significant internal and international violence in the region is restrained, and here the skill with which the United States serves as an engaged balancer could be a major factor.

Clearly, a reduction of U.S. commitment and engagement in East Asia, especially if it is simultaneously abrupt and deep, will increase the likelihood of instability as states struggle to define a new regional balance of power. From a strategic point of view, the essential U.S. choice may boil down to this: either remain engaged at greater *short-term* peril and political cost to ourselves, or disengage at the potential cost of greater *long-term* peril to everyone.

The Greater Near East

The Greater Near East—defined here as the Arab world, Israel, Turkey, Iran, Central Asia, the Caucasus, and the Subcontinent—is the site of the world’s largest supply of fossil fuels and a place where several ambitious powers actively seek regional

¹⁴⁸ See Bracken, “America’s Maginot Line.”

¹⁴⁹ It would also put U.S. forces in a country with a land border with China, obviously affecting the political interpretation of those forces.

hegemony. It is a region where the United States has key allies as well as important interests, and where weapons of mass destruction are being actively developed. Not entirely by coincidence, too, it is the place where the United States fought its last major war, in 1991, and it is the only region of the world where more or less permanent U.S. forward-based military deployments have expanded since the end of the Cold War.

also the site of politically radical, militarized Islam, which, if not a mortal threat to its host societies and to neighbor states alike, is at least a significant irritation and source of instability. Several parts of the region—Lebanon’s Bek`a valley at one end and south central Afghanistan toward the other end—supply a large volume of illicit drugs to many parts of the world. The area is also a cauldron of sectarian rivalries among Sunni and Shi`a Muslims; between



Hence, the Greater Near East is appreciated in the West as a region of great importance but also great trouble. This is undoubtedly so, even if one sketches the region without reference to U.S. interests. Despite unprecedented prospects for Arab-Israeli reconciliation, the area still exhibits many and sundry depredations. It has a high concentration of despotic regimes and, aside from Israel, India, and Turkey, no institutionalized democracies. It is

Muslims and Hindus, Jews, Coptic Christians, and Bahais; and between Hindus and Buddhists in Sri Lanka. Ethnic violence within and among countries involving Kurds, Turks, Arabs, Persians, Armenians, Azeris, Singhalese, Tamils, and others is bountiful. Finally, one is hard pressed to think of any 25-year period in the documented history of this diverse region when there has not been at least one major spasm of civil or cross-border warfare.

As one looks toward the future, such a legacy is perhaps disheartening. But there is yet more. Beyond the region's checked past, the next 25 years pose potentially wrenching and destabilizing change. That change will come in at least three forms.

First, whenever a great empire collapses it produces a shatterbelt of instability around its periphery, one that usually lasts for many years.

to appear more reminiscent of the 15th and 16th centuries than of the 18th or 19th. Not only have Muslim Central Asia and the Muslim peoples of the Caucasus been reunited with the rest of the Near East, so to some extent have the Muslims of the Balkans thanks to the extremely painful slow-motion collapse of Yugoslavia.

Farther east, the collapse of the Soviet Union left India without a superpower patron to

Areas of Conflict



The headlong collapse of Russian power is a pertinent example for the Greater Near East. For the first time in more than three centuries, three core countries of the region no longer directly abut Russian power: Afghanistan, Iran, and Turkey. Traditional commercial and cultural contacts between lands south of the Oxus River and those beyond it in Central Asia have been restored after nearly a century of interruption. The Silk Road is slowly being revived, and patterns of exchange have begun

balance China, which in turn accelerated India's desire to demonstrate open nuclear weapons possession. This is a fact of geopolitical life no less clear than the fact that the Soviet collapse has allowed China to rebalance its military attentions away from the Russian border and toward the South China Sea. India's test was also the spark for Pakistan's public nuclear arrival, and that, in turn, has made Iranian aspirations to acquire a strategic balancer virtually impossible to slake—and

that aside from the threat to Iran from the all too obvious Iraqi efforts to obtain weapons of mass destruction.

So far, the post-Communist shatterbelt has produced or prolonged war “only” in the Balkans, the Caucasus, Tajikistan, and Afghanistan. By historical standards, however, it is still too soon to conclude that the dust has settled. The number of wars, small and not-so-small, that even reasonably sanguine analysts may justifiably expect to see in this region over the next 25 years is large. Several could be attributed to the after-shocks of the Soviet collapse.

A second source of change has been noted above: demography. For the first half of the period out to 2025, most of the countries of the Greater Near East will experience rapid population growth and a significant drop in the mean population age. A youth bulge is making its way through many populations in the region, due in part to health and sanitation improvements and in part to the demographic momentum from an earlier population boom in the 1970s and 1980s. Such population dynamics pose severe challenges for many societies. They strain the natural and social environments through the need for potable water, housing, education, and medical services.¹⁵⁰ Unemployment, income disparities, and ethnic tensions generated by such problems may also contribute to significant internal migrations, largely from countryside to towns and cities, and some cross-border migration as well—including into Europe.¹⁵¹ Toward the middle of this period through 2025, increased urbanization and female literacy will probably cause birth rates to progressively drop, and pressures on services will subside to some extent.

A third source of change has been rehearsed in some detail above: the tumult we may expect from the continuing economic integration of the globe. Even a mainly benign, successful process of integration will introduce many stresses to the non-Western cultures of this area. Secularization is but one; new neo-universal norms of Western origin concerning human rights, minority rights, and particularly women’s rights are another. Should global economic integration produce repeated cycles of boom and bust, should it produce patchwork polarizations of success stories and failures within regions and countries, or should it empower certain states and groups militarily so as to produce sudden perturbations in security relations, the region could succumb to very harrowing times.

One might gather from the foregoing that the Greater Near East will not be a prime zone for enterprising Americans, Japanese, or Europeans to go sell insurance or take leisurely vacations. Not necessarily. Just as in Greater Europe and East Asia there are optimistic as well as pessimistic possibilities with which one may view the future, such is also the case in viewing the Greater Near East.

What could go right amid so many possibilities for trouble? The answer is plenty, and one of the main reasons, interestingly enough, lies in the social power of religion to absorb the shocks of globalization.

Some large and important countries in the region may well break the spell of *étatisme* and tie themselves more fully into the global

¹⁵⁰ See *Population and the World Bank: Adapting to Change* (Washington, DC: The World Bank, 1999), pp. 8-9.

¹⁵¹ Of the 170 million people living around the Mediterranean in 2025, 10 percent will be European, 22 percent will be Turkish, and about 68 percent will be Arab.

economic system. At the least, the top managerial echelons of business and government will be fully up-to-date in nearly all oil-rich countries and most others as well. Israel and a few of the Arab states (most likely Qatar and the United Arab Emirates, and possibly Iraq and Saudi Arabia as well) will feature fully modern economies; India, Iran, Egypt, Turkey, and a few other regional states will have, at the least, very modern sectors within their economies. As a result, both extra-regional and intra-regional trade as a percentage of national gross domestic product will climb from late 20th century levels. Several countries in North Africa—Morocco, Tunisia, a recovered Algeria, and a post-Qadafi Libya—may attract substantial funds from East Asia both as investment in their energy resources and as ways to penetrate into Europe via European Union trade agreements with North African states.

Led by a new generation of mainly Western-educated elites, some countries—especially but not exclusively oil-rich countries—may also become both successful niche producers and major international financial hubs, following the 1990s model of the United Arab Emirates. Economic restructuring and advancement could transform several regional states into important capital markets, and better than 4 percent yearly growth rates in GDP are not out of the question even for the majority of regional states. The establishment of an effective Middle East Development Bank that would help stabilize the region's oil havens is not out of the question either.

One result of rapid growth, no doubt, will be greater economic disparity among regional states between those that are plugged into the world economy and those that are not. Whereas in the last quarter of the 20th century, intra-regional economic differences were explained mostly by the chance occurrence of

fossil fuel deposits, in the first quarter of the 21st century even greater differences will be explained mainly by different levels achieved in the development of human capital, economic openness, and political dynamism. But the most important thing is that all countries in the region will see that real change, and real success, are possible. If Saudi Arabia, Iran, Turkey, Israel, Egypt, and India, to name the major players, achieve an economic take-off in tandem with the tides of global economic integration, the region will never again be the same.

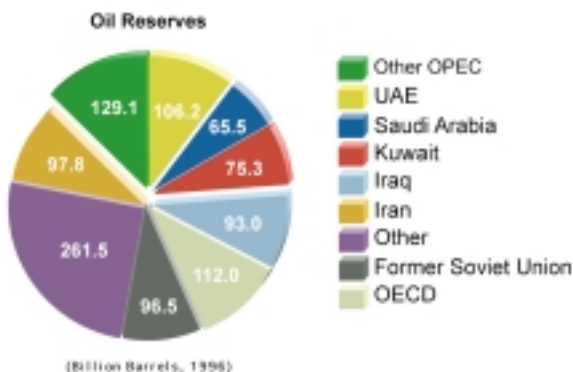
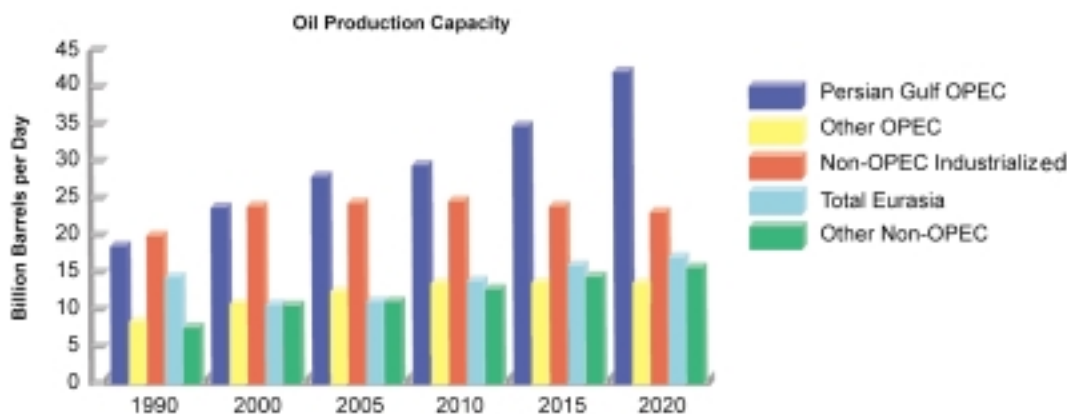
There is no question, in any event, that the raw resources will be in place to finance such growth. Some \$500 billion in Arab money rest in banks and investments outside the Arab world. If economic rationalization can bring most of that money back into the region, the pool of investment funds will be enormous. Turkey may attract funds as well from other Turkic-speaking regions: Turkmenistan, rich in natural gas, Azerbaijan, which sits on oil and gas, and even Uzbekistan, the largest and perhaps in the future the most economically dynamic of the Turkic-speaking states of Central Asia. India is so large that it can generate most of its own capital, although its tremendous infrastructure requirements could easily absorb all its capital and more. Israel will attract funds from the world over due to its special richness in human capital attuned to the information age.

And that is not all. Japan, Europe, India, China, and most of developing East Asia will remain heavily dependent on oil and natural gas from this region. Chinese dependence on both Persian Gulf and Caspian Basin oil and gas will grow sharply. Investment in the Near East by East Asians should also expand. In short, there will be plenty of money around to finance real growth.

Moreover and more important, new wealth may have significant positive political implications. Virtually all national elites, and much of the middle class strata, will be connected technologically to the developed world. The demonstration effect of such new technology, including its pop cultural forms, will initially exacerbate social divisions within countries and make the task of authoritarian control more difficult. New wealth will also likely spawn new

corruption, and new reactions to that corruption. Also, to the extent that growing literacy rates and urbanization connect over time with increased computer literacy and the availability of technology for large numbers of people, authoritarian control will grow more difficult still.¹⁵² This is because such a connection may challenge both traditional government control of significant commerce as well as traditional attitudes toward education and educational authority; significant

Global Shares of Oil Production



Sources: Adapted from *International Energy Outlook 1999* (Washington, DC: Energy Information Administration, 1999), Appendix D; and British Petroleum, *Statistical Review of World Energy*, 1997.

¹⁵² The Al-Jazira television network, based in Doha, Qatar, has become enormously popular in the 22 Arab countries where it can be viewed. It has also generated much fear and loathing among authoritarian governments for whom objective news programming and intellectual openness is a threat.

anti-authoritarian social implications flow from both. The weakening and potential transformation of Near Eastern autocracies, if it does not come too suddenly, stands to do enormous good for the region.

The political implications of such a weakening, however, could include a danger of populist demagoguery as well as greater political pluralism. But if the latter should dominate the next 25 years, the politics of the region will have taken a major step forward. The very dangers of social disruption will perhaps furnish the incentive to change if economic, social, and demographic pressures are strong enough to persuade governments to open up, but not strong enough to overwhelm them before their new approaches can bear fruit. Political liberalization largely driven by economic reform could well take root in a number of Arab countries (Morocco, Jordan, and Tunisia are likely near-term candidates), leading to still further pressures against authoritarianism in neighboring states.

Governments may also usefully employ the growing social authority of Islam to reinforce political community rather than try to control, manipulate, or extirpate Islam as many have done in the past. As one country after another opens up without triggering massive political tumult, others are more likely to follow suit. With prudent economic and political encouragement from outside the region, each opening would reinforce the other economically and psychologically, and in time the large majority of regional societies would find ways to adjust to new circumstances. Their Islamic societies cohere, and by and large their governments, sensitive to religious strictures, would work.

One cannot stress too much the potential significance of religious culture here. Islam is an increasingly significant social force throughout the Muslim states within the region,

but mostly in the form of neo-orthodoxy, not fundamentalism—and the differences between them are crucial. Islamic neo-orthodoxy is neither militant nor expressly political in nature, but exerts an increasingly powerful social force in several societies (including current U.S. allies such as Pakistan, Egypt, and Turkey) that strongly influences—and at times embodies—political movements, alignments, and moods. Meanwhile, highly politicized fundamentalist challenges to states are waning, and no Muslim countries, beyond Iran, Afghanistan, and Sudan, are likely to develop theocratic governments over the next quarter century.

Contrary to what some outside the region think, there is no plausible means of social management and adjustment to vast change in the Muslim world outside of Islam. For these cultures, the process of secularization, associated organically in the West with the Enlightenment, the Reformation, and the Industrial Revolution, simply never happened, and so carries almost no social resonance.¹⁵³ But Islam is potentially capable of supplying such a means of adjustment. Judging by what engaged middle classes in almost all regional societies are reading and debating nowadays—where a tremendous interest in adapting religion to modernity is underway—there is some prospect that these traditions will be up to the task.¹⁵⁴ Add to that

¹⁵³ See Ernst Gellner, *Nationalism* (Washington Square, NY: New York University Press, 1997), chapter 13.

¹⁵⁴ There is foremostly the remarkable example of Muhammed Shahrur's *Al-Kitab wa-l-Qur'an* ("The Book and the Qur'an"), which has sold tens of thousands of copies throughout the Arab world since it was published in 1992. Shahrur, a Syrian engineer, argues for a reformist Islam that comes to terms as equal partners with modernity. Some clerics have banned it and pronounced it heresy, but that has not stopped people from reading and discussing it in unprecedented numbers. Similar phenomenon may be noted in Turkey, Bangladesh, Indonesia, Morocco, Egypt, and elsewhere

the impact of mass education and mass communication, and it becomes clear that vast and potentially very positive changes are afoot in the region where it matters most: on the street.

One crucially important aspect of change within Islamic cultures over the past several decades concerns the role of women within Islam. This has become the touchstone social and theological issue in many societies, and one that is widely misunderstood outside the Muslim world. When an Egyptian, Turkish, or Pakistani woman chooses to don a headscarf, it does not necessarily mean that she or her husband has become an “Islamic fundamentalist.” More likely, this is an example of neo-orthodoxy in action. She usually does it not because her mother and grandmother did, but because they did not. In other words, such behavior today is generally associated with upward mobility, urbanization, and greater literacy. Increased personal piety is thus often a function of the movement from a mimetic to a textual reading of religious tradition. This movement is aided not only by increased literacy but also by urbanization, for urbanization represents the shift from the Sufi-influenced folk-religion of the countryside to the “high” literate Islamic traditions of the city.¹⁵⁵ Neo-orthodoxy is *not* socially regressive, nor is it primarily political in motive. It also suggests more, not less, participation in public life by women, particularly as the percentage of literate women continues to increase throughout the Muslim world.

If Islamic reformism, propelled by changes in technology, economy, and society, comes to dominate the political processes of most majority Muslim cultures, it is at least possible that no major war will have occurred in the majority Muslim states of the region by 2025. That would create a sense of optimism and security that can further trans-

form the landscape. One reason for thinking this possible is the vast generational change now taking place throughout the region. Sometime in the next 25 years, for example, there will be generational change in the political leaderships of Iraq and Iran (as well as those in Egypt, Saudi Arabia, and Syria), following recent successions in Jordan and Morocco. If those changes are a prelude to reform and political moderation, both countries could come to focus more on internal economic and political development and less on regional rivalries and investments in armaments.

It is also possible—even likely—that the Iranian theocracy will collapse in the next quarter century. Iran is an Islamic Republic at present, but it cannot remain both for long: it will either stop being a republic and descend into truly medieval-style rule, or it will stop being an Islamic theocracy. The battle for that future has already been joined, but how it will turn out no one knows. Should the current regime collapse, however, it would send shock waves through the Islamic world and undermine radical Islamist movements everywhere. It would open the way for a U.S.-Iranian rapprochement that could have broadly positive effects in the region and beyond. In turn, if the theocratic regime in Iran and the Ba’athi regime in Iraq are deposed or sharply moderated before they acquire and deploy nuclear or biological weapons, the pressures on other states to match step may dissipate. The threat to use all such weapons would also decline if regional political disputes fall to diplomatic amelioration. The status of weapons of mass destruction would suffer, and the diplomatic

¹⁵⁵ Here see Ernst Gellner, *Post-Modernism, Reason, and Religion* (London: Routledge, 1992). A similar phenomenon in the movement from mimetic to literary tradition has been occurring in Judaism, with some parallel effects. See Haim Soleveichik, “Rupture and Revolution: The Transformation of Modern Orthodoxy,” *Tradition* 28:4 (Summer 1992).

and domestic political costs of building them might come to exceed the presumed benefits.

The last stages of the Arab-Israeli conflict could finally be set to rest with an agreement that creates a semi-independent Palestinian state. Peace would not be warm, and not all Palestinians or Israelis would be reconciled to the compromises involved. But the ongoing dispute would be effectively isolated from more portentous regional considerations largely by dint of an Israeli-Jordanian understanding supported by the United States.

Neither peace nor war will probably continue between Israel and Syria, as Syrian politics remains in Alawi hands and Lebanon, for all practical purposes, remains in Syrian hands. A real peace would be likely only should there be a regime change in Syria, but at present there is no discernable and effective opposition to Alawi rule. On the other hand, were peace agreements with Syria and Lebanon to occur along with political normalization with Saudi Arabia—allowed by a symbolic compromise over Muslim holy places in Jerusalem—Israel might agree to limit its nuclear program. It might even open it to international inspection.

Whether Israel makes peace with Syria or not, closer economic and security ties between Israel and Turkey are likely. An even wider association that might include Jordan, Azerbaijan, and Kazakhstan is also possible.

Even reconciliation between India and Pakistan is conceivable, not least because the threat of nuclear destruction may force both parties to ultimately transform their enmity, or at least to pursue it by non-violent means. That, in turn, could lead to restraints on the part of both countries in their further deployment of nuclear weapons and missiles. Mutual agree-

ment between India and Pakistan to abolish their nuclear weapons is not likely, unless somehow China and others would agree to do the same—which is even less likely. But their constraint could be formalized, and the United States and the EU might play important roles in helping the two sides come to agreement.

Positive domestic developments may also be in store for India. Many analysts believe that India might be able to maintain economic growth rates between 6 and 9 percent for most of the period. If so, its aggregate economic strength will equal that of the present day Chinese and ASEAN economies combined. By 2025, India will be more populous than China and, despite appalling poverty, will have the largest educated middle class in the world in absolute terms.¹⁵⁶ India may also remain a democracy, a technologically innovative society, and a proud and confident cultural entity despite its many enduring problems. Under such circumstances, India will play a larger and more varied role in the region, one that could find itself in general consonance with U.S. interests. Israel and India might also become important allies.¹⁵⁷

Having paid our dues to optimism, we would be remiss not to note the more pessimistic possibilities for the region. As suggested above, there are many.

The Greater Near East is a place—not unlike many others—where a very few positive but seminal developments can go a long way to

¹⁵⁶ India also has, however, a large majority of the world's illiterate—nearly 500 million people. For a brief demographic sketch, see Barbara Crossette, "In Days, India, Chasing China, Will Have a Billion People," *New York Times*, August 5, 1999.

¹⁵⁷ Israeli-Indian cooperation has grown markedly, if quietly, since 1994. See Ze'ev Schiff, "The Complex Israel-India Connection," *Ha'aretz*, August 19, 1998; and "India and Israel vs Pakistan," *Foreign Report*, June 11, 1998.

insure peace and stability, but a few negative ones can similarly cause enormous trouble. The key to which direction the future will take comes down to a relatively small number of contingent events, namely whether major wars can be avoided and whether regime changes in major countries can proceed peaceably.

Avoiding major warfare and the occasional violent regime collapse will not be easy over the next 25 years. There are many pitfalls along the way. More than one major regional war will probably occur, causing a deterioration of the general regional security environment, and making it more difficult for any power or combination of powers to moderate political enmities and minimize local arms races. Consider the following list, set down in rough order of the seriousness of the potential conflicts. These conflicts are discussed in conditional terms because, while the potential exists for all of them to occur, it is not possible to predict exactly *which* of them will occur.

Iran and Afghanistan could well find themselves at war over Taliban policies toward Afghanistan's Shi'a Hazara population, drug and weapons running, interpretations of Islam, and sheer geostrategic rivalry. Such a war might also involve Tajikistan and Uzbekistan, each thinking to absorb the ethnic Tajik and Uzbek populations of Afghanistan north of the Hindu Kush, where the writ of the mainly Pashtun Taliban does not run deep. It could also pull in Pakistan, which in turn could help destroy that country in its current territorial configuration. The collapse of a nuclear-capable Pakistan would quickly become an urgent international security issue. Such events, too, might then open the way for an Indo-Iranian competition over the Punjab, Sind, and Baluchistan. Both countries could have nuclear capabilities by the time such a

contest would develop. In all this we see a quintessential example—one of a great many—of the mixing of internal conflict with possible cross-border violence.

India and Pakistan might fall into a major war as a result of miscalculation when fighting erupts in Kashmir—as it did in June 1999. Another Sino-Indian border war is also possible; India believes that a slice of Kashmir is occupied by China.

Iran and Iraq will likely remain generally hostile to each other and might again fight over historical and ethno-religious enmity as well as territorial disputes. Iraq and Turkey could find themselves at war over some combination of the Kurdish issue, water rights, and the ownership of Mosul and its oil rich environs. Syria and Turkey could also fall to blows over some combination of Kurdish issues, water rights, and the future of Hatay. A Greco-Turkish war over the future of Cyprus, too, might subsequently lead Syria and possibly Iraq to launch a revanchist military campaign against Turkey.

In Central Asia, Kazakhstan and Russia might struggle over northern Kazakhstan, which is overwhelmingly ethnic-Russian in population. The post-Soviet states of Central Asia could also become roiled in conflict over the fertile and ethnically mixed Ferghana Valley. Uzbek nationalism may become disruptive, clashing with a rising Tajik nationalism supported by Iran. Uzbekistan's relations with Kyrgyzstan might decline over water disputes, and the Kyrgyz may turn to a closer relationship with China for this and other reasons. Turkey and Iran could find themselves supporting proxy warfare between Uzbek and Tajik interests, or being drawn into war themselves over spheres of influence and client relationships in Central Asia. In the Caucasus, the

Azeri-Armenian war over Ngorno-Karabakh could flare up again, for it is unlikely to be finally settled soon. Continuing Russian meddling in Georgia and Tajikistan cannot be ruled out. Iranian-Azeri conflict over Azeri irredentist claims is not out of the question either.

Existing Arab-Israeli political arrangements could also collapse. Egypt might defect from the peace arrangement with Israel on account of a change of regime in Cairo. A civil war could erupt in the area of the Palestinian Authority after the passing of Yasir Arafat, with the consequent reshaping of Israeli and Jordanian regional strategies. Contrarily, an irredentist Palestinian state might manage to overshadow and envelop Hashemite Jordan, and make common cause with both a post-Alawi Syria and with a post-Saddam Iraq to recreate an eastern front against Israel. Israel might also be attacked by either Iraq or Iran in a missile war over existential religious and historical issues.

Even small wars could have serious consequences depending on where they are or who fights them. A Saudi-Yemeni war over the still disputed region of Asir is an example. So would be fighting inside the Persian Gulf between the United Arab Emirates, possibly with Bahraini and ultimately Saudi support, against Iran over Abu Musa and the Greater and Lesser Tunbs Islands, UAE territory occupied by Iran since 1971.

It is highly unlikely that all or most of these conflicts will actually break out over the next 25 years. *But it is even less likely that none of them will.*

As for regime change and national coherence, here we must return to the sources of social and political instability

noted above, and examine their potential downside.

It is possible that generational leadership successions occur throughout the Arab world, Iran, Central Asia, the Caucasus, and South Asia, but the political characteristics and global orientations of the major regimes nevertheless remain basically unchanged. Currently autocratic regimes may well remain autocratic without having instituted significant changes in their political structures. They may resist pressures to change, and catalyze no little violence in the process. Thus, episodic social unrest, religious violence, and ethnic conflict could characterize the domestic conditions of several states in the region.

That unrest would most likely be triggered in part by high population growth, but also by economic stagnation. The elites of major states may react to globalization pressures with new forms of corruption and fake, crony privatization schemes. This is already the case in some respects, and it is not hard to see why.¹⁵⁸ Many regional elites are simply doing what they have always done—taking, not making—in accordance with an attitude toward civic duty embedded deeply in the fabric of the local political economy. Here states have more often than not functioned according to a rentier model. While in most countries citizens pay taxes to the state and the state provides services, in many Arab countries the flow of money has been the other way around. States accrue resources from external sources—oil revenues, port fees, banking services, and so forth—and then distribute the money as patronage down into the population. The rentier model functions as a means of

¹⁵⁸ See Ali R. Abootalebi, "Middle Eastern Economies: A Survey of Current Problems and Issues," *Middle East Review of International Affairs* (Ramat Gan), September 1999.

control for the state elite, but it vitiates the ties of citizenship produced by a more standard model of reciprocal obligation between citizen and government.¹⁵⁹

This is an important factor militating against elite support for any form of technology-driven entrepreneurship that the elite cannot control. All non-hierarchical forms of social power would upset traditional arrangements, and most elites will oppose it even at the cost of overall economic stagnation.

It is even possible that at least some nervous governments will seek to maintain a near total insularity against social pressures and external allurements alike. They might simply refuse to condone, let alone advance, a more open attitude toward the outside world. They may shun foreign investment despite the knowledge that they may miss a great wave of regional prosperity. If such an attitude is limited to countries like Afghanistan, Yemen, or Oman, the implications would be modest. If it should come to influence Saudi Arabia, Iran, and even an Islamist Pakistan, that would be another matter altogether.¹⁶⁰

It is also possible that Islam will not provide a means to soften and advance social change. One could argue that Islamic societies tend to cling to the two anchors of social authority they best know and trust to ward off chaos: religion and extended family. But these anchors cannot solve the demographic and social problems before them, and a downward spiral of insularity and dysfunctional government may end up dividing such societies ever further from the world's successful models of development.

While it is not likely, it is possible that oil and natural gas supplies from the region will no longer figure prominently in global

markets, either because turmoil and conflict have disrupted their flow or because alternative sources of energy are developed. If that were to happen, these countries could become dramatically poorer, and the stability of these economies and regimes would eventually become less important to the United States and other major advanced countries, their own lingering investment portfolios notwithstanding. In any event, some of the smaller Gulf producers may reach the bottom of their reserves over the next 25-years, and if they have not managed to diversify by then, they will go bust.

Contrarily, the absence of energy alternatives, set against the inexorable limits of fossil fuel reserves, could lead to another sharp rise in prices between now and 2025. Oil-rich countries might then use bloated revenues to pursue regional political and military competitions, as they did in the 1970s. Corruption would likely increase, as would resentment against elites. Surely, another oil shock would send the international economy, or much of it, once again into the doldrums, and that in turn would again spell disaster for the non-oil rich states of the region.

Very bad things could happen in the broader security sphere as well. The Greater Near East will remain heavily armed, and could be the region where the majority of

¹⁵⁹ See Lisa Anderson, "Obligations and Accountability: Islamic Politics in North Africa," *Daedalus*, Summer 1991. The same is true to a certain extent in India, where only a quarter of 1 percent of the population pays taxes.

¹⁶⁰ Oman and Saudi Arabia have been the two most deliberately insular Arab states in modern times. Oman began reducing its insularity in the 1970s; as a sign of the times in Saudi Arabia, in the fall of 1998 it became possible for the first time for foreigners to get a tourist visa into the country.

new nuclear states emerge. Iran and Iraq are real possibilities. Other states, too, such as Egypt, Syria, Libya, Algeria, Saudi Arabia and Morocco are keeping their options open, even while remaining parties to the Non-Proliferation Treaty. Prospects also exist for states and terrorist groups in the region to acquire chemical and biological weapons. Long range missiles are under development in many countries as well. Over the coming 25 years, we should expect that such weapons will be used in regional conflicts, as well as in attacks against Americans abroad and possibly at home.

Extra-regional influences might also alter the course of regional engagement for the worse. Such forces, consisting mainly of the United States, Russia, Japan, China, Turkey, and the EU, might engage in sharp competition over regional energy resources and political loyalties, leading local states to act recklessly and violently.

Political changes in regimes, especially those in major states such as India, Egypt, Saudi Arabia, Turkey, Pakistan, Iraq, and Iran, could also lead to dramatic shifts in military balances. This is a concern because, except in India and Turkey, the processes of political succession are not well institutionalized. Some of these regimes could be overthrown by revolution. It could be, for example, that after two generations of a flowering of Islamic neo-orthodoxy, the stage will have been set for the reemergence of fundamentalist movements amid economic depression and the failure of secular political parties to provide viable political leadership. Regime upheavals might therefore produce several ultra-conservative religious regimes in the region, each successive case gaining moral and possibly literal support from the ones before. Egypt, Turkey, Saudi Arabia, or Pakistan—or several

of these states—might suffer major political upheaval and be transformed into actively anti-U.S. regimes. In addition, and possibly simultaneously, the internal stability of Pakistan could come unglued in the face of political paralysis and economic distress, with Pashtun, Baluch, and even *mohajir* groups seeking their own states.

An anti-American regime in Saudi Arabia, one so antagonistic that it would refuse to sell its oil abroad, is not very likely. But were it to come to pass and be allowed to stand, it would represent a major blow to the liberal economic order brought into being after World War II.

It is also possible that the internal stability of India will decline sharply as Hindu nationalism roils the implicit social compact of the multiethnic, multisectarian state. Even though the electorate may turn the ultra-nationalists out of office, they may not accept the verdict, but instead resort to extra-parliamentary violence that severely undermines Indian democracy. India could even break down as a national state, generating enormous political and humanitarian crises over the entire region for an extended period. Obviously, a failure to prevent a major war with Pakistan or China could trigger such a disaster.

Beyond these two major potential reasons for pessimism—the possibility of regional wars and destabilizing regime change—there is a specific cause for concern in the coming conflicts over water resources.

Such conflicts are particularly likely between Turkey on the one hand and Syria and Iraq on the other, and also potentially among Egypt, Sudan, and Ethiopia. There is little potential for agricultural expansion in Egypt,

which already achieves some of the highest productivity-per-acre rates in the world, and there is much potential for both drought and for more Nile water being used by upstream riparians.¹⁶¹

Water stress in the Jordan/Yarmouk valley system among Israel, Jordan, and the Palestinian Authority will likely be ameliorated by some combination of regional cooperation on infrastructure modernization, economic restructuring away from irrigated agriculture, sewage water recycling, water imports, and desalination programs. Even with present technology and at current costs, it would cost about \$4 billion (including the major initial capital investments) to produce 700,000 million cubic meters of drinking quality water through desalination for the first year, and much less for each succeeding year. That amounts to about half of the annual discharge of the Jordan river system, and would make up most of the region's prospective water deficit. \$4 billion is a lot of money for a small region, but it pales besides the amount of money spent on arms imports. If human needs truly require it, governments and societies will find it affordable.

It is also possible that within 25 years economically sound ways will be found to tap into large resources of fossil water deep below the surface. Some geologists estimate that beneath the the Negev and Sinai deserts there may be reserves of potable fossil water sufficient to last the entire Levant for more than 250 years at current rates of utilization.

Finally, it almost goes without saying that U.S. policy in the region will make a difference. One possibility is that U.S. policies, similar to current ones, will lead to further pacification of the Arab-Israeli dispute, but not to a stable natural balance of

power in the Persian Gulf or Southwest Asia. Domestic political turbulence would continue to exacerbate interstate, inter-sectarian, and inter-ethnic relations. As a result, the United States would retain a significant military presence and diplomatic profile in the region.

But two other possibilities exist. In one, the United States would not only persist with current policies, but either definitively succeed or fail with them. In the second, the United States would choose not to persist.

If the United States persists and succeeds, it will mean that U.S. policies will have brought stable peace not only between Israel and all the major Arab states, but also in helping to shepherd transitions to peaceful polities in Iran and Iraq, and a peaceful resolution of the Indo-Pakistani conflict. Success would allow the United States to substitute much or most of its military presence in the region for a more robust diplomatic, cultural, and commercial presence. Contrarily, U.S. policies could fail to prevent more serious threats from arising, and the United States might then increase its military presence either to support a beleaguered Israel, to contain the rise of a regional hegemon, or prevent certain countries from acquiring weapons of mass destruction. From such a failure the United States would risk, or go to, war.

The major alternative is that the United States might pull back from involvement in the region. Two interwoven sources for such a change exist. A lessening of common purpose with the regional states is one. An unwillingness on the part of the American public to

¹⁶¹ See Arnon Soffer, *Rivers of Fire: The Conflict Over Water in the Middle East* (New York: Rowman & Littlefield, 1999), pp. 49-50.

support expeditionary military deployments is another. That unwillingness could follow terrorist attacks on Americans or from perceptions of U.S. vulnerabilities to missile attacks from such countries as Iran, Iraq, Egypt, Pakistan, and India. In short, the possibility exists that we might not persist, succeed, or fail, but rather disengage.

Sub-Saharan Africa

Sub-Saharan Africa's last four decades, the decades of the independence period for most of the countries in the region, have been characterized by rampant instability, mostly despotic military rule, and corruption unsurpassed in its sheer venality.¹⁶² The region has experienced frequent violent conflicts, including genocide of Africans by Africans. While bloody disputes over colonially drawn borders have been less frequent than might have been expected, such conflicts have taken place and have recently grown in frequency and scale. They pale only in comparison to the huge number of internal upheavals, lately evidenced by major troubles in Angola, the Democratic Republic of the Congo, Rwanda, Burundi, Mozambique, Sierra Leone, Liberia, and elsewhere. The continent has also been home to massive organized criminal activity. Infectious disease, malnutrition, and both environmental and refugee problems have soared to catastrophic levels.¹⁶³ Access to quality education has been a rare privilege in most countries. Shortages of fundamental infrastructure—roads, telephone services, power, clean water, health care facilities and trained personnel, trustworthy police forces—have been chronic and severe in cities and villages throughout the region. Today, for example, there are more telephones in the Borough of Manhattan, or in central London,

than in all of sub-Saharan Africa.¹⁶⁴ And economic growth has been anemic for the most part, as populations have grown rapidly.

Such conditions are headlines for the all-too-familiar bleak African story. Yet there is another story to be told. If one takes the longer view, the independence period in sub-Saharan Africa can be seen as a movement from mostly single-party government backward to no-party military rule, and then from military rule forward to more democratic rule and more open societies. Potentially far-reaching positive changes have been occurring in many African states in recent years. Countries such as Benin, Botswana, Cape Verde, Malawi, Mali, Mauritius, Namibia, Uganda, Ghana, Kenya, Tanzania, and Swaziland have been cultivating more democratic, market-based institutions.¹⁶⁵ Reformist leaders in these states are emphasizing the criticality of high standards of governance, and they are plainly dedicated to the serious improvements in the quality of life

¹⁶² Many African states fall near the bottom of global "corruption" rankings. See, for example, the "1998 Corruption Perception Index" prepared by Transparency International and Goettingen University's Internet Center for Corruption Research.

¹⁶³ Current HIV/AIDS cases in sub-Saharan Africa are estimated at about 14 million, fully two thirds of the world estimated total of 21.8 million. See UNAIDS Program data, *World Almanac*, 1998, p. 840. As to refugees, 35 percent of the people of greatest concern to the UN High Commission of Refugees (UNHCR) globally are in sub-Saharan Africa, the largest regional percentage by far. UNHCR, *The State of the World's Refugees: A Humanitarian Agenda* (Oxford: Oxford University Press, 1997), p. 3.

¹⁶⁴ Susan Rice, "Bram Fischer Memorial Lecture," Rhodes Scholars' Southern Africa Forum, May 13, 1999.

¹⁶⁵ See *Freedom in the World 1997-1998* (New York: Freedom House, 1998), pp. 600-1; and the 1999 *Index of Economic Freedom* (Washington, DC: Heritage Foundation, 1999).

for their countrymen. They are also often asking for the best international advice in building transparent, rule-of-law-based systems of governance. As a result, these economies are attracting important outside investments¹⁶⁶ and have been growing at very respectable rates, in several cases 7 percent or more a year.¹⁶⁷ In light of these accomplishments, some observers now herald an African renaissance.

roduces people to new consumption patterns for food, clothing, and other goods. The result has been to stimulate demand, and that has aided economic growth in several countries over the past decade.

Beyond the successes of several small and medium sized countries, there are also encouraging developments in two sub-Saharan giants—South Africa and Nigeria.¹⁶⁸ South Africa is by



There is still more good news. Literacy rates are growing throughout the continent and the communications revolution is underway. While urbanization strains the capacity of government to deliver services, it can also be a crucial element in the building of national identity. When people leave their regions, they leave the pull of clan and tribal authority behind as well. While tribal groups tend to live in certain districts of cities, in time they tend to mix together far more thoroughly than is possible in rural areas. In some parts of Africa, too—most notably the Sahel—urbanization in-

¹⁶⁶ During 1990-94 the average annual return on book value of U.S. direct investment was nearly 28 percent, about three times the rate of worldwide return in that period. See Department of State, "U.S. Trade and Investment in Sub-Saharan Africa," December 1997.

¹⁶⁷ For example, 1998 GDP growth for Mauritius was over 10 percent, Botswana's was about 7 percent, and Ghana's about 6 percent. IMF, *World Economic Outlook*, October 1998, p. 188.

¹⁶⁸ The approximate populations of these two states in 1999 were: Nigeria (113 million), South Africa (43 million). Democratic Republic of Congo (50 million) and Ethiopia (59 million) are the other very populous non-Arab states on the continent.

far the economically dominant state in the region.¹⁶⁹ Nonetheless, it is experiencing significant problems: very high unemployment rates, the highest (and still rising) crime rate in the world, and a majority of the population still in poverty. Moreover, the post-apartheid period is only six years old, and those six years were spent under the remarkable influence of Nelson Mandela. It is therefore too soon to make definitive judgments about the future. But there are also positive events and trends. South Africa is making the transition to a multi-racial democracy. A peaceful, second democratic presidential election took place in June 1999. Developments in South Africa have also aided the settlement of the civil war in Mozambique.

For the first time in many years, too, Nigeria—a country with more than three times the population of South Africa although a GDP only one-third as large—has at least a credible chance to move away from an era of pervasive corruption, human rights abuse, and economic mismanagement. Important positive developments are in the works. The newly elected president, Olusegun Obasanjo, has committed himself to breaking Nigeria's crippling cycle of corruption, to introducing fair governance practices, and to reviving the economy. His ambitious agenda includes designing and sustaining an effective federal system, balancing the interests of diverse regions with that of the central government; bringing the military under civilian control; establishing an independent judiciary; and ensuring a continued pattern of open and fair elections. He will need help from the international community, and current indications suggest that he is ready to accept it. Nigeria's oil resources are a huge potential aid, as is the cooperation of the companies that are involved in the exploitation of that oil.¹⁷⁰ If Nigeria can get on track, and has the help and good fortune to remain on track, in 25 years it

would become the economic engine of West Africa, and a benign security presence for the region as well.

In short, things may well come together. Political and economic shifts of this kind—toward democratic, market-based institutions—could potentially transform large parts of Africa over the next 25 years, providing the basis for effective integration into the global economy. The small and medium sized core states, which have already achieved a degree of democracy and made progress against corruption, can serve both as magnets for more foreign investment in Africa and as role models of successful governance and economic policies for other regional states. If South Africa continues to make strong economic and political progress, and if Nigeria can move decisively toward a more open, democratic system and a vigorous economic revival, then the prospects for this region could brighten significantly.

Crafting institutions of governance that are viewed with confidence by Africans will be a complex task. Harnessing the capabilities in this region for effective democratic institutions and free market development will depend overwhelmingly on the leadership abilities of African statesmen, civil servants, businessmen, and scholars. Strong leaders could construct effective coalitions both within the states and with other governments and international agencies. Regional role models of integrity and commitment to good governance, with effec-

¹⁶⁹ South Africa's 1998 GDP was \$306.5 billion (in Purchasing Power Parity terms), about one-third of Sub-Saharan Africa's total (of \$903 billion). The sub-Saharan African country with the next largest GDP in 1998 was Nigeria, with \$112 billion

¹⁷⁰ A short but interesting feature on Chevron's relationship with Nigeria is Norimitsu Onishi, "Deep in the Republic of Chevron," *New York Times Magazine*, July 4, 1999.

tive civilian control over the military, could be shared throughout the continent, and built upon.

One means of achieving effective information sharing is through regional and sub-regional organizations. Such groupings, particularly those with a small number of similar states in the same sub-region, provide some of the best opportunities for furthering and supporting democratic and economically liberal policies. At present, these groupings are very fragile. However, if they are reinforced by bold African leadership and by proper incentives from abroad, then the region could potentially develop into a markedly more important and constructive player in the global economy.

For the region as a whole, 4 percent real growth per year through 2010, and potentially 5 to 6 percent real growth per year from then through 2025 is plausible.¹⁷¹ To achieve this, African statesmen and businessmen must work hard to attract and nurture partnerships with private investors—to take full advantage of what the global economy has to offer. If they can, then they will also have a real chance to stanch and even reverse the current “brain drain” of talented, educated Africans that has so seriously crippled states such as Nigeria over the last few decades. If South Africa and Nigeria make strong, steady progress in governance, stability, infrastructure development, and economic reform, then aggregate growth rates in the 7-8 percent annual range may be possible for the region. Sub-regional or even regional common markets can certainly help significantly here; they can help exploit economies of scale and provide the advantage of what amounts to a common currency.

Significant improvements in Africa’s standards of living, infrastructure, education, and health between now and 2025 will clearly be

much harder to achieve, given the increase in the number of children there will be to nurture. Africa’s population is projected to nearly double by 2025—from 620 million people to about 1.1 billion—even despite the AIDS epidemic that is sweeping through much of the continent. In that case, Africa would be almost as populous as China today. Sensible family planning, and far-reaching educational programs to facilitate such planning, thus appear to be indispensable elements in a strongly positive evolution for Africa over the next quarter century. It is not clear that such programs will be forthcoming, but the advent of good government throughout the region radically improves the chances that they will be undertaken.

For a positive future, too, the epidemics that now plague Africa need to be brought under better control. Unfortunately, AIDS, as well as a variety of other major diseases, are likely to remain major problems even in the best case for the region.¹⁷² Of the 34 countries currently most plagued by AIDS, 29 are in sub-Saharan Africa.¹⁷³ Making significant headway will require that children as well as adults be treated on a massive scale. Strong help from international health organizations, both governmental and private, will be essential.

Central to this positive evolution will also be stemming the conflict and instability that has wracked so much of the region for too long. This instability has come in a variety of forms: intra-state crises as in Rwanda; state failures in such West African states as Sierra

¹⁷¹ See IMF, *Global Economic Prospects*, October 1998, p. 189.

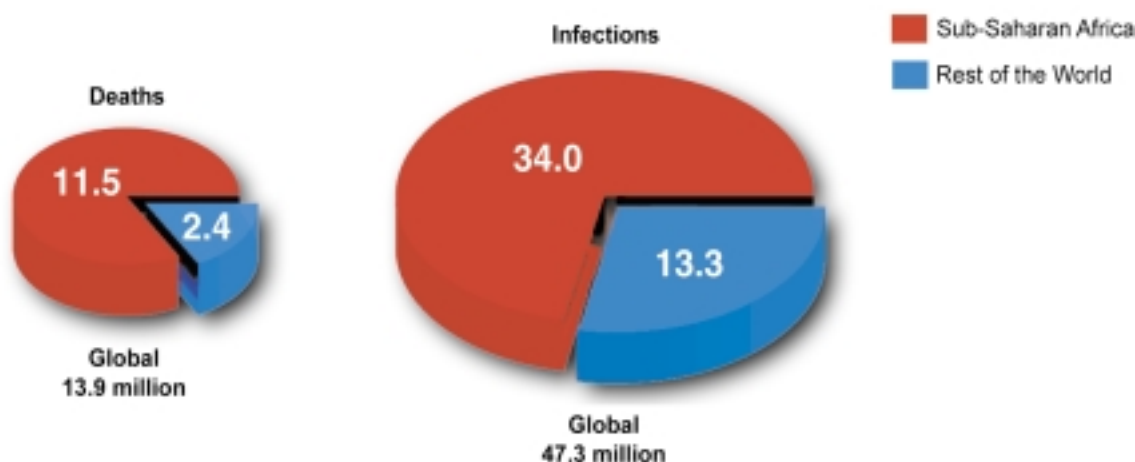
¹⁷² For details, see the United Nations population figures for 1998.

¹⁷³ Noted in “The Demographic Impact of HIV/AIDS,” United Nations Population Division, 1998.

Leone and Liberia; and protracted civil wars, as in Sudan. Taken together, such conflicts have displaced upwards of 4 million people.¹⁷⁴ All of these types of conflict may well continue through the first part of the 21st century. Together with rising domestic crime in many states and the increasing prevalence of transnational problems such as narcotics and money laundering, they clearly pose serious security challenges to all African states. Indeed, the general problem of corruption—at the top as well as elsewhere in

political and economic foci to include security concerns. The OAU's Conflict Resolution Center, the Southern African Development Community's Political, Defense and Security Organization, and the Economic Community of West African States' operation in Liberia hold promise for promoting African solutions to regional conflicts and security concerns. Future efforts can advance intra-regional cooperation while seeking to spread positive political-economic gains throughout sub-regional areas.

AIDS Deaths and HIV Infections Total Cases to Date



Source: UNAIDS, *AIDS Epidemic Update*, December 1998.

society—may be the region's most serious problem.

Progress in addressing fundamental political and social problems can help resolve the root causes of many conflicts in the region. Here, too, there have also been a number of encouraging conflict resolution initiatives—both from within the region as well as by other concerned parties—that will need to be reinforced for this positive evolution to have any real chance. Several African inter-governmental organizations have expanded their traditional

At the same time, Africa will need to be engaged with states outside the region to take full advantage of global opportunities for development and security—through bilateral relationships and constructive partnerships in international organizations. The United States has established programs such as the African Crisis Response Initiative and the new African Center for Security Studies. Such relationships can

¹⁷⁴ UNHCR, *The State of the World's Refugees: A Humanitarian Agenda* (New York: Oxford University Press, 1997), pp. 286-7.

provide a basis for strengthening trends toward democracy and economic liberalization, while providing additional forums in which to seek conflict resolution.

The overall challenges for Africa are clearly daunting. Looking out to 2025, a number of pessimistic futures are not difficult to envision. Things might not come together, but fly further apart.

Emerging patterns of democratic governance may not survive. At worst, some of these states could become havens for organized criminals and political/religious extremist groups in possession of increasingly lethal weapons.

African economic growth, moreover, will have a difficult time keeping pace with the region's rapidly growing population. Economic growth at levels around 6 to 7 percent per

Areas of Conflict



Source: USAID, Office of Sustainable Development, Africa Bureau, 1999

One or more of the populous states in the region, especially Nigeria or South Africa, but also Kenya or Tanzania, may fail to make economic and political progress. The all too frequent conflicts in the region may persist or intensify. HIV/AIDS may not be brought under control. Soaring population growth rates may continue despite the ravages of disease.

annum will be necessary in many countries just to keep up with population growth. Thus, some of the robust figures on African economic growth in recent years are deceptive. Gross economic activity always increases with population, but it is per capita figures that matter most, and in this regard Africa's progress is far less impressive.

Such adverse outcomes would, of course, represent an enormous waste of Africa's human and natural resources. If significant headway cannot be made on many of these fronts, the United States and the rest of the world could face terrorist threats, refugee problems, an increase in organized crime, and health epidemics spilling out of the sub-continent to climes far and wide.

Perhaps the central problem that may arise in and from sub-Saharan Africa is the splitting asunder of state frontiers. Social pressures, bad government, and the spread of various transnational dangers could fracture many of the territorial states that have been basically stable since the independence period. The war in and over the Democratic Republic of the Congo may represent a major watershed for the worse in this respect. In no regional fracas before the collapse of Mobutu's Zaire has there been so much serious and varied military intervention by African states into the internal affairs of another. The interests of Zimbabwe, Uganda, Angola, and other states are so sharply at variance, and the Congo's ethnic diversity and geographical swath are such challenges to state-building, that the Congo may never come back together as a single political unit in the shape it held in 1995.

The ongoing war between Ethiopia and Eritrea is another cautionary example. Eritrean independence was achieved in unison with the Ethiopian government that overthrew the heinous regime of Mengistu Haile Mariam. But even though Ethiopia's borders were changed by consent, and even though the two leaderships professed friendship and peace toward each other, it was not very long before the two countries fell into a ruinous border war.

Events in the Democratic Republic of Congo and Ethiopia have violated the taboo against the violent changing of frontiers in Africa. This could lead to more conflict. Among those most vulnerable to ethnic conflagration and territorial reconfiguration are some major ones, including Kenya, Uganda, Senegal, Angola, Tanzania, South Africa, and Sudan—the last of which has suffered from more than 20 years of a civil war that still shows little sign of ending.

It is also possible that the examples of the Democratic Republic of Congo and Ethiopia will strengthen the will of African elites to maintain the territorial status quo, having now seen the costs of change. But if that does not happen, the weakening of respect for the existing territorial state system in sub-Saharan Africa could trigger civil wars in as many as half a dozen African states. Such strife could easily spill across borders as various ethnic groups seek to unite themselves under a single flag. Once the fighting stopped, such a reconfiguration of states into more homogeneous ethnic units could make subsequent attempts at nation-building marginally easier. But the long-term consequences could be disastrous, for elites that can more easily build nations on the basis of ethnic solidarity can also more easily take them to war against alien groups.

The humanitarian fallout from such wars would be dramatic, easily overwhelming the existing capacities of non-governmental organizations to manage them. As a world leader, the problem would doubtless queue up to the U.S. foreign policy agenda and, given the nature of American society and contemporary electronic media culture, the U.S. government would have to take up that agenda at least to some extent. This would be so even if no

concrete national interest, narrowly construed, were at risk.

Another real possibility, probably more likely than the collapse of the territorial status quo, is that the information revolution in Africa will make borders increasingly meaningless. State capacities are modest in this region, and they are unlikely to keep up with new patterns of licit and illicit commerce. The advent of mass communications in Africa will hasten the expansion of business competence far faster than the expansion of government competence. Thus, Africa is likely to be a prime example of states losing control over the levers of economic life, and having their legitimacy and longevity called into question as a consequence.

It is not at all clear whether sub-Saharan Africa's future will turn out to be bright or tenebrous. It could well be mixed, with some states achieving their goals of peace, prosperity, and cultural renaissance, while others descend into the pit of bad government and social decay. In any event, as is usually the case, the future is up to the peoples of the region, and their leaderships. In a world where regions no longer have automatic strategic significance on account of the global competition among great powers, outsiders will not make or break Africa's future. Nevertheless, the potential for cooperation is great because African states may need and warrant outside assistance, and because the Western countries could, and should, see such assistance as self-interested as well as charitable. An Africa in chaos is in no one's best interest.

The Americas

The Americas—defined here as Latin America, Canada, and the Caribbean—is a region of unique importance to the United

States. The region is home to the two largest U.S. trading partners—Canada and Mexico—and the destination of over 40 percent of all U.S. exports. The United States imports natural resources from the region, including petroleum from Mexico, Venezuela, and Trinidad. Additionally, cultural ties between the United States and Latin America are strong; the United States has the fifth-largest Spanish-speaking population in the world, now some 17.3 million strong.¹⁷⁵ At the same time, the geographical propinquity of Canada, the Caribbean, Mexico, and Central America to the United States often makes the problems of one country a domestic concern for others—the United States included.

Latin America, the Caribbean, and Canada are very distinct from each other. Latin America's cultural and political roots were molded by their Spanish and Portuguese colonizers. The mix of indigenous tribes with Europeans created the social base that exists in Latin America today, but the mixing is different in different countries. Less than one percent of Costa Rica's population is made up of indigenous people, for example, but indigenous groups constitute 44 percent of the population of Guatemala, and substantial percentages also in Mexico, Peru, Bolivia, and Ecuador.¹⁷⁶

In contrast, the Caribbean islands trace their roots primarily to English, French, and Dutch colonizers, and also to the institution of slavery as practiced by Europeans from the 17th through the early 19th centuries. Parliamentary systems are the norm in the Caribbean and, unlike Latin America, the

¹⁷⁵ The number of Hispanics in the United States is even larger—22 million—but not all Hispanics, a catchall term meaning those whose forebears came from Spanish-speaking countries, speak Spanish.

¹⁷⁶ *CIA World Factbook*, 1998.

primary language is English. Canada also has a parliamentary system based on British traditions.

In the last 20 years, Latin America has undergone profound transformations. All of the 35 countries in the region have democratically elected governments, with the exception of Cuba. Free market economics

has replaced protectionism in most countries as the chosen path for long-term economic growth, a major shift in attitude from two decades ago. Steps have been taken toward economic integration, most notably through the Southern Cone Common Market or Mercosur, whose members are Brazil, Argentina, Paraguay, and Uruguay. This has earned the region much respect from in-



vestors worldwide; some \$40 billion per year, on average, entered the area in the 1990s.¹⁷⁷ Human rights abuses in the region have been significantly curtailed, and several insurgencies in Central America have been ended by negotiation. Armies have for the most part stayed in their barracks, another shift in historical patterns. In short, Latin America has gone far in transforming itself from an area dominated by authoritarian regimes with closed economic policies into a model of progressive political and economic development.

Despite these positive trends, many Latin Americans have yet to see the fruits of change. Income disparities in the region are the greatest of anywhere in the world. A quarter of all national income is in the hands of 5 percent of the population, and the top 10 percent absorb 40 percent of the wealth.¹⁷⁸ The poorest 30 percent of the population receive only 7.5 percent of national income, and only a small middle class exists in most countries.¹⁷⁹ Social conflict between native populations and those of European origin is endemic in many countries, including Bolivia, Colombia, Ecuador, Nicaragua, Mexico, Peru, Guatemala, Honduras, and Brazil.

Meanwhile, violence and crime are pervasive. The region also suffers from high levels of governmental corruption and graft. With economic growth uneven in most countries, the possibility of economically failed states—states that cannot reliably provide rudimentary services and that default on their international obligations—cannot be ruled out over the next 25 years.

Perhaps most important, Latin American democratization is still fragile, except in Chile, Costa Rica, and Uruguay. The rule of law, respect for basic civil liberties, the existence of mass-based political parties, the de-politiciza-

tion of military institutions, and the rights to free speech and organization are still tender shoots in many of the area's formal democracies. A sign of this fragility is the difficulty that free media have had conducting objective political polling in many countries.¹⁸⁰ The citizenry in many Latin American countries have not become fully comfortable with the attitudes, the "habits of the heart," that ultimately undergird a democratic polity.

Notwithstanding this mixed situation, the Americas will be an increasingly important region for the United States over the next two decades. U.S. trade and investment will increase. Latin America and the Caribbean are projected to have over 690 million people by 2025, roughly twice the size of the European Union. An OECD study projects growth rates for Brazil's economy as high as 5.6 percent over the next 20 years.¹⁸¹ Should this projection prove accurate, Brazil will emerge as a major global economic power, with a GDP roughly equivalent to Japan's today. In addition, U.S. cultural ties with Latin America will grow stronger in the coming decades. In 2025, the Hispanic population in the United States will be the largest minority group in the country.

What, then, will the future hold for the Americas, and how will that future affect the United States? Four factors will be most critical: how the economies of the major

¹⁷⁷ Figure cited in Abraham Lowenthal, "Latin America in a Time of Global Financial Turmoil," March 1999 (unpublished draft).

¹⁷⁸ Inter-American Development Bank Report, *Economic and Social Progress in Latin America: Facing Up to Inequality in Latin America* (Washington, DC: 1998), p. 1.

¹⁷⁹ *Ibid.*

¹⁸⁰ See here Humphrey Taylor, "Pollution," *The National Interest*, No. 51 (Spring 1998).

¹⁸¹ Projections based on data in OECD, *The World in 2020*.

players fare in the context of the new global economy; whether liberal democratic and free market principles prevail; how Mexico and Brazil evolve politically; and what role the United States plays. We take these in turn, looking at both optimistic and pessimistic possibilities.

Recent trends suggest that Latin America will enter the 21st century from a positive economic base. Reforms initiated as a result of the region-wide debt crisis of the 1980s have resulted in greater fiscal and monetary discipline, lower inflation, a compressed public sector, and diminished barriers to international and regional trade. If the region can sustain annual growth rates of 6 percent, as some observers have projected, its countries will be better able to address widespread poverty, poor educational and health systems, and other problematic social conditions.

Latin America has a demographic “window of opportunity” with which to attain these goals. Fertility rates are dropping and population growth rates are decreasing. Between 1995 and 2025, average annual population growth rates are projected to fall from 1.73 percent to 1.07 percent in Mexico, from 1.33 percent to 0.76 percent in Brazil, and from 2.71 percent to 1.41 percent in Honduras.¹⁸² As a result, the number of working age people will rise in proportion to the number of children. A shrinking youth bulge, a larger work force, and a yet-to-have aged population suggest a smaller financial burden on state resources and the chance to accumulate domestic capital needed to finance education and other social projects.

The prospects for expanding free trade are also good, particularly given the importance of international commerce in the region.¹⁸³ Trade

accounts for over 40 percent of Mexico’s GDP and over 50 percent of Chile’s.¹⁸⁴ Both the Central American Common Market (CACM) and the Caribbean Common Market (CARICOM) have shown interest in strengthening their ties with NAFTA, which could lead to their accession to the trade pact. The United States, Latin America, the Caribbean, and Canada have already agreed on a concept of a Free Trade Area of the Americas. Mercosur will probably add new members over the next 25 years.¹⁸⁵

Hemispheric free trade is also progressing on a bilateral basis. Chile has free trade agreements with nearly every country in the Americas, including Canada. Mexico has negotiated a number of free trade agreements in addition to NAFTA, including ones with Costa Rica, Chile, Venezuela, and Brazil.

Since successful trade associations have often been associated with positive political outcomes, an Americas region tied together by free trade might also cooperate effectively in dealing with other transnational issues such as drugs, crime, and the environment. Also, regional economic interdependence might lessen the possibility of interstate conflict, although history is replete with cases where this has not happened.

¹⁸² The World Bank, *World Development Indicators 1998*.

¹⁸³ Knight Kiplinger, *World Boom Ahead: Why Business and Consumers Will Prosper* (Washington, DC: Kiplinger Books, 1998), pp. 94-8.

¹⁸⁴ 1996 figures. Trade accounts for 75 percent of Canada’s GNP.

¹⁸⁵ The other regional associations are the Andean Group (Bolivia, Colombia, Ecuador, Peru, and Venezuela) and the Central American Common Market (Guatemala, Honduras, Nicaragua, El Salvador, Panama, and Costa Rica).

In addition to trade integration, the Americas will experience greater monetary integration. Proposals for dollarization are being debated by the public and/or private sectors in Argentina, Mexico, and El Salvador. Currently, Latin Americans hold a majority of their savings in dollars, and 70 percent of banking assets and liabilities are dollar-denominated in Argentina, Bolivia, Peru, and Uruguay.¹⁸⁶ While dollarization is likely to be hotly debated both domestically and abroad, global trends indicate that a regional currency bloc is a strong possibility by 2025. If a currency bloc in Latin America does emerge, it could prove to be a strong source of economic stability and help further unify the region.

Hurdles to the region's positive economic future should not be underestimated, however. The most important is the prospect that globalization will widen social divisions and abet economic polarization. Existing class divisions in most Latin American countries could be increased. The rich and well placed would be in a position to acquire the knowledge-based skills, the technological devices, and the international contacts that would propel them into the world of cyber-prosperity. Meanwhile, the majority of the population would remain in the barrios, getting poorer and more distant from the opportunities of the early 21st century. This is a formula for social and political upheaval, and hence, ultimately, for economic instability as well.

Even more daunting, sharp income differentiation divides many Latin American states along cultural lines. Many of the rural poor in Latin America are members of indigenous groups who remain largely outside the political spectrum and represent a large portion of the population in countries such as Bolivia, Peru, Mexico, Guatemala, and Ecuador. Whether these groups are incorporated into the political

and economic mainstream will help determine if stability or conflict characterize these societies in the future.

On a different level, many countries in the region depend heavily on commodity exports, and in some cases on only a single commodity. The volatility of the commodity market leaves these economies vulnerable to the whims of the global economic environment. Moreover, many countries lack the resources necessary to move beyond a commodity-based economy and are unlikely to develop them over the next 25 years.

Second, the region suffers from a scarcity of capital and is likely to remain significantly dependent on external sources of capital over the next 25 years. This dependency is aggravated by the fact that the bond rating agencies do not give most states in the region high marks. The more positive climate for business that is developing in Argentina, Uruguay, Bolivia, Peru, Ecuador, Panama, El Salvador, Costa Rica, and Chile has improved their economic freedom rankings over the last five years. Higher bond ratings may well follow.¹⁸⁷ Nevertheless, while sound fiscal policy is producing somewhat higher rates of domestic savings, these rates are not likely to increase significantly. Moreover, any increases in income will tend to go toward relieving the burdens of protracted sacrifice rather than to capital savings.

Third, most Latin American countries are saddled with inefficient tax structures and high rates of tax evasion. Therefore, the region's economic future will partly be determined by its success in broadening the tax base and improving collection.

¹⁸⁶ David Ignatius, "Dollarization in Latin America," *Washington Post*, April 28, 1999, p. A25.

¹⁸⁷ Kiplinger, *World Boom Ahead*, p. 95.

Finally, in order for national and intra-regional trade in Latin America to flourish, the region will need to develop a more effective transportation infrastructure. Good roads are in short supply; many of them are so rough that large trucks and automobiles cannot drive on them during the long rainy season. There are few trains connecting interstate trade centers and, as a result, Latin American producers often have difficulty getting their goods to market. New projects take time and cost much money, and even the seemingly successful ones, such as the Hidrovia waterway involving mainly Argentina, Uruguay, and Brazil, churn up opposition and many opportunities for graft. It is also the case that, as with other parts of the Latin American economy, infrastructure investment relies heavily on foreign money.

The next 25 years will determine whether Latin America's march toward democracy is successful or not, and the consolidation of democracy is probably the most important overall determinant of the region's prospects for security and stability. The relationship between democratic governance and economic growth is complex. In the case of Latin America, its prosperity may well be connected to the capacity of its countries to open themselves to the world economy. That is because international best practices tend to reward accountability, transparency, and consistency—all hallmarks of democratic rather than authoritarian governance.

One important sign that Latin American democracy may prosper in the years ahead has been the transformation of military institutions. Many military leaders in Latin America have donned civilian clothes and turned to electoral politics in order to wield legitimate power, which is a long way from the strongman (*caudillo*) style of the past. The military itself has shunned intervention over the last decade

and has typically left matters under civilian control. They have accepted post-transition defense reforms and budget cuts. They have adopted new roles, including participation in peacekeeping operations. The border between Ecuador and Peru, for example, is monitored by a multilateral peacekeeping force that includes soldiers from Argentina, Brazil, and Chile. In short, most Latin American military leaders have come to understand the importance of maintaining a democracy in order for their country to be an accepted and respected member of the international community.

The democratization process has also been effective in reducing conflict in the region. It has facilitated the peace process in Central America by enabling former guerrillas in El Salvador, Nicaragua, and Guatemala to use politics as a means to voice their concerns. Gross human rights abuses committed under closed, authoritarian regimes have been significantly reduced as democratically elected governments have chosen dialogue with opposition groups over repression. Aside from a limited war between Ecuador and Peru, the continent has been at peace ever since its democratic turn accelerated in the 1980s.

Latin American militaries will not likely be called upon to save their countries from aggressive neighbors in the future. On balance, major interstate conflicts are unlikely over the next 25 years. Border problems may still lead to tension and even small skirmishes, as we have seen in the recent past between Ecuador and Peru. But the chances for such conflicts are dwindling, symbolized by the fact that Argentina and Chile finally managed in the spring of 1999 to demarcate their border to mutual agreement after more than a century of dispute. For the most part, too, any such border problems will not be traditional conflicts over territory as such, but

rather over water rights, pollution, and migration issues.

As a result, the major security threats to regional states will generally not be from their neighbors, but rather from domestic insurgencies, drug trafficking, organized crime, and natural environmental disasters such as hurricanes and earthquakes. These natural disasters, of course, are exacerbated by human foibles: deforestation and excessive building in flood-prone areas. But except for natural disasters, progress on the economic front and strong democratic institutions will be more important for addressing these challenges than military forces.

Defense budgets will probably continue to fall in real terms and as a percentage of GNP.¹⁸⁸ In some cases, these budget trends will make significant military modernization impossible. Weapons of mass destruction programs are also very unlikely to commence. In the 1980s and early 1990s, Brazil and Argentina eliminated their nuclear programs and no other state (except for Cuba) is even suspected of wanting to develop weapons of mass destruction of any kind.

Unfortunately, not all signs are positive for the development of democracy. If Latin American engagement in the global economy widens inequalities, democracy could fall before the deepening of oligopoly as vested elites try to protect themselves from change. Or democracy could fall before a potentially violent populism that would reverse market reforms, and whose own respect for democratic norms is shallow.

Venezuela may provide a test case. The current president, elected as a populist in December 1998, promised to widen the country's political system to include those

beyond the tight, if formally democratic, elite that has run the country since 1960. But his own democratic credentials are unclear, and his sympathy for protectionist economic policies is well known. It is still unclear whether he is trying to consolidate power in order to bring the fruits of democracy to all of Venezuela's people, or to re-establish authoritarian rule under his own fist.

Perhaps the most vexing challenge to the development of Latin American democracy, as well as society as a whole, is the proliferation of crime, corruption, and illegal drug trafficking. In countries such as Colombia and Mexico, organized crime groups have penetrated the upper echelons of government. Corruption in Latin America stems mainly from the practice of clientelism, an historic patron-client relationship where some members of the elite obtain public office by trading promises of patronage and largesse. Consequently, some state officials often accept bribes or promotions as common to doing business, a practice that tends to misallocate resources and to undermine the legitimacy of state institutions. Latin American drug cartels have turned drug trafficking into a profitable and highly developed industry, netting them hundreds of millions of dollars a year. While Latin American politicians acknowledge the gravity of these problems, many Latin Americans view their governments as apathetic and ineffective in combating these threats. The result in the future could be social unrest, a greater centralization of government control, and even calls for strong presidents to rule by decree.

¹⁸⁸ See Stockholm International Peace Research Institute, *SIPRI Yearbook 1998: Armaments, Disarmament and International Security* (Oxford: Oxford University Press, 1998), p. 214.

The United States has an interest in Latin America as a whole, but two countries are especially critical: Brazil, because it is so large, and Mexico, because it is so close.

Brazil is responsible for approximately 40 percent of Latin America's total GDP. A deep and prolonged economic recession in Brazil would have serious effects on the regional economy, especially for its Mercosur trading partners. Even in the more positive future, several factors may obstruct Brazil's achieving the economic success many have predicted for it: deeply entrenched vested interests within state and federal levels of government that complicate economic policymaking; the potential for monetary instability; dependence on external capital; and the worst distribution of income of any nation in the world.

While Brazil has moved to correct these problems and is likely to make much progress over the next 25 years, investor confidence could still plummet, sending Brazil's economy spiraling downward as foreign and domestic investors shift to lower-risk environments. First, doubts persist about the viability of Brazil's banking system. Second, the Brazilian economy could stumble if the privatization of state-owned enterprises either falters or fails to increase industrial efficiency and global competitiveness. Third, poor exchange rate policy could result in an overvalued real. Lastly, the richest one percent of Brazilians control nearly half the land; land reform is critical, but it is by no means clear that it will occur.¹⁸⁹

Furthermore, Brazil's economic stability is dependent on market perceptions, given its high level of dependence on external capital to finance its current account deficit.¹⁹⁰ If investors lose confidence in the Brazilian economy, it could provoke a serious economic crisis. Excessive capital flight could force

Brazil to devalue the real and raise interest rates. Credit could then dry up, limiting investment and forcing the economy into a recession. Steep interest rates would increase the number of non-performing loans and could push the banking sector to collapse. The hardest hit would be the poor and the middle class, destroying the ability of the latter to generate the domestic savings necessary to reduce Brazil's dependence on foreign capital. A severe economic downturn in Brazil is a real possibility, well within 25 years.

Extended negative GDP growth in Latin America's largest economy also would have region-wide repercussions. Lack of investor confidence in Brazil would likely result in less investment for all Latin American countries as domestic and foreign investment seeks safer havens. This could result in a region-wide recession, which in turn could affect American commercial ventures in Latin America and reduce U.S. exports to the region.

In sum, Brazil's economic well-being remains a key question mark over Latin America's future, and would affect U.S. economic well-being, too. If the country is able to perform to its potential, it can help drive the region toward a more prosperous future. If the Brazilian economy falters, the entire region will suffer the consequences.

Mexico has made many economic and political strides over the past two decades. It has replaced its import substitution industrialization strategy with free market oriented policies, culminating with its accession to NAFTA in 1994. Additionally, its

¹⁸⁹ Allen Hammon, *Which World? Scenarios for the 21st Century* (Washington, DC: Island Press, 1998), p. 131.

¹⁹⁰ According to World Bank figures, Brazil's current account deficit in 1996 was \$24.3 billion before official capital transfers.

political system has gradually liberalized, becoming more pluralistic and competitive. Both of these developments have made Mexico's economy more robust, as demonstrated by its successful weathering of the recent Asian and Russian financial crises.

Nevertheless, Mexico remains vulnerable on several fronts. The economy is not solid. It will take years to develop a well-regulated banking sector, as a result of the careless lending that preceded the 1995 debt crisis. Like Brazil, Mexico's financial well-being is also highly dependent on external capital. Furthermore, its fiscal stability is overly dependent on the world oil market. As a result, a number of internal weaknesses and external shocks could cause severe economic difficulty for Mexico over the next 25 years.

Mexico could also face acute political instability, either through an over-centralization or a decentralization of power. For the past 70 years, power has been centralized within the presidency under the control of the PRI (*Partido Revolucionario Institucional*). In the 1990s, Mexico moved toward a multiparty democracy, with opposition parties winning a number of state governorships and control of the lower house of the national legislature. But the PRI has not relinquished the Presidency since it took power in 1929. While some other party might win a presidential election, the ruling party is still strong and, faced with political defeat, it could execute an internal coup—an *autogolpe*—to keep itself in power. That may have already happened once: many Mexicans believe that Carlos Salinas stole the 1988 presidential election from Cuauhtémoc Cárdenas.

If the PRI were to hijack a future national election, the sizeable and well organized opposition that has developed in recent years could

mount widespread and effective protests. That could seriously strain U.S.-Mexican political and economic relations. If the cycle of protest and repression were to get out of hand, it could send many more Mexicans across their northern border than are liable to come anyway.

On the other hand, and probably just as likely if not more so, democratization could continue on its current path, with more power devolving from the executive to other federal branches and the states. Given Mexico's heterogeneous character, such a devolution could eventually result in the country's break-up. State governors might take on greater responsibilities for providing public services and domestic security. While not very likely, Mexico might even split into northern and southern parts. Today, the income generation of the northern border states largely subsidizes the poorer southern states. If the northern states gained more control over their tax dollars, it is possible that they would be less interested in shouldering the economic burden of their southern brethren.

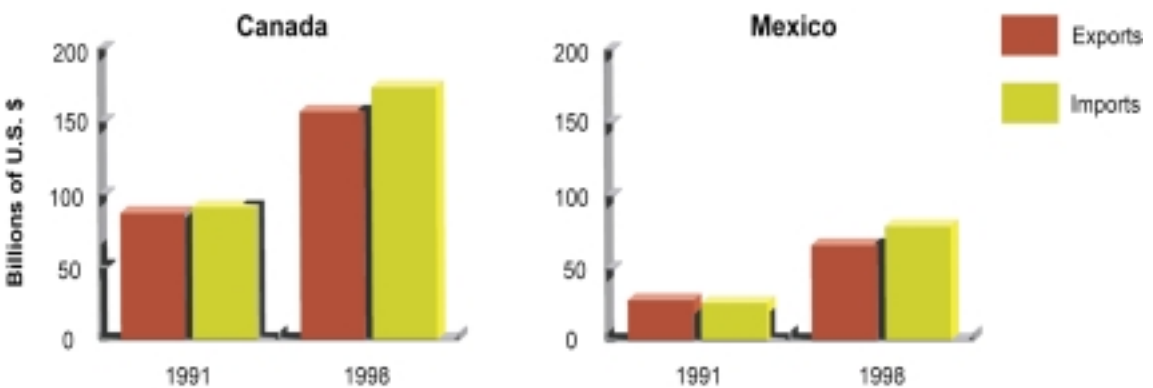
Another closely related realm of potential instability is social in nature. Mexico has one of the highest measures of income inequality in Latin America and has already faced a number of uprisings in the largely rural southern states of Chiapas, Oaxaca, and Guerrero over poor standards of living, lack of job opportunities, and government disinterest in the well-being of peasants and indigenous peoples. Urban unrest is also a possibility as more people move to the cities and frustrations mount because their rising expectations cannot be met. The combination of a restive rural and urban population that perceives the federal government as failing to meet its economic needs or provide sufficiently for its personal security, could be a volatile mix.¹⁹¹

Clearly, the United States cares deeply about acute instability to its immediate south. Mexico is the second largest trading partner of the United States, and economic chaos there would depress American exports. Profits of the numerous commercial ventures in Mexico would shrink. Economic or political instability in Mexico would increase pressures for more migration to the United States and evoke American resistance in many forms. Moreover,

American States. But such an extreme contingency is very unlikely over the next 25 years.

Finally the role of the United States will be important to how this region develops in the future. Latin America will not be a major strategic-military concern, but the political and economic future of the region will matter a great deal. The United States will care as to whether free trade and democratic institu-

U.S. Trade with NAFTA Increasing



Source: U.S. Census Bureau, U.S. Trade in Goods and Services - Annual Revision for 1991-1998, May 1999.

Note: NAFTA went into effect Jan. 1, 1994.

lack of political control and economic hardship would also encourage the drug trade to flourish, along with other criminal enterprises, and would certainly infest the U.S.-Mexican border region with crime and violence.

Political, economic, and social instability in Mexico would arguably be the most serious national security threat to the United States that could emanate from Latin America. Given Mexico's size, such a debilitated environment would be difficult to contain and could even raise the specter of a U.S. military intervention in tandem with the Organization of

tions survive. It will also wish to avoid any major polarization between the northern and southern parts of the hemisphere.

There are several ways free trade could be threatened. If global economic integration comes unstuck and a prolonged economic meltdown occurs, Latin American leaders

¹⁹¹ The number of crimes reported to the police grew 36 percent from 1994 to 1995 and 14 percent more in 1996, but most crimes in Mexico go unreported. See "A Stain Spreads Across Latin America," *Los Angeles Times*, April 25, 1999.

might look inward for economic growth, adopting protectionist economic policies to shield their countries from external threats. A protectionist regional policy could also emerge as a result of growing popular resentment to external prescriptions for the region's ailing economies. Many of the IMF and World Bank policies include politically unpopular measures such as cutting subsidies and improving tax collection practices. Or South American leaders could become increasingly disenchanted with U.S. trade policy, and shift their trading links to Europe. Currently, over 27 percent of Mercosur's exports go to Europe. Imports from the European Union to Mercosur increased 104 percent between 1993 and 1996—32 percent more than imports from the United States.¹⁹²

There is also a broad political route to trouble. Inward looking economic policies could emerge as a result of weak economic performance over a prolonged period of time, bolstering the notion that free market trade policies hinder rather than promote income equality and poverty reduction. At a popular level this view could generate support for political candidates who adopt less globalist and more protectionist platforms.¹⁹³

Resentment against neoliberal policies could be channeled through the political system and outside of it. Radical political parties might develop more support and polarize a political landscape generally dominated by two elite parties. These radical parties might also have military arms much akin to IRA or the ETA, which have committed terrorist attacks to attract public attention. Popular anger toward the state could also be channeled outside the political spectrum through armed guerrilla movements. Increasing financial and popular support for new and existing guerrilla groups could foment violent attacks against the state and civilians alike.

Such instability would create an opportunity for nationalist political leaders. Such aspirants will likely be populist, guaranteeing tangible results, while also appealing to Latin America's traditional sense of personal politics. Even today, populism has shown a resurgence in Venezuela, where Hugo Chavez utilizes referendums, social promises, and a packed constituent assembly to govern.

The election of a nationalist Latin American president under such circumstances could have an important economic side effect. Whether for domestic political reasons or simply a desire to change economic directions, populist leaders might pursue protectionist economic policies to shield themselves from U.S. and world influence. That could significantly reduce trade between Latin America and the United States, Europe, and Japan.

Relations between the United States and a protectionist Latin American country (or sub-region) could become particularly strained. Latin American leaders would reduce ties to the United States and other developed countries to placate domestic political opinion. The lack of economic cooperation could also hamper cooperation on immigration, drugs, pollution, and other transnational issues.

The most likely area where such negative developments could occur is the Andean region. Today the Andes is one of the most economically depressed areas of South

¹⁹² Sam Laird, "Mercosur: Objectives and Achievements," World Trade Organization paper, May 23, 1997.

¹⁹³ In brief, populism has led to economic failure in the past for Latin America mainly because the state did not have enough revenue to support service-driven political policies. A single country could not implement these sorts of policies if capital inflow dried up and loans were not available. It is conceivable, however, that this capital could come from the growing regional trade now taking place.

America. If poverty and social inequality continue at the current pace, by 2025 the Andean region could be wracked with violence, corruption, and instability. In the last 40 years, guerrilla movements have been prominent in the region, including an insurgency in Bolivia led by Che Guevara, and, more recently, the activities of the Sendero Luminoso and Tupac Amaru in Peru.

Given the rough terrain and poorly guarded frontiers in the region as a whole, there are few constraints on guerrilla movement back and forth across state borders. That raises the possibility of non-state actors re-aggravating historical grievances and sparking a broader regional conflict. The fact that armed guerrillas in Colombia have already violated the border with Panama and Venezuela illustrates the problem. Additionally, it is possible for a populist government, elected through democratic means, to evolve into an authoritarian regime as a result of societal stresses and a general loss of confidence in democracy.

An uncooperative relationship between the United States and Latin America could arise not only from poor economic performance, but also due to resentment stemming from U.S. political and economic policies in the region. Leaders in Peru, Bolivia, Ecuador, Colombia, or the Caribbean could become increasingly frustrated with U.S. drug policies. Combined with popular nationalist sentiment, this frustration could produce a widespread anti-American attitude. Countries like Chile could also exude an anti-American position due to its mounting frustration with U.S. economic policies. A powerful South American economic pact might even put its principal members in a position to demand political and economic concessions from the United States, and to threaten to take its business to the EU if Washington demurs.

Finally, a few words about the Caribbean and Canada.

The states of the Caribbean are, for the most part, very different culturally from Latin America. Except for Cuba and the Dominican Republic, Spanish is not the language of most of its lands. Their economies are small, as is the size of most countries' land masses, and their resources are generally scant—save for oil in Trinidad. Democracy is widespread but often fragile, and population and social pressures are many and growing. Also, the Caribbean is unique in that a few of its islands are still ruled as colonies of France, Great Britain, and the Netherlands.¹⁹⁴

For the most part, this nearby area of the world poses non-traditional security problems for the United States. One concerns illegal immigration and another the role of the islands in the drug trade and money laundering. If there is reason to worry about criminality overwhelming relatively large states such as Russia or Nigeria, there is even more reason to worry about the Caribbean, where government capacities are small relative to the syndicates they sometimes face. There is even a question of fundamental viability for many of the smaller island states in the region, and this is reflected in the growing number of shiprider agreements that have been negotiated with the United States. Such agreements allow local officials to board U.S. Navy or Coast Guard vessels operating in their own territorial waters against smugglers and thieves—to deputize

¹⁹⁴ Specifically, French possessions in the Western hemisphere are Martinique, Guadeloupe (and, much farther north, St. Pierre y Miquelon); the Dutch include Aruba and the Dutch Antilles (Curaçao, Bonaire, Saba, St. Eustatius, and part of St. Martin); and the British possessions are the Falklands, Montserrat, the Cayman Islands, Anguilla, Bermuda, the Turks and Caicos Island, and the British Virgin Islands.

them, so to speak.¹⁹⁵ There are also gangs from various islands residing in the United States who are used by friends at home to smuggle goods and launder money.

Haiti is a special problem. Its condition is poor in almost every regard, and that is despite marked improvement since the end of the Duvalier era. Political violence and related immigration pressures could recur at any time, and the likelihood that they will sometime in the next quarter century is high.

Cuba is a special problem, too, but in a different way. Haiti and Cuba have in common the fact that their difficulties get translated into U.S. domestic, not foreign, politics thanks to sizeable émigré communities resident in the United States. What happens in Cuba over the next 25 years will not have dramatic national security implications for the United States. There will be no foreign military bases on Cuban soil, no fearsome Cuban weapons program, no export of venomous anti-Americanism from a revived, post-Fidel communist vanguard. But the country is a political lightning rod, not just because of pressures from the Cuban-American community, but also because of Cuba's emotional Cold War legacy.

Various scenarios are possible. Raúl Castro, Fidel's brother and leader of Cuba's armed forces, is Castro's heir apparent. He would likely rule indirectly by selecting a pliable civilian to run Cuba's daily affairs, while he maintained control over the the country's military and internal security forces as well as the levers of economic power. Cuba's atavistic Communism would probably evolve into some form of "institutionalized communism" without ideological pretense or energy. It would become a one-party authoritarian state, not unlike China and Vietnam, that would be

prepared to expand further its economic and political ties with the international community.

But Raúl may not succeed Fidel, and in this case, post-Castro Cuba could fall into a bitter power struggle between traditionalists and its would-be reformers. Although the length and intensity of such a struggle is uncertain, it would engender short-term, and possibly longer-term, instability. Organized criminal groups could take advantage of such instability to establish themselves on the island, using Cuba as a base for immigrant and narcotic smuggling to the United States. If the reformers were to come out on top, the prospects for democratic politics in Cuba would rise, even in a struggle fought ostensibly over the proper path to socialism. But such a struggle could lead to economic collapse, social violence, and massive, panic-driven attempts to emigrate on the part of tens of thousands of people. The Florida Straits would once again become a mixed scene of misery and heroism, and the United States could be forced once again to take action.

A third post-Castro Cuba envisions Cuba's expatriate population in the United States taking control of the island. But this would not happen easily, and it is on balance unlikely. The Cuban population of the United States that has its eyes and heart set on ruling Cuba after Fidel came largely from the pre-Communist elite. While most Cubans are less than thrilled with Communism, they do not remember the Batista dictatorship and those associated with it with fondness either. They consider those who left to be something less than fully patriotic, battle-scarred, and worthy of political power. To the extent that the expatriot community appears powerful in the context of a post-Castro Cuba,

¹⁹⁵ See Elliott Abrams, "The Shiprider Solution: Policing the Caribbean," *The National Interest*, No. 43 (Spring 1996).

it may even convince various factions in Cuba to avoid exploitable divisions.

As for the rest of the region—the islands—it is possible that state failure and colonial fatigue in London, Amsterdam, and even Paris will enjoin the United States to take a more active security role in the region than it does now. Even the U.S. acquisition of territory as well as responsibility by mutual consent cannot be ruled out. Since the Danish Virgin Islands were sold to the United States in 1918, the political status quo of the region has not changed from a strictly U.S. perspective. While not very likely, in the next 25 years it just might.

The same might even be the case with regard to Canada. It is alarming to contemplate, but within 25 years the Canadian confederation might collapse. It is not only the issue of Quebec that might cause such a thing, although it is the most likely catalyst.¹⁹⁶ Despite different political traditions, the western provinces of Canada are already more closely attached, economically and even culturally, to their cousins in the western United States than they are to Canada's eastern provinces. Vancouver is pulled in many ways more toward Seattle, as well as to Tokyo and Hong Kong, than it is toward Ottawa.

Canada's breakup, which even many Canadians concede is possible, could send strong shock waves through the United States. After all, there is no society in the world more like our own than Canada's, and its dissolution may add fissures to American solidarity. Already westerners of both countries speak about the "imperial capitals" in Washington and Ottawa. While unlikely, it is at least possible that British Columbia, Alberta, and Saskatchewan might become part of the United States within 25 years.¹⁹⁷ Perhaps as likely, if not more so, the

poorer eastern maritime provinces of Canada—Nova Scotia, New Brunswick, and Prince Edward Island—might seek such a course out of a mix of desperation and self-interest. And unlike some small Caribbean islands, which have few significant natural resources, Canada has large fossil fuel deposits, rich minerals, fisheries and timber preserves, and, perhaps most valuable of all, about 20 percent of the world's fresh water resources. Given the stakes involved for the United States, it is a matter worthy of some serious thought.

It is, of course, very unlikely that any U.S. government would seek such an outcome. It is a long way from 1812, and if the United States has a best friend, and a partner in spirit as well as basic interest, it is Canada. Canada is most likely to cohere and to prosper, and because it does some things differently from the United States, it may serve as a most helpful mirror for us in many policy areas. The likelihood that the United States and Canada would further coordinate foreign and security policy over global humanitarian and environmental issues of mutual interest is also very high.

¹⁹⁶ Technically, this is already the case, for Quebec never signed the 1982 constitution.

¹⁹⁷ Perhaps Manitoba, the Yukon, and the Northwest Territories, too. The combined population of British Columbia, Alberta, Saskatchewan, Manitoba, the Yukon, and the Northwest Territories is about 9.3 million.

III. The U.S. Domestic Future

The United States will likely remain the most powerful country in the international arena over the next quarter century, and it will be bound to the rest of the world through a web of political, cultural, technological, and economic ties. Hence, the future U.S. domestic environment will ineluctably influence the world around it, just as events outside U.S. borders will affect the environment here.

America, then, will be in and of the world, but which America? Who will we be? What will we want as a nation, for ourselves and for others? Will we have the means, the social cohesion, and the requisite leadership to achieve our aims?

Analyzing the impact of future domestic conditions on U.S. national security is a formidable undertaking. While some of the domestic determinants of national security are obvious—economic capacity, for example—others are more subtle and difficult to measure. A lack of social cohesion, for example, would affect national morale and, ultimately, the economic performance of the country, as well. Changes in deeper values and attitudes could affect the willingness of Americans to sacrifice for national goals. As always, too, public opinion will play a role, and here the evolution of the American media culture in shaping that opinion is obviously relevant.

This latter issue, which amounts to forecasting the popular will at any given moment some years hence, is notoriously difficult to handle. While values and attitudes change only slowly, public opinion over particular issues or courses of action can oscillate abruptly in response to unforeseen events. If history and experience are any guide, it surely will oscillate, because in the future no less than in the past, American society will experience any number of shocks and surprises.

The sensible place to begin a forecast of the American domestic future is by examining the demographic, social, technological, economic, and political trends emerging today. What follows is such an examination, tempered by an awareness of possible discontinuities. That examination is followed, in turn, by a brief discussion highlighting the key trends affecting U.S. national security.

Social Trends

Some aspects of social change are more predictable than others, and the elemental point of departure for examining social reality is thus usually the demographic one. This is because people form political communities, and their numbers and nature are crucial to any forecast about those communities.

The central datum about the American population is that it is expanding and will continue to grow over each of the next 25 years. This may seem a banal statement, but it is not, for most other advanced societies will experience stable or diminishing populations during the same period. Today, the American population numbers about 273 million; by 2025 it should grow to some 335 million.¹⁹⁸

The growth of the American population has important economic implications, one of which concerns the aging of the nation. Between 1990 and 1998 the median age of Americans rose 10 percent to a record high of 35.2.¹⁹⁹ By 2025, the national median age will rise another 10 percent if life spans follow recent trends—though medical advances could raise the median even higher.²⁰⁰

¹⁹⁸ U.S. Bureau of the Census, International Data Base at www.census.gov/ipc/www/idbprint.html.

¹⁹⁹ "Americans' Median Age Is 35.2, the Highest Ever," *New York Times*, June 15, 1999.

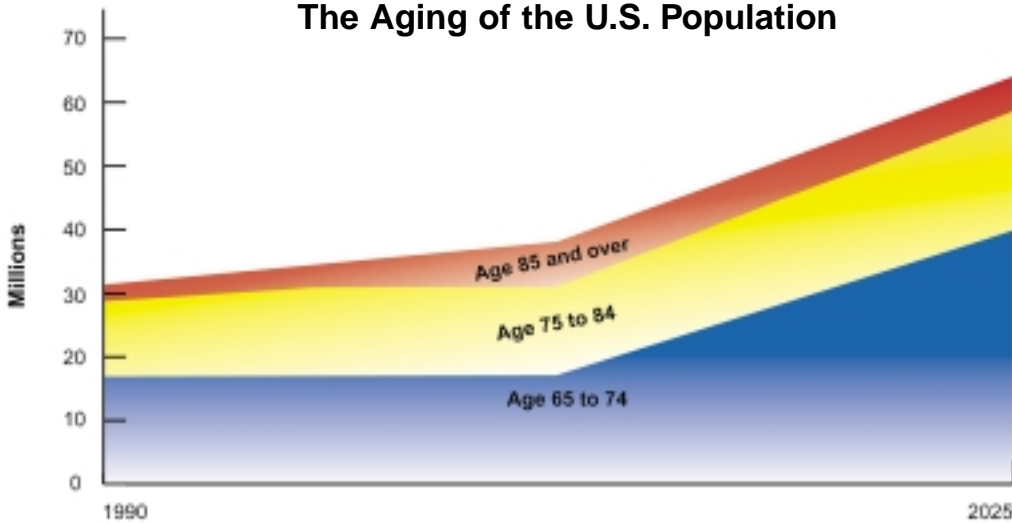
²⁰⁰ "Global Aging in the 21st Century," U.S. Bureau of the Census (Washington, DC: U.S. Department of Commerce, December 1996).

While the United States will be the last of the developed nations to experience the aging of its population, by 2025 nearly 18 percent of all Americans will be over the age of 65.²⁰¹ As a result, the ratio of those in the workforce for every person receiving retirement benefits will drop to about 2.3 to 1 from 3.9 to 1 in 1995.²⁰²

eligible for Medicare, and by 2030 Medicare will be the primary insurer for one out of four Americans.²⁰⁵ As the country ages, costs for health care will constitute an increasing fiscal burden and will stand in competition with other spending, including spending for defense and foreign policy.

Other trends will offset some of the effects and costs of an aging America, however. One is

The Aging of the U.S. Population



Source: *Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050* (Washington, DC: U.S. Bureau of the Census, 1996), p. 12.

immigration, but the extent to which it will do so is a function of yet to be determined immigration policies. Another is a likely shift in the retirement age as more Americans remain healthy and active for longer periods. There is also the venerable American tradition of private plans to supplement the retirement income of middle- and upper-income families.²⁰³ But problems will persist. Health care costs will continue to increase on account of both an aging population and the advent of new treatments made possible by scientific discoveries and technological innovations.²⁰⁴ In 2010, the first of the baby-boom generation will become

²⁰¹ Peter G. Peterson, *Gray Dawn: How the Coming Age Wave Will Transform America—and the World* (New York: Random House, 1999), p. 29.

²⁰² Marilyn Moon, "Medicare, Medicaid, and the Health Care System," *Life in an Older America*, Robert N. Butler, Lawrence K. Grossman, and Mia R. Oberlink, eds. (New York: The Century Foundation Press, 1999), p. 42.

²⁰³ In 1970 the foreign born percentage of the U.S. population stood at 4.7 percent; by 1997, it was 7.9 percent. Campbell J. Gibson and Emily Lennon, *Historical Census Statistics on the Foreign-Born Population of the United States: 1850-1990* (Washington, DC: U.S. Bureau of the Census, February 1999).

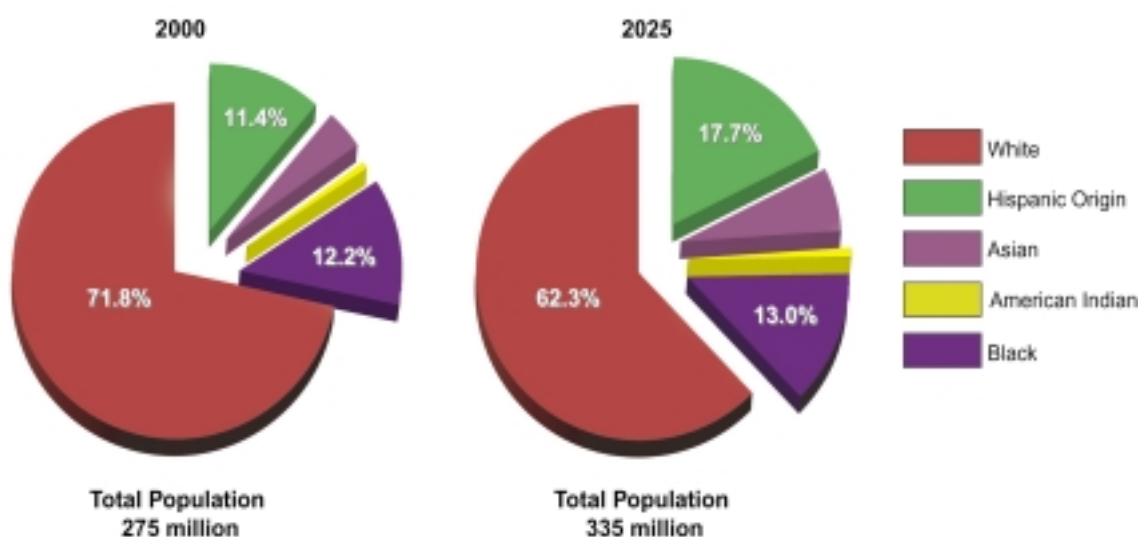
²⁰⁴ Peterson, *Gray Dawn*.

²⁰⁵ Moon, "Medicare, Medicaid, and the Health Care System," p. 41.

The racial and ethnic composition of America will also change. Minority racial and ethnic groups will constitute a larger proportion of the population as the non-Hispanic white category falls from 72 percent to 62 percent of the total population in 2025.²⁰⁶ Hispanics will become the largest minority group by 2025, increasing their percentage of the population from around 11 percent to nearly 18 percent. The Asian/Pacific Islander

What these data do not tell us is whether such changes will be accompanied by greater or less social harmony. Objective realities with regard to relations between racial and ethnic groups do not always match the perceptions of those groups. For example, while nearly every socio-economic and attitudinal indicator shows the considerable progress made by black Americans over the past four decades, polls show that large numbers of blacks believe that

Increasing U.S. Ethnic Diversity



Source: *Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050* (Washington, DC: U.S. Bureau of the Census, 1996), p. 12.

population will increase from almost 4 percent to more than 6 percent. The black percentage of the population is projected to remain fairly stable, rising from about 12 to 13 percent. At the same time, intermarriage is also changing the country's racial mix. Demographic data suggest considerable intermarriage between Hispanics and non-Hispanic whites and between Asians and non-Hispanic whites. Intermarriage rates are much lower between blacks and other groups. Taken together, these data suggest a more racially mixed American society by 2025.

their relative situation is worse than it used to be.²⁰⁷ Perceptions matter, and they have potential national security implications. Those who feel alienated from others in their society are, on balance, less likely to sacrifice for the common welfare.

²⁰⁶ All data in this paragraph are drawn from *Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050* (Washington, DC: U.S. Bureau of the Census, 1996).

²⁰⁷ Analyzed in Orlando Patterson, *The Paradox of Integration* (Washington, DC: Civitas, 1997).

Education, too, will be a critical factor in American social life, for it will affect the quality of leadership in all spheres as well as the technological competitiveness of American society. Here the trends are mixed. The United States ranks first among the industrialized countries in the size, scope, and excellence of its undergraduate and graduate education. Hundreds of thousands of foreign students are enrolled in American universities, making U.S. schools the most sought after in the world. Indeed, large numbers of Ph.D. students in natural sciences and engineering programs are foreign born—in excess of 30 percent in mathematics, computer science, chemistry, physics, chemical engineering, electrical engineering, and mechanical engineering.²⁰⁸ Many graduates stay in the United States after completing their studies. These general trends are projected to continue over the next 25 years.

At the same time, below the university level U.S. education compares poorly with that in other countries in several key aspects. In mathematics and science, for example, U.S. high school seniors have scored well below the international average, with students from the Netherlands, Sweden, Iceland, France, Canada, Israel, Slovenia, Germany, Russia, and the Czech Republic regularly outperforming Americans.²⁰⁹ The poor U.S. performance in high school math and science may jeopardize America's future economic and technological competitiveness. More worrisome, the percentage of American students who take college degrees in the hard sciences, mathematics, and engineering is declining.²¹⁰

Significant problems also remain with adult illiteracy, with future effects that are hard to quantify but that could be severe. Roughly one-fifth of American adults have only rudimentary reading and writing skills, and 4

percent are functionally illiterate. Unless progress is made in this regard, the transformative potential of the information revolution will be proportionately limited.²¹¹

American society is experiencing some positive social trends, among them sharply falling crime rates and strong job creation that has permeated all social strata. But other problems loom. The number of children being reared without both parents has grown markedly in recent years, tracking with both increased divorce rates and out-of-wedlock births. In 1970, 14.8 percent of children did not live with both parents; today, this figure stands at 42 percent—nearly a tripling in less than 30 years.²¹² This trend is especially pronounced in some minority communities, where as many as 80 percent of all children will spend a significant part of their childhood with a single parent.²¹³

This trend is worrisome because numerous studies have shown that children from single parent households are far more likely to be poor, inadequately educated, and involved in criminal activities than those that grow up with both parents. Some 45 percent of children living with a single parent live in poverty compared to less than 10 percent in two-parent

²⁰⁸ National Science Foundation, National Science Board, *Science and Engineering Indicators*, 1998, NSB-98-1, 1998, pp. 3-19.

²⁰⁹ National Center for Education Statistics, "The Condition of Education 1999 (NCES1999-022)," (Washington, DC: U.S. Department of Education, 1999), p. 6.

²¹⁰ *Ibid.*, p. 122

²¹¹ See National Center for Education Statistics, *1992 National Adult Literacy Survey* (Washington, DC: U.S. Department of Education, 1992).

²¹² Current Population Reports P20-496 (Washington, DC: U.S. Bureau of the Census, 1996).

²¹³ Noted in Michael Kelly, "A National Calamity," *Washington Post*, June 16, 1999, p. A37.

households.²¹⁴ Such children are more likely to suffer malnutrition and lack adequate medical treatment. Children from single-parent households also do less well academically, are more likely to drop out of high school, suffer from increased levels of depression, stress, anxiety, and aggression, and are far more likely to be imprisoned.²¹⁵

The sharp spike in the numbers of single-parented children over the past 30 years suggests that as these children become adults between now and 2025, the level of social dysfunction may rise proportionately. Such social problems affect the nation's overall health and social cohesion and therefore will capture the energies, attention, and financial resources of various levels of government, the national security community included.

Technology Trends

American preeminence in science and technology will continue into the coming century. At the same time, global trends in technology will deeply influence American society.

With over 60 percent of the world's Internet users located in North America, the United States plays a central role in the global network.²¹⁶ No country is as widely "wired" as America, or as dependent on information systems for basic economic and social functions. Many more American households and businesses will be connected in the future as extensive high-capacity fiber optic lines are laid across the continent and along our coasts.²¹⁷ Increased amounts of information will be available at decreasing costs. The Internet will not only have a major impact on education, research, and business life in America, but it will also alter patterns of social interaction within the United States, and those between Americans and the world.

American society is likely to remain in the forefront of the information revolution. Most of the seminal scientific research and technological innovation is done in the United States, and American society and the economy are very receptive to new innovations. Nevertheless, America's relative lead in this field will likely decrease as other societies adapt to the information age. Already, some other countries have shown a special talent and affinity for a "wired" world, among them Finland, Australia, Israel, Japan, and Taiwan. But the spread of information culture around the world will not harm the United States; more likely its leading role will help spread its influence.

Biotechnology will redefine the meaning of "old," but it will do more than extend life spans and revolutionize medicine. As noted above, it is rapidly developing the potential to change human nature itself in fundamental ways, as well as significantly modify many species of plants and animals.²¹⁸ Biotechnology is keeping America on the innovative edge of the agricultural, medical, and chemical industries, which will maintain the United States as a dominant actor in these sectors for at least the next quarter century.

²¹⁴ Eileen Poe-Yamagata, "Children in Single-Parent Homes, 1970-1996, adapted from the 1996 *Green Book* (Washington, DC: U.S. Congress, 1998); and Current Population Reports P20-496 (Washington, DC: U.S. Bureau of the Census, 1996).

²¹⁵ Studies noted in Jason Fields and Kristin Smith, "Poverty, Family Structure, and Child Well-Being Indicators From the SIPP" (Washington, DC: U.S. Bureau of the Census, 1998).

²¹⁶ See "Internet Development" in International Telecommunications Union, *Challenges to the Network* (Geneva: ITU, 1997), chapter 2.

²¹⁷ See Thomas P.M. Barnett and Pat A. Pentland, "Digital Weave: Future Trends in Navigation, Telecommunications, and Computing," CAB 98-52, Center for Naval Analyses, June 1998.

²¹⁸ See the special feature issue of *Scientific American*, "Your Bionic Future," Fall 1999.

However, it will also raise basic and divisive ethical questions such as those involving access to new and expensive technologies.

Another divisive issue will concern the increasingly blurred line between medical necessity and “cosmetic” or elective remedial procedures. It will be particularly difficult for experts in medical ethics, insurance company executives, doctors, and government administrators—separately and especially together—to decide how to allocate limited medical resources to a population deeply desirous of securing access to new means of longevity.²¹⁹ The international dimension to this problem may be just as troublesome. How will the United States and certain other fortunate countries manage the political and diplomatic implications of the widening gap between life spans in their midst and those in other countries?

Similarly, those countries that are able to fabricate and apply MEMs (micro-electro-mechanical devices) and nanotechnology are likely to have a significant economic and military edge over those who cannot. American scientists and engineers will compete with their Japanese counterparts to lead the drive to miniaturization through micro-fabrication. So revolutionary is the potential for nanotechnology that it may propel U.S. economic growth rates above the high-mark predictions of most experts.

Taken together, these trends in science and technology could change America in fundamental ways, from the way we get our food and our news to how our national culture itself develops. Even the cohesion of the nation—the emotional bonds that link us to our past and to each other—will not be immune from these trends. If, as suggested earlier, technological trends narrow our public space, eviscerate democracy, and isolate social classes from each other, national

cohesion will suffer. If, on the other hand, these trends are guided in such a way as to increase political participation on the local level, bolster the economy, and reverse income inequality, then social cohesion may grow stronger.

What we can predict with fair assurance is that America’s overall edge in military and military-related technologies will endure for the next 25 years. This is directly related to the size of U.S. military research and development spending, which amounted to \$32 billion in 1996, nearly 70 percent of military R&D investments worldwide.²²⁰ There is no reason to expect dramatic changes in such trends. Moreover, since R&D spending in general has shifted away from government and toward industry—and since the U.S. lead in private sector R&D investment is also considerable²²¹—the relative U.S. technological edge may actually grow over the next quarter century. Still, whether the U.S. government will succeed in applying that edge intelligently to its military capabilities remains

²¹⁹ This technology is growing rapidly. Note Nicholas Wade, “New Study Hints at Way to Prevent Aging,” *New York Times*, August 27, 1999.

²²⁰ Frank Killelea, “International Defense Trends and Threat Projections: R&D Spending Trends,” briefing at the Johns Hopkins University Advanced Physics Laboratory, February 26, 1999.

²²¹ According to National Science Foundation and OECD statistics, all non-governmental spending on science and technology R&D in the United States (including business, higher education, and private non-profit investment) amounted to about \$159 billion (in 1990 dollars) in 1997. By way of comparison, Japan invested in total about \$70 billion, Germany invested about \$33 billion, France about \$25 billion, the United Kingdom about \$20 billion, Italy about \$11 billion, and Canada about \$9 billion. In other words, U.S. non-governmental R&D investment nearly equaled the total R&D investment of its next six closest competitors. See National Science Foundation, *Science and Engineering Indicators, 1998*, Appendix A, table 4-42; and “Basic Science and Technology Statistics” at www.oecd.wash.org.

to be seen. This may depend on developing new ways to insure that America's burgeoning private-sector technological assets are properly inventoried, shared, and utilized for the overall national good.

Economic Trends

The most dramatic effect of new technology on American society is likely to be felt through its impact on the economy. A stream of new innovations could spur very strong economic growth over much, if not all, of the next 25 years.

U.S. gross domestic product (GDP) in 1998 exceeded \$8.5 trillion.²²² As to the future, one group of experts predicts 3 percent annual growth as the likely upper limit of American economic expansion over the next 25 years, which would double the size of the American economy by 2025. If correct, this forecast would mean that the GDP would reach at least \$16 trillion by 2025, creating the possibility of retiring the entire national debt before 2025.²²³ Others speculate that growth could even be higher owing to the revolutionary technological innovations in our future, and recent studies showing the effect of the information revolution in gains in productivity tend to bolster such speculation.²²⁴

On the other hand, sharply curtailed economic performance in the United States is not impossible. A massive technological failure, the advent of unexpected pandemics, a major war, or consistently bad economic policies could all produce much slower growth—under 2 percent per annum. Moreover, American growth rates depend at least to some extent on economic performance in the rest of the world, a phenomenon

over which we have little control and one that cannot be predicted with any assurance.

What can be predicted is the growing internationalization of the U.S. economy. U.S. investment will remain a major factor in the global economy, and the international share of the U.S. economy will increase because of a growing dependence on foreign trade, investment, and foreign ownership of U.S. economic assets. Between 1994 and 1998, foreign direct investment in the United States rose from \$45 to \$189 billion.²²⁵ U.S. foreign trade as a percentage of GNP rose from 11 percent in 1970 to 24 percent in 1998.²²⁶ This upward trajectory will continue so long as global economic growth continues to average at least 2 to 4 percent over the next 25 years.

Despite likely strong economic growth, problems of income distribution within the United States could become significant. Trends in income distribution matter because perceptions of basic fairness may affect American social cohesion. Americans traditionally feel some ambiguity about extreme

²²² U.S. Department of Commerce, Bureau of Economic Analysis, "National Data Accounts," August 26, 1999.

²²³ President Clinton first raised this possibility publicly on June 28, 1999. See David E. Sanger, "Clinton Sees the Possibility of Zero U.S. Debt by 2015," *New York Times*, June 29, 1999.

²²⁴ See Lohr, "Computer Age Gains Respect of Economists."

²²⁵ Department of Commerce, Bureau of Economic Analysis, "International Investment Data, Foreign Direct Investment in the United States: Capital Flows," at www.bea.gov/bea/di1.htm.

²²⁶ "U.S. Aggregate Foreign Trade Data, GDP and U.S. International Trade in Goods and Services, 1987-98," U.S. Department of Commerce, Bureau of Economic Analysis, at www.ita.doc.gov/industry/otea/usfth/tabcon.html.²²⁶ "U.S. Aggregate Foreign Trade Data, GDP and U.S. International Trade in Goods and Services, 1987-98," U.S. Department of Commerce, Bureau of Economic Analysis, at www.ita.doc.gov/industry/otea/usfth/tabcon.html.

disparities in income: they resent the rich and long to emulate them at the same time. As long as the gains of the wealthy are perceived to be made fairly, on the basis of equality of opportunity, their achievements have been respected by most in the past. They also tend to be tolerated more easily if the fortunes of those lower down on the socio-economic ladder are also improving. There is no reason to suspect that these basic attitudes will change in the future. Nevertheless, wider income disparities increase pressures for social service spending, potentially limiting the resources available for other domestic and military programs. What does the future look like in this regard?

Between 1968 and 1994, the difference in income levels between the wealthiest and the poorest Americans grew 22.4 percent.²²⁷ In 1947, the top 5 percent of American families owned 15.5 percent of the national income; by 1967 that figure reached 16.4 percent, and by 1994 20.1 percent. Put another way, the data show the inflation-adjusted income of the bottom fifth of working families in America dropped by 21 percent between 1947 and 1995, while the income of the top fifth rose by 30 percent.²²⁸ As important, real wages for a sizable percentage of the American population were stagnant for the better part of the last 15 years. Recent data suggest that both of these trends may have been halted and even reversed.²²⁹ But these new trend lines are too new to project them confidently into the future, and there is reason to doubt their continuation.

Global economic trends, in particular, may contribute to a worsening of income inequality in the United States. First, the continued movement of the workforce away from physical labor related to traditional industry and toward information-age jobs in the service

sector could leave many Americans in the lurch.²³⁰ Not everyone is equally adept at acquiring the skills that are most important in knowledge-based economies, and not everyone will have access to quality education. Second, the internationalization of labor sources and investment opportunities could direct new job and wage growth overseas, thus contributing to the sharpening of class divisions and income disparities in the United States.

Beyond that, emerging domestic investment trends influenced largely by opportunities in new technologies appear to have a mixed impact on income inequality. On the one hand, new business start-ups and the job creation that goes with them will probably remain strong, contributing to continuing, or

²²⁷ This metric defines the average national income and looks at the distribution of people making more than the average, relative to those making less. Establishing any year arbitrarily as a base, the index counts the movement of income distribution from one side of the mean to the other.

²²⁸ Daniel H. Weinberg, *Current Population Reports: A Brief Look at Postwar U.S. Income Inequality* (Washington, DC: U.S. Census Bureau, June 1996).

²²⁹ Noted in Tyson, "Wages and Panic Buttons."

²³⁰ As of 1996, about 2.8 percent of Americans were engaged in agriculture, fisheries, and forestry. About 23.8 percent were engaged in manufacturing, and the rest, some 73.3 percent, were engaged in services (including public services at the federal, state, and local level). See OECD, *Labor Force Statistics, 1976-1996* (Paris: OECD, 1997). The Bureau of Labor Statistics projects that by 2006 high-tech employment will be nearly 16 percent of total employment. Employment generated by the purchases of goods and services by high-tech industries for use as inputs in their production process will grow faster than high-tech employment, increasing by 54 percent between 1996-2006. See, Daniel Hecker, "High-technology employment: a broader view," *Monthly Labor Review*, June 1999, pp. 18-28, and especially U.S. Department of Commerce, *Falling Through the Net: Defining the Digital Divide* (Washington, DC: USGPD, 1999).

increasing, social mobility.²³¹ This could lead to a greater equalization of income over time within the top half to two-thirds of the U.S. labor force. But that might not translate into significant numbers of new jobs at lower economic echelons since much new technology is aimed at minimizing low-end human participation in commercial processes. Hence, an American economic underclass will not disappear and may even grow. It is too early to say whether such trends will increase unrest or social fragmentation in American communities, but the possibility will doubtless command the attention of America's leadership in the years ahead.

Values, Attitudes, and National Will

The cohesiveness of a society, its will, and its civic consciousness form the bedrock of national power. The United States is unusual among nations in that its national identity hinges more on shared ideals rather than common ethnicity. But while the foundation of U.S. national power might appear less secure than in more ethnically homogeneous societies, experience does not bear out that prognosis. For all our disagreements and divisions, Americans have demonstrated historically that they possess a strong collective identity and that they rise to challenges when necessary. The key question for the future is this: When we are next challenged, perhaps in a manner beyond our historical experience and powers of anticipation, will our social cohesion endure or will it erode? There is considerable disagreement over the answer.

Some observers are quite worried, based on the view that American society has become dangerously fragmented along ethnic, racial, and sectarian lines. In this view, the growing cultural emphasis on the multi-

cultural facets of American society has led over time to a growing inclination for many Americans to think of themselves as members of social subgroups. A shift toward celebrating differences, rather than commonalities, among Americans has changed the balance between national and sub-group identities. Paradoxically, as America has become less strictly "color" conscious over the past 40 years, it may have become more ethnically conscious. The unrestrained assertion of differences could push a benign impulse toward pluralism into fragmentation, undermining the sense of a shared national purpose.²³² The effect on foreign policy, some argue, is already evident. As James Schlesinger has put it: "Rather than reflecting a hammered-out vision of the national interest, America's present policy consists largely of the stapling together of the objectives of individual constituencies. . . . The new intellectual fashions weaken and, in a sense, delegitimize the search for [a] common purpose. They abet the fragmentation of society."²³³

There is concern, too, about changes in the attitudes of younger generations. The strengthening of group consciousness has not expunged individualism as a principal American trait, but the members of Generation X—those born between 1965 and 1978—seem to exhibit an individualism of a different sort. According to some observers, it is a more cynical individual-

²³¹ Entrepreneurship in the United States far outpaces that in most other societies. In the case of Europe, American business start-ups per capita overshadow those in EU countries by a factor of more than 4 to 1. See *1999 Global Entrepreneurship Monitor*, summarized in Julia Flynn, "Gap Exists Between Entrepreneurship in Europe, North America, Study Shows," *Wall Street Journal*, July 1, 1999.

²³² See Arthur Schlesinger, Jr., *The Disuniting of America* (New York: W.W. Norton, 1992).

²³³ James Schlesinger, "Fragmentation and Hubris," *The National Interest*, No. 49 (Fall 1997), pp. 4, 6.

ism aimed at shielding the young from what they often perceive to be the excessive hype and hypocrisy of contemporary American culture.²³⁴ Such “ragged” as opposed to “rugged” individualism may not be conducive to a healthy engagement in civil society. The 1998 Final Report of the National Commission on Civic Renewal, co-chaired by William J. Bennett and Sam Nunn, noted a significant decline in the nation’s willingness to participate in civic activities over the last 25 years, particularly among the young, and warned that “we are in danger of becoming a nation of spectators.”²³⁵ Harvard political scientist Robert Putnam, too, has argued that civic engagement is diminishing. He notes that voter participation in national elections has declined by 25 percent over the last 30 years, and that 75 percent of Americans said in 1992 that they had little or no trust in the federal government—an increase of about 45 percent since the mid-1960s.²³⁶ That fact that political participation at local and state levels may be increasing, though good news in some important respects, does not necessarily augur well for the coherence of policy at the national level.²³⁷

In addition, some fear that the propensity of the average American to identify with this country and its government may be waning. Several reasons are cited, one being that as America’s economic life becomes increasingly internationalized, political loyalties will follow the source of paychecks. Others point to the diminution of overt acts of national identification, such as school children saying the pledge of allegiance, voting, attending a July 4th celebration, the traditional observance of Memorial Day, the willingness to serve on a jury, and saying a prayer for the country in one’s house of worship. Relatedly, others fear that public education in the United States does not emphasize the teaching of civics as it once did, and still

others that without any explicit ideological challenge to American values, as there was during the Cold War, there is less reason to learn and to cherish those values. Others note that as the heroic generation of World War II passes from the scene, ever fewer Americans will have models of those who served in uniform in an unambiguously “good war.” As Stephen Ambrose has written: “My greatest fear about today’s young people is that they will grow to adulthood without the sense of a common past or a common experience.”²³⁸

Finally, many of those worried about the future coherence of American society find little to comfort them in the American foreign policy tradition itself. The United States has little experience of an active foreign policy strategy outside this hemisphere except under conditions of national emergency or ideological mobilization. We have had the luxury of being able to protect our security through strategies that were primarily responsive to foreign threats. In the absence of such a threat, we have experienced mostly periods of heated but inconclusive debate over the American mission in the world. Some observers believe that, with the end of the Cold War, we are headed back into such a period—this despite the fact that global trends suggest that threats to Americans and their homeland are increasing. As a result, some believe, foreign policy questions are as

²³⁴ See Ted Halstead, “A Politics for Generation X,” *The Atlantic Monthly*, August 1999.

²³⁵ *A Nation of Spectators: How Civic Disengagement Weakens America and What We Can Do About It*, Final Report of the National Commission on Civic Renewal (Washington, DC: June 1998).

²³⁶ Robert Putnam, “Bowling Alone: America’s Declining Social Capital,” *Journal of Democracy*, January 1995.

²³⁷ See *Deconstructing Distrust: How Americans View Government*.

²³⁸ Stephen Ambrose, “*The End of the Draft, and More*,” *National Review*, August 9, 1999.

likely to divide us as bring us together, and heated argument as likely to emaciate the national will as fortify it.

Taken together, multicultural fragmentation, the internationalization of the economy, shifts in generational attitudes, the decline in overt manifestations of national identification, and our traditional inattention to foreign policy issues in the absence of a crisis, suggest to some a serious undermining of American identity and national will. If so, we would thus behold a country that, though strong and wealthy, would be less willing to sacrifice for the common good.

The jury is still out, however, as to the true extent of the problem—and its future. Despite lower voting numbers, some scholars see little decline in volunteerism and community involvement.²³⁹ There has been no fundamental change in basic civic values, either. As in the past, Americans remain a nation of “joiners” who have excelled in coming together in “intermediate organizations” to enrich the relationship between individual citizens, their communities, and the larger national society. Americans are more involved in volunteer, philanthropic, and community organizations per capita than any other people in the world.²⁴⁰

Individual identity with the country, as expressed through individual expressions of concordance with fundamental American values, also seems to be strong. Survey data show that Americans have not ceased seeing their country as exceptional, have not stopped honoring those who have served in uniform, and have not abandoned the conviction that America is a benign force in the world. Americans today seem to place no less importance in the rule of law, democratic governance, and the protection of liberty than they ever did.

The dignity and worth of the individual still counts, and commitment to social justice remains robust. The entrepreneurial spirit remains strong, as does the belief that hard work pays off. As a nation of immigrants, Americans still exalt merit over the happenstance of birth. Polling data also suggests that Americans remain generally positively disposed toward themselves, regarding the nation as a generous, moral, and just one that is well worthy of emulation by others.²⁴¹

Still others note that organized religion also provides a basis for social cohesion, and it remains a powerful force across the country. As the Founding Fathers understood, community religious life brings people together, transmits moral values across and among generations, encourages community action, and supports family life. The data show clearly that Americans actively participate in organized religious organizations more than any people in the developed world.²⁴²

Insofar as the American diplomatic tradition is concerned, many argue that even here

²³⁹ John Hall and Charles Lindholm, *Is America Breaking Apart?* (Princeton: Princeton University Press, 1999).

²⁴⁰ See James E. Curtis, Douglas E. Baer, and Edward G. Grabb, “Voluntary Association Membership in Fifteen Countries: A Comparative Analysis,” *American Sociological Review*, Vol. 57 (1992), pp. 139-52; and Virginia A. Hodgkinson and Murray S. Weitzman, *Giving and Volunteering in the United States* (Washington, DC: Independent Sector, 1996).

²⁴¹ Relevant polling data may be found in Gallup polls. See, for example, “Satisfaction with U.S.,” and “Religion: Gallup Social and Economic Indicators, 1999,” at www.gallup.com.

²⁴² See American Religious Data Archive, Lilly Endowment, Dept. of Sociology and Anthropology, Purdue University, Queens 1996 Survey. Also see Richard Cimino and Don Lattin, “Choosing My Religion,” *American Demographics Magazine*, April 1999, and Shelly Reese, “Religious Spirit,” *American Demographics Magazine*, August 1998.

there is cause for optimism. In the past, it is true, U.S. expeditionary military forces and foreign commitments were downsized or ended as soon as a foreign danger had passed. But, so the argument goes, it has been a long time since that pattern was visible. It was overshadowed following World War II, and now that the Cold War is over, America's economic and political commitments have cast it as the apparent guarantor of global stability. In recent years, and despite the military downsizing that followed the Cold War, U.S. troops have operated in over one hundred different countries.

The American people appear to support that posture. One recent survey notes that Americans prefer a policy of "guarded engagement": clearly committed to American participation in world affairs when such participation is seen to be in pursuit of their own interests.²⁴³ Other studies characterize public support for an active American role in the world as one of "supportive indifference." In other words, the body politic evinces little feeling for or against most foreign policy or defense issues as long as they exact no great cost in blood. This appears to be borne out now by more than a decade's experience. Since the end of the Cold War, the United States has embarked on nearly four dozen military interventions in the past decade as opposed to only 16 during the entire period of the Cold War.²⁴⁴ Many of these interventions, such as those in Somalia, Haiti, Bosnia, and Kosovo, were launched into areas traditionally considered marginal to U.S. interests. None rallied the national will nor captured the public imagination even in the way the Gulf War did, and few post-Cold War interventions have had the support of the majority of the public. Yet only one ended abruptly due to a lack of political support.

In the face of this debate, we simply do not know the extent to which American

society might fragment or lack the will for common action when it is required in the future. It would depend on how current trends evolve, on the nature of the challenge that America will confront, and on the qualities of American leadership between now and then.

That we fear fragmentation is probably a healthy thing—as long as we do not go overboard—for it leads us to guard against it. In any event, this is our legacy: For good reason, the fear of fragmentation has a long history in American political and social thought.²⁴⁵ The reality, however, may not be so dire. For all of our problems, one fact stands out: Large numbers of people around the world still long to come to America, and they long to become Americans. It is not just the prospect of greater material wealth that attracts so many, but the prospect for freedom and human dignity that goes along with it. This suggests that American culture retains at least some degree of coherence and underlying unity.

Finally, it almost goes without saying that the American national will to remain an active force in global affairs depends to some degree on the state of the world. The emergence of a relatively benign international environment would sit well with American values, self-image, and assumptions about how the world works. In circumstances where American power

²⁴³ John E. Rielly, ed., *American Public Opinion and U.S. Foreign Policy* (Chicago: Chicago Council on Foreign Relations, 1999).

²⁴⁴ For the list as it stood before the Bosnia and Kosovo interventions, see Richard F. Grimmett, *Instances of the United of United States Armed Forces Abroad, 1798-1995*, Congressional Research Service Report 96-119F, February 6, 1996, pp. 18-25.

²⁴⁵ See Barry Glassner, *The Culture of Fear* (New York: Basic Books, 1999), and David Whitman, *The Optimism Gap: The I'm OK-They're Not Syndrome and the Myth of American Decline* (New York: Walker and Co., 1998).

can advance the values we hold to be universal in application, an active global U.S. role is assured. The challenge would be to leaven American exuberance with patience and probity. But in a world that mocks our values, deflates our optimism, threatens our life and limb, and seems unresponsive to our best efforts to help, a return of the isolationist impulse is not beyond imagination. Rather than an America radiating light from Governor Winthrop's "city on a hill," Americans may convince themselves that Hobbes' adjectives for political life in a state of nature, "nasty, brutish, and short," far better describe global realities and decide that all forms of charity should indeed begin at home. This is an important difference, for what Americans believe about the world and their role in it will constitute a major datum in the global story that will unfold over the next 25 years.

Trends Affecting National Security

The social, economic, and technological trends noted above suggest that, in a broad sense, America will not want for means. We will be wealthy, and we will be healthy. But they suggest that social problems and a general inattention to issues of national security could systematically prejudice national budgets away from investments in national defense. Both of those potential problems would in turn worsen a third, structural problem: the way we organize military manpower.

Since the nation abolished conscription a quarter century ago, our military forces have depended successfully on volunteers. Recent data indicate that the American population will not be as obliging as in the past, especially if the economy continues to prosper. For a variety of reasons, recruiting has been a steadily growing problem for nearly two

decades. Short thousands of recruits, the services have lowered entrance standards and reinvigorated recruiting efforts, prompting a renewed debate about mandatory national service and the return of the draft. Retention is also problematic. A booming economy and a heightened operational tempo are siphoning off large numbers of trained personnel and lowering re-enlistments, as has been particularly the case with pilots in recent years.

In the future, challenges to recruitment and retention will be formidable, although these will depend to a considerable extent on decisions made about force structure and readiness requirements. The Pentagon's most recent attitude surveys show that the willingness of 16 to 21-year old men to serve—especially African-American men, who have constituted a disproportionate percentage of the all-volunteer force for the last quarter century—has dropped sharply over the past decade. Moreover, Hispanics, the fastest growing segment of the American population, are greatly underrepresented and show no signs of increasing their inclination to serve.²⁴⁶ Although the percentage of women in the armed forces will continue to rise, their numbers are unlikely to make up for the decline in male enlistments. Data show that 45 percent of the women who enlist leave the military before the end of their first tour of duty, as compared with the average of 34 percent of men. They are also less deployable, at least under current operational guidelines.²⁴⁷ Efforts to further "outsource" certain military functions to civilian

²⁴⁶ See David Segal, Jerald Bachman, Peter Freedman-Doan, and Patrick O'Malley, "Propensity to Serve in the U.S. Military: Temporal Trends and Subgroups Differences," *Armed Forces & Society*, Spring 1999, p. 421; and Lloyd Matthews, "Primer on Future Recruit Diversity," in *Population Diversity and the U.S. Army* (Carlisle, PA: U.S. Army War College, 1999), pp. 1-6.

contractors cannot compensate for the recruiting shortfall in military combat specialties, most of which women and civilians cannot fulfill under current policy. It is not clear how the military establishment, then, will sustain the volunteer force over the next generation, and particularly, how it will manage to recruit and retain enough highly skilled personnel to meet the increasing technical needs of an advanced military.

These trends portend—and in some ways reflect—a growing distance between America and its military. With ever fewer Americans serving in the military, society’s understanding of the military’s purpose and relationship to the country and the government is bound to weaken. While the military remains one of the most admired public institutions in America, it is admiration from afar—appreciation from a mostly non-participating populace. The impact of this divide may be felt most keenly at elite levels. The number of leaders in almost every walk of American public or private life who have served their country in uniform is rapidly declining. The profile of national leaders dealing with strategic affairs reflects these trends. The House of Representatives had 320 veterans in 1970, but fewer than 130 in 1994. For the first time in the 20th century, the percentage has now fallen below the percentage of veterans in the population at large. If these trends continue, a small professional military will stand increasingly apart from the country and its leaders. Such a civil-military balance could further divorce Americans from their government and serve to loosen identification with, and participation in, a common national purpose.

The changing role of the American military is part of this picture, both in terms of civil-military relations and in terms of readiness. The relationship between the military and society could be affected by the use of the armed forces

in domestic missions such as drug interdiction, law enforcement, or border security. In certain circumstances, however, such as the protection of the homeland from a clear threat, that relationship could be enhanced. Assigning domestic missions to the armed forces could also erode military readiness for wartime operations abroad. There are formidable legal hurdles to the assigning of such missions, as well, but some American leaders seem willing to jump them.²⁴⁸

A weaker societal understanding of the military, combined with the downtrend in recruiting, has led some prominent Americans to suggest a return to conscription, programs of national service, or a militia-based force.²⁴⁹ Others, while acknowledging that such approaches would strengthen civic participation, point out that a conscript military might limit an active foreign policy that frequently puts conscripted American soldiers, sailors, airmen, and marines in harm’s way.

The ability to carry out effective foreign and military policies requires not only a skilled military, but talented professionals in all forms of public service as well. Government institutions face similar challenges as they compete for people with the corporate sector.

²⁴⁷ See *Military Attrition: Better Data, Coupled with Policy Changes, Could Help the Services Reduce Early Separations*, GAO Report NSIAD-98-13, September 1998; and F. E. Garcia, K. S. Lawler, and D. L. Reese, *Women at Sea: Unplanned Losses and Accession Planning*, Center for Naval Analyses Research Memorandum 98-182, March 1999.

²⁴⁸ Sam Nunn proposed domestic roles for the U.S. military in 1992 and Bob Dole and Lamar Alexander made similar proposals during the 1996 presidential campaign. See Charles Dunlap, “The Origins of the American Military Coup of 2012,” *Parameters*, Winter 1992-93, pp. 2-20.

²⁴⁹ One example is Gary Hart, *The Minuteman: Restoring an Army of the People* (New York: Free Press, 1998).

Employment trends for those entering the field of international relations show that growing numbers of graduates of foreign affairs programs are entering the private rather than the public sector.²⁵⁰

What does all of this come to? One observation is unarguable: the stability and direction of American society and politics will shape U.S. foreign policy goals and capabilities, and hence the way the United States will affect the world's future. Beyond that, one other major theme stands forth.

The United States has a certain spirit, and it is the spirit of the first and greatest mass democracy in history. And yet since the end of the Cold War we have taken on, however reluctantly and even absent-mindedly, a world role that requires much potential sacrifice and the mobilization of substantial national resources and will. Can this role coexist for very long with an America that does not feel threatened, and that is focused instead on domestic issues? Perhaps it can, but if so, it must be shown, not assumed, to be the case. That is a challenge not yet seriously taken up at the level of national debate.

Notwithstanding the post-Sputnik dangers of a nuclear missile attack from afar, U.S. national security policy in the 20th century has

been something that mainly happened “there,” in Europe or Asia or the Near East. Domestic security was something that happened “here,” and it was the domain of law enforcement and the courts. Rarely did the two mix. The distinction between national security policy and domestic security is already beginning to blur, and in the next quarter century it could altogether disappear. If it does, if such threats become reality, or even if they merely become more apparent, Americans are likely to abandon their attitude of “supportive indifference.” That would affect demands on leadership to respond to such threats, and it would likely affect national budgetary priorities, as well. Depending on the nature of such threats, very divisive arguments could erupt over the proper role of the military in internal security operations.

If the stakes rise in such a fashion, one thing is likely to become vividly clear: The American people will be ready to sacrifice blood and treasure, and come together to do so, if they believe that fundamental interests are imperiled. But they will not be prepared to make such sacrifices over indirect challenges, or over what seem to them to be abstract moral imperatives. That is the history of American responses to foreign challenges, and that appears also to be its future.

²⁵⁰ Over the 1991-1997 period, the proportion of those graduates entering the private sector increased 10 percent (up from 32 percent to 42 percent), and student demand for business and finance courses in these programs is on the rise. Although the number of candidates taking the U.S. State Department's foreign service exams has shown little change, those entering the Foreign Service are serving shorter tours due to increasing competition with private industry.

IV: Worlds in Prospect

As we noted at the outset of this study, human history is contingent. We cannot know what the world will look like over a quarter century away because many of the decisions that will shape that world have not yet been made. Moreover, there are too many different interactive causal factors involved, encompassing geophysical, economic, political, social, and military elements, to know which single, composite “world” will issue forth from them. Alas, perfect knowledge of the future is impossible, and Nietzsche came close to hitting on the reason: “No one can dream more out of things, books included, than he already knows. A man has no ears for that which experience has given him no access.” In other words, our repertoire of expectations is limited by our repertoire of knowledge.

One way to overcome this difficulty is to tease our imaginations into walking ahead of our experience. We can do this by constructing logical models of alternative futures, in this case, by building global scenarios. We do this not at random, but by defining *clusters of likelihood* derived from what we know about how the world works. The scenarios can then be used as heuristic devices to help us understand the ways in which the world may evolve over the coming 25 years.

The global scenarios that follow describe the integrated interplay of developments in technology and economics with the social, political, and military environments. By giving us essentially real-time connectivity with anyone anywhere, technology has provided a venue for unifying the world and influencing events globally. Yet the adoption of new technologies generates pressures to transform or even overthrow existing political and social orders. The

emergence of a global economy encourages international cooperation and interdependency, but it can also lead to economic competition and even disintegration. States will succeed or fail depending on whether they are able to seize the opportunities of globalization and at the same time deal with the accompanying dislocations. In the social world, the integrating forces of secularization may or may not win out over the divisive forces of parochial nationalism and other ideologies. Global security will be enhanced if economies grow and political liberalism expands, or endangered if the world divides amid major tensions and conflicts.

The different ways in which these uncertainties are resolved form the basis for four worlds: The Democratic Peace; Protectionism and Nationalism; Globalization Triumphant; and Division and Mayhem. The first two are evolutionary scenarios, one tilted toward the optimistic side of life, the other toward the more pessimistic. The last two are revolutionary scenarios, also tilted in positive and negative directions. To a great extent, the third scenario is an extension of the first, and the fourth extends the second. These are, in turn, followed by a speculation that the first quarter of the 21st century will be a patchwork of the four worlds.

A Democratic Peace

A future world of a Democratic Peace has three essential elements. First, democratic norms predominate, and these are conducive to economic cooperation and general prosperity. Second, sharp ideological conflict does not exist, and while cultural differences remain real, they appear to be converging rather than widening. Third, an advanced level of political cooperation among states is achieved and maintained. War among major powers would be unlikely, and war

among most democracies even more unlikely.²⁵¹ The principle of national sovereignty is tested by new problems and eclipsed somewhat by the introduction of new international arrangements. But the principle endures.

Economically, moderate growth is assumed, with developed countries averaging around 2-3 percent annually and developing countries averaging 4 to 5 percent annually. Economic crises continue to occur in developing countries, but their severity is lessened through improved transparency and regulatory measures gradually introduced over time, and through essentially benign pressure from reformed and increasingly well respected international financial institutions. Key countries, rather than international institutions or multinational corporations, still control global economic policies, but multilateral economic cooperation is expanded through the IMF, the World Bank, the WTO, and a G-9 grouping that includes China.

The information revolution continues and deepens, creating a world of integrated intranets existing on the overall edifice of the global Internet. States adopt new standards to help improve protection of the critical information infrastructure. The revolution in biotechnology proceeds, with most governments—and all the major ones on whose soil biotechnological research is proceeding—having managed to establish minimum controls over areas of particularly contentious ethical concern.

There will still be plenty to worry about in such a world. Global inequalities will prove vexing. Economic infrastructures will be vulnerable to attack. Some dangerous technologies will still evade control. The few remaining holdouts from the increasingly institutionalized

normative order will be able to do far more physical harm than heretofore.

But a world characterized by greater opportunities for cooperation among major states will be a world in which multilateral action is the rule rather than the exception. At the global level, states will advance the formulation and enforcement of normative international law. The United Nations is a chief instrument in resolving transnational issues. Regional trade entities will increasingly coordinate their foreign and security policies. Multilateral efforts stress conflict prevention. Major states devise ways to deal with the demands of aggrieved ethnic or sectarian minorities. Like-minded governments cooperate, and institutionalize that cooperation, to respond to “rogue” regimes or armed terrorists.

In the absence of significant security tensions, military power functions more to reassure and deter than to compel. Military spending worldwide declines as a share of GDP, but not precipitously so. Governments maintain modest research and development efforts in leading edge technology areas, such as space exploration. But modernization will have slowed down and military arsenals will have been reduced. The proliferation of weapons of mass destruction is curbed and, in some cases, rolled back.

This world is a positive evolution of today’s world. The United States continues to emphasize support for democracy and free markets. It remains militarily strong, while adapting its force posture to this more peaceful

²⁵¹ This scenario should not be equated directly with the version of the political theory of the same name that argues that war between democracies is virtually impossible. Charles Dunlap, “The Origins of the American Military Coup of 2012,” *Parameters*, Winter 1992-93, pp. 2-20.

world. U.S. self-restraint helps prevent a peer competitor or regional grouping of powers from arising to challenge the United States.

Protectionism and Nationalism

The stalling of global economic integration, the eventual creation of regional power blocs, and the rise of nationalism characterize a world of Protectionism and Nationalism. Such a world comes into being on account of a protracted global financial crisis, a major environmental or technological disaster, or widespread political and social backlash against globalization and Western—and specifically American—pretensions to hegemony.

There is global economic growth, but living standards in much of the developing world decline. The failure of governments to deliver on social needs, as populations grow and resources dwindle, produces social unrest in many countries. Latin America, Asia, and Africa are particularly hard hit, given their high dependence on external financing and export markets.

The so-called Washington Consensus, based on the belief in the saving power of global commerce and international economic institutions, has come to an end. States instead seek to protect their citizens from the ill effects of unfettered trade, capital movements, and the spread of technology. Many states, including possibly the United States, abandon international trade agreements, such as the WTO. A fundamental ingredient for global growth—the relatively free flow of trade and capital across borders—is significantly decreased in scope, given the increased risks to capital and the introduction of protectionist trade barriers.

Cross regional alliances emerge, perhaps a NAFTA-Europe political and economic pact or

a Latin American regional grouping. Given its significant domestic savings rate and growing populations, Asia seeks to provide its own regional source of growth. Assuming greater global dependence on fossil fuels, the Near East becomes a pivotal focus of global courting and potential contention. But protectionism mingled with parochial nationalism has more baneful effects within regions, and that is where the danger of conflict and violence is greatest.

With protectionism on the rise, many states impose controls and other regulations on the spread of technology. That feeds the economic slowdown and limits somewhat the “internationalizing” effects of the information revolution. The Internet fragments globally and becomes localized in the developed countries. Governments, corporations, and individuals see little benefit to being connected. Rather than sharing information, they hoard it.

In this world, economic, social, and political dislocations are widespread. Nationalism and ethnic rivalries increase in number and importance. Significant political changes occur in some key states, leading to the creation of highly nationalistic, fundamentalist religious, and even fascist political regimes. Some important states fragment or fail, giving rise to violence, humanitarian disasters, major catalytic regional crises, and the spread of dangerous weapons.

Military capabilities and alliances increase in importance. Spending on military forces rises as states placed renewed emphasis on acquiring and using military force. Developments in military technology have produced advancements in nanotechnologies, miniaturization, stealth, and anti-stealth. Weapons of mass destruction proliferate to a number of smaller regional powers. Space is weaponized and

becomes a locus of competition and conflict among the more technically advanced countries.

This world is a negative evolution of today's world. Initially, the United States is unequalled in economic and military power. However, within 15 years, a number of regional economic competitors arise, as well as a peer competitor or hostile coalition with the military means to challenge the United States. The United States retains a large military force capable of responding to a range of contingencies, including future inter-state conflicts.

Globalization Triumphant

In a world of Globalization Triumphant, the world economy grows at an unprecedented pace. Modern technology spreads worldwide. All national economies, with few exceptions, are networked into the global market. Trade in goods and services along with capital flows expand globally, as do multilateral institutions and international agreements designed to manage the new economy.

On the national level, states will have been able to design and introduce responsive systems of governance capable of preventing major economic dislocations and social tensions. They will have adopted policies conducive to economic growth, including appropriate legal systems and economic regulations. Despite some lingering tensions, governments around the world will have continued to move toward free trade, advancing overall global prosperity and supporting political liberalization.

Economically, growth in the developed world is assumed to be at or above 2 percent a year, and in the developing world 5-6 percent a year. The share of global GDP held by developing countries comes to exceed that of

developed countries. Tariffs are eased and trade increases globally. Global energy prices remain stable or drop due to major technological innovation. No major protracted downturn in any major industrialized country or region occurs, and no major conflicts between states or within states arise to destabilize the global economy or financial flows. Some transnational threats still remain, including those from cultists, terrorists, drug traffickers, and other criminals. Economic infrastructures also are vulnerable, but with fewer disgruntled groups and more effective voluntary controls on trade in dangerous substances, that vulnerability is modest and receding.

The combination of global economic integration and the diffusion of technology leads to a fundamental change in the ability of states to influence events on the world stage. In essence, information and economic power become truly globalized, while military and diplomatic power remain the prerogatives of states. In addition, supra-national organizations and non-governmental organizations increase their influence.

Individuals and governments in this world share such goals as a reasonably equitable distribution of income, equal educational and job opportunities, the peaceful resolution of conflicts, sustainable environmental policies, and individual human rights. Nearly everyone accepts as second nature the benefit of being integrated and connected, and, like the web itself, political and economic structures are increasingly decentralized. That offers a greater opportunity for local political participation of individual citizens.

Security establishments around the world, including that of the United States, are faced with a dilemma. Technological advancements and economic growth create new possibilities

for advanced weaponry. But the world has evolved in such a way that dramatic reductions in threats have occurred and interstate wars have become increasingly unlikely. The United Nations or a similarly representative body assumes a central role in conflict prevention and resolution. As resources shift to social programs and the protection of critical infrastructures, there is tremendous downward pressure on defense budgets. Classic conventional military forces atrophy. Space becomes a realm of cooperation. International regimes have established far more effective controls on the proliferation of weapons of mass destruction.

The United States is an active “partner” with states around the world in promoting cooperation through international institutions. In its military posture, the United States focuses primarily on defensive measures aimed at responding to the few remaining threats. As Americans exercise influence through cooperative international mechanisms, resentment of American and Western culture subsides.

Division and Mayhem

A world of Division and Mayhem could come about by any of several routes. One is uncontrolled technological diffusion that outpaces the legal, moral, and ethical strictures of societies around the world. A second is the accentuation of strains in the globalization process, to the point of touching off a worldwide economic recession and, in time, global chaos. A third is a compound global environmental crisis. The three sources of division and mayhem could occur simultaneously, each reinforcing the other two.

In this world, however it comes to be, global economic growth plummets. Private sector investors worldwide experience a deep crisis in confidence. Investment is limited, and

trade is vastly reduced with the drop in market demand and dramatic increase in protectionist policies. International lending institutions lack funds. The world is characterized by the cohabitation of a small cluster of relatively rich, developed—and mainly Western—states, and a large group of struggling and often very poor states. These states also experience extensive uncontrolled urbanization, environmental degradation, and political fragmentation.

The lofty internationalist principles behind the Internet are rejected; information is marketed and hoarded instead of cultivated and shared. Most developing countries are denied access to technological innovations, either because they cannot afford them, or for fear that they cannot control them properly. In the developed world certain technological developments, especially in biotechnology, outpace the ethical debate over their implications. A new class of biotechnology criminals and cyberterrorists appears and is linked to officials in demoralized and divided governments. Disaffected individuals and groups acquire the technologies necessary to develop the most dangerous weapons, and some are used.

Many states fragment along ethnic, cultural, and religious lines. Disparities in resources lead to or aggravate conflict between groups within societies and among regional states. Increased numbers of displaced persons produce extensive humanitarian disasters and exacerbate environmental problems. Military conflict between and especially within states increases.

Private and non-state militaries are on the rise, while the United Nations and other collective security organizations decline. Military establishments around the world confront a variety of threats. Some are well-funded but others are not, giving rise to abruptly shifting

balances of power, miscalculations, and ruinous wars.

While frequently called on to conduct humanitarian missions and operations other than war, the U.S. military also confronts a number of states, acting alone or in alliance, seeking the final removal of American military power and influence from their respective regions. Throughout this period, the United States invests heavily in military modernization, but low economic growth limits the size of military budgets. In this environment U.S. foreign and defense policy establishments are under increasing strain. The United States also finds itself increasingly isolated and overstretched in attempting to meet its security needs both at home and abroad.

Under such circumstances, deadly attacks on U.S. cities by a terrorist group using weapons of mass destruction cause a sharp re-orientation of basic U.S. policy. The United States reaches out in anger to punish and to root out future sources of such attacks but otherwise pulls back from its commitments in the world at large. Thus deprived of American good will and active involvement in global leadership, a world already plagued by division and mayhem falls further into a spiral of poverty, violence, and fear.

A Patchwork Future

The foregoing scenarios are clusters of likelihood designed to stimulate our imagination. They do not exhaust all the possibilities in our future. Just as the world today simultaneously evinces integration and fragmentation, so too may we expect that future trends will combine to produce a patchwork of consequences rather than any single, logically coherent whole.

The Democratic Peace is the world that could exist for those states where today democracy has firm roots and where economic policies are based on market principles. It may be that certain parts within that domain even move into the world of Globalization Triumphant. States in these domains will continue to have differences, and some serious threats will remain. But these will be amenable to peaceful resolution. The prospects for major interstate war would be small.

But a more pessimistic future is also possible for democratic, free-market states, and it is more likely for the rest of humanity. Societies and governments will find themselves torn between new opportunities and old habits. Particularly critical will be what happens over the next quarter century in major countries such as Russia, China, India, Indonesia, the Philippines, Vietnam, North Korea, Malaysia, Thailand, Egypt, Iran, Turkey, Pakistan, Mexico, Brazil, South Africa, and Nigeria. These states could find themselves in regions characterized by the world of Nationalism and Protectionism or even by the world of Division and Mayhem. The prospect for major interstate war in these domains would be large.

In short, all four scenarios would play out, but in parts. Taken together, the world in the coming 25 years would be regionalized, not in economic terms, but in terms of overarching performance.

Perhaps what matters most will be the world's elemental trajectory. Today's world is divided more or less between a zone of democratic peace and a zone of chronic trouble. Will many members of the former world fall away into the latter, or will many members of the latter find their way into the former? And what will be the relationship between the parts of such a divided world? Can a zone of pros-

perity and relative tranquility remain isolated from the pain, the heartbreak, the refugees, and possibly the diseases of the zone of hardship and turmoil? Answers to all of these questions cannot be known with certainty. They will depend importantly on the policies and strate-

gies to be adopted by countries around the world. The role that the United States will play will be critical as well. But here we must stop, for that is the subject of this Commission's Phase II Report.

V: Major Themes and Implications

The foregoing analysis leads us to the following general conclusions about the world that is now emerging, and the American role in it for the next 25 years.

1. America will become increasingly vulnerable to hostile attack on our homeland, and our military superiority will not entirely protect us.

The United States will be both absolutely and relatively stronger than any other state or combination of states. Although a global competitor to the United States is unlikely to arise over the next 25 years, emerging powers—either singly or in coalition—will increasingly constrain U.S. options regionally and limit its strategic influence. As a result, we will remain limited in our ability to impose our will, and we will be vulnerable to an increasing range of threats against American forces and citizens overseas as well as at home. American influence will increasingly be both embraced and resented abroad, as U.S. cultural, economic, and political power persists and perhaps spreads. States, terrorists, and other disaffected groups will acquire weapons of mass destruction and mass disruption, and some will use them. Americans will likely die on American soil, possibly in large numbers.

2. Rapid advances in information and biotechnologies will create new vulnerabilities for U.S. security.

Governments or groups hostile to the United States and its interests will gain access to advanced technologies. They will seek to counter U.S. military advantages through the possession of these technologies and their

actual use in non-traditional attacks. Moreover, as our society becomes increasingly dependent on knowledge-based technology for producing goods and providing services, new vulnerabilities to such attacks will arise.

3. New technologies will divide the world as well as draw it together.

In the next century people around the world in both developed and developing countries will be able to communicate with each other almost instantaneously. New technologies will increase productivity and create a transnational cyberclass of people. We will see much greater mobility and emigration among educated elites from less to more developed societies. We will be increasingly deluged by information, and have less time to process and interpret it. We will learn to cure illnesses, prolong and enrich life, and routinely clone it, but at the same time, advances in bio-technology will create moral dilemmas. An anti-technology backlash is possible, and even likely, as the adoption of emerging technologies creates new moral, cultural, and economic divisions.

4. The national security of all advanced states will be increasingly affected by the vulnerabilities of the evolving global economic infrastructure.

The economic future will be more difficult to predict and to manage. The emergence or strengthening of significant global economic actors will cause realignments of economic power. Global changes in the next quarter-century will produce opportunities and vulnerabilities. Overall global economic growth will continue, albeit unevenly. At the same time, economic integration and fragmentation will co-exist. Serious and unexpected economic downturns, major disparities of wealth, volatile capital flows, increasing vul-

nerabilities in global electronic infrastructures, labor and social disruptions, and pressures for increased protectionism will also occur. Many countries will be simultaneously more wealthy and more insecure. Some societies will find it difficult to develop the human capital and social cohesion necessary to employ new technologies productively. Their frustrations will be endemic and sometimes dangerous. For most advanced states, major threats to national security will broaden beyond the purely military.

5. Energy will continue to have major strategic significance.

Although energy distribution and consumption patterns will shift, we are unlikely to see dramatic changes in energy technology on a world scale in the next quarter century. Demand for fossil fuel will increase as major developing economies grow, increasing most rapidly in Asia. American dependence on foreign sources of energy will also grow over the next two decades. In the absence of events that alter significantly the price of oil, the stability of the world oil market will continue to depend on an uninterrupted supply of oil from the Persian Gulf, and the location of all key fossil fuels deposits will retain geopolitical significance.

6. All borders will be more porous; some will bend and some will break.

New technologies will continue to stretch and strain all existing borders—physical and social. Citizens will communicate with and form allegiances to individuals or movements anywhere in the world. Traditional bonds between states and their citizens can no longer be taken for granted, even in the United States. Many countries will have difficulties keeping dangers out of their territories, but their governments will

still be committed to upholding the integrity of their borders. Global connectivity will allow "big ideas" to spread quickly around the globe. Some ideas may be religious in nature, some populist, some devoted to democracy and human rights. Whatever their content, the stage will be set for mass action to have social impact beyond the borders and control of existing political structures.

7. The sovereignty of states will come under pressure, but will endure.

The international system will wrestle constantly over the next quarter century to establish the proper balance between fealty to the state on the one hand, and the impetus to build effective transnational institutions on the other. This struggle will be played out in the debate over international institutions to regulate financial markets, international policing and peace-making agencies, as well as several other shared global problems. Nevertheless, global forces, especially economic ones, will continue to batter the concept of national sovereignty. The state, as we know it, will also face challenges to its sovereignty under the mandate of evolving international law and by disaffected groups, including terrorists and criminals. Nonetheless, the principle of national sovereignty will endure, albeit in changed forms.

8. Fragmentation or failure of states will occur, with destabilizing effects on neighboring states.

Global and regional dynamics will normally bind states together, but events in major countries will still drive whether the world is peaceful or violent. States will differ in their ability to seize technological and economic opportunities, establish the social and political infrastructure necessary for economic growth, build political institutions responsive to the as-

pirations of its citizens, and find the leadership necessary to guide them through an era of uncertainty and risk. Some important states may not be able to manage these challenges and could fragment or fail. The result will be an increase in the rise of suppressed nationalisms, ethnic or religious violence, humanitarian disasters, major catalytic regional crises, and the spread of dangerous weapons.

9. Foreign crises will be replete with atrocities and the deliberate terrorizing of civilian populations.

Interstate wars will occur over the next 25 years, but most violence will erupt from conflicts internal to current territorial states. As the desire for self-determination spreads, and many governments fail to adapt to new economic and social realities, minorities will be less likely to tolerate bad or prejudicial government. In consequence, the number of new states, international protectorates, and zones of autonomy will increase, and many will be born in violence. The major powers will struggle to devise an accountable and effective institutional response to such crises.

10. Space will become a critical and competitive military environment.

The U.S. use of space for military purposes will expand, but other countries will also learn to exploit space for both commercial and military purposes. Many other countries will learn to launch satellites to communicate and spy. Weapons will likely be put in space. Space will also become permanently manned.

11. The essence of war will not change.

Despite the proliferation of highly sophisticated and remote means of attack, the essence of war will remain the same. There will be casual-

ties, carnage, and death; it will not be like a video game. What will change will be the kinds of actors and the weapons available to them. While some societies will attempt to limit violence and damage, others will seek to maximize them, particularly against those societies with a lower tolerance for casualties.

12. U.S. intelligence will face more challenging adversaries, and even excellent intelligence will not prevent all surprises.

Micro-sensors and electronic communications will continue to expand intelligence collection capabilities around the world. As a result of the proliferation of other technologies, however, many countries and disaffected groups will develop techniques of denial and deception in an attempt to thwart U.S. intelligence efforts—despite U.S. technological superiority. In any event, the United States will continue to confront strategic shocks, as intelligence analysis and human judgments will fail to detect all dangers in an ever-changing world.

13. The United States will be called upon frequently to intervene militarily in a time of uncertain alliances and with the prospect of fewer forward-deployed forces.

Political changes abroad, economic considerations, and the increased vulnerability of U.S. bases around the world will increase pressures on the United States to reduce substantially its forward military presence in Europe and Asia. In dealing with security crises, the 21st century will be characterized more by episodic "possession of the willing" than the traditional World War II-style alliance systems. The United States will increasingly find itself wishing to form coalitions but increasingly unable to find partners willing and able to carry out combined military operations.

14. The emerging security environment in the next quarter century will require different military and other national capabilities.

The United States must act together with its allies to shape the future of the international environment, using all the instruments of American diplomatic, economic, and military power. The type of conflict in which this country will generally engage in the first quarter of the 21st century will require sustainable military capabilities characterized by stealth, speed, range, unprecedented accuracy, lethality, strategic mobility, superior intelligence, and the overall will and ability to prevail. It is essential to maintain U.S. technological superiority, despite the unavoidable tension between acquisition of advanced capabilities and the maintenance of current capabilities. The mix and effectiveness of overall American capabilities need to be rethought and adjusted, and substantial changes in non-military national capabilities will also be needed. Discriminating and hard choices will be required.

In many respects, the world ahead seems amenable to basic American interests and values. As to interests, the spread of knowledge, the development of new technologies, and the expansion of global cooperation will present vast opportunities for economic growth and the rise of political liberalism. The size of the world's middle class may increase many times over, lifting literally tens of millions of people from the depredations of poverty and disease. Authoritarian regimes will founder as they try to insulate their populations from a world brimming with free-flowing information. We may thus bear witness to the rise of new democracies and the strengthening of older ones. Taken together, these developments could reduce sharply the prospects for violent

conflict, and augur for a more peaceful world. All of that is very much in the American interest and provides real opportunities for the United States in the future.

As to values, a world opened up by the information revolution is a world less hospitable to tyranny and friendlier to liberty. A less socially rigid, freer, and self-regulating world may also be in prospect, a joint result of the anti-hierarchical implications of the information revolution and the post-Cold War normative tide toward representative government. If so, such a world would accord with our deepest political beliefs and our central political metaphor—that of the dynamic equilibrium—which finds expression in the “invisible hand” of the market, our social ideal of *E Pluribus Unum*, the checks and balances of our Constitution, and in the concept of federalism itself.

Nevertheless, a world amenable to American interests and values will not come into being by itself. Much of the world holds different interests and values. They also resent and oppose us for the simple fact of our preeminence, and because they often perceive the United States as exercising its power with arrogance and self-absorption. There will also be much apprehension and confusion as the world changes. Fragmentation and integration will proceed simultaneously at different levels, as will centralization and de-centralization. Our vocabularies will fail us as old boundaries blur: between homeland defense and foreign policy; between sovereign states and a spectrum of protectorates and autonomous zones; between virtual and literal communities.

All of this suggests that threats to American security will be more diffuse and harder to anticipate than ever before. While the likelihood of major conflicts between powerful states will decrease, conflict itself will likely change in character and increase in frequency. Deterrence

will not work as it once did. In many cases it may not work at all.

In navigating the new world, the United States will need to find a proper balance between activism and self-restraint. No power, no matter how strong, will be able to manage or control international politics. American pragmatism and historic optimism have their limits. To overreach is to fall prey to hubris, and if we seek to exercise control over events beyond what reality can bear, we will end in frustration, recrimination, and ruin.

But humility is not a prescription for policy passivity. If we are agile in the new century that stands before us, change will be our ally. It makes sense for the United States to bias the strategic environment in its favor to the extent possible and prudent, and to try harder to

prevent conflict so that there will be less need for diplomatic triage after the fact. A great nation that does not try to influence the future may end up as its victim. That will be as true for the next 25 years as it has been for at least the last 2,500.

The world that lies in store for us over the next quarter century will surely challenge received wisdom about how to protect American interests and advance American values. In such an environment, the United States needs a sure understanding of its objectives, and a coherent strategy to deal with both the dangers and the opportunities ahead. It is from this Phase I Report that the U.S. Commission on National Security/21st Century will develop that understanding, and build that strategy. We do so from what we believe is a firm foundation.

**U.S. Commission on National Security/21st Century
Commission and Study Group Staff Roster**

Co-Chairs

Gary Hart
Warren Rudman

Commissioners

Anne Armstrong
Norm Augustine
John Dancy
John Galvin
Leslie Gelb
Newt Gingrich
Lee Hamilton
Lionel Olmer
Donald Rice
James Schlesinger
Harry Train
Andrew Young

Richard Haass
Keith Hahn
John Hillen
Frank Hoffman
Robert Killebrew
Richard Kohn
Bill Lewis
Martin Libicki
Jim Locher
Charles Moskos
Williamson Murray
Barry Posen
Peter Rodman
Barbara Samuels
Kori Schake
James Thomason
Ruth Wedgwood

Executive Director

Charles G. Boyd

Deputy Executive Director

Arnold Punaro

Chief-of-Staff

Hank Scharpenberg

Study Group Director—Phase One

Lynn Davis

Study Group Coordinator

Pat Allen Pentland

Study Group Members

Patti Antsen
Lyntis Beard
Jeff Bergner
Coit Blacker
Barry Blechman
Chris Bowie
Ivo Daalder
Jacquelyn Davis
Rhett Dawson
Keith Dunn
Charles Freeman
Adam Garfinkle

Research Associates

Mark Burles
Erin Conato
Chris Dishman
William Foster
Christopher Hall
Kelly Lieberman
William Lippert
Geoffrey Megargee
Philip Ritcheson
Kathleen Robertson
Rachel Schiller
Betsy Schmid

Support Staff

Marilyn Bridgette, Administrative Officer
Elizabeth Ellingboe, Travel Coordinator
Jamie Finley, Executive Assistant to
Executive Director
Marvin Goodwin, Contract Administrator
John Gardner, Information Management Specialist
James Harris, Budget Manager
Michele Hutchins, Administrative Specialist
Donald Kinder, Supply Specialist
Diane Long, Commissioner Liaison
Jonathan Nemceff, Director, Information
Management
Tom Prudhomme, Security Manager
Cynthia Waters, Study Group Liaison

Commission and Study Group Staff Roster

Acknowledgements

Many U.S. government agencies assisted in Phase One of the study. Within the Department of Defense, we especially note the Office of the Secretary of Defense staff to include organizations in the Under Secretary of Defense for Policy, the Joint Staff, especially J5, and all Service staffs; the Defense Intelligence Agency; National Defense University and the Institute for National Strategic Studies; the Army War College; Joint Theater Air and Missile Defense Organization; and the Defense Information Security Agency. Department of Defense assistance was also received from: U.S. European Command; U.S. Pacific Command; U.S. Atlantic Command; U.S. Central Command; U.S. Southern Command; U.S. Space Command; U.S. Strategic Command; U.S. Special Operations Command; U.S. Transportation Command; U.S. Forces Korea; the U.S. Mission to the North Atlantic Treaty Organization; the George C. Marshall European Center for Security Studies; the Asia-Pacific Center; and the Center of Excellence in Disaster Management and Humanitarian Assistance.

The Department of State provided support for the many regional workshops and assisted with trip itineraries and clearances for the Commission's foreign travel. The Commission's international trips depended on critical assistance from the American embassies, consulates, institutes, missions, and country teams at the following locations: Hong Kong, Shanghai, Beijing, Taipei, Seoul, Tokyo, London, Paris, Geneva, Rome, Bonn, Berlin, Brussels, Kiev, Moscow, Ankara, Istanbul, Tel Aviv, Cairo, Baku, Tbilisi, Islamabad, Lahore, New Delhi, Bangalore, Singapore, and Jakarta.

The Department of Justice and the Federal Bureau of Investigation assisted with several workshops, as did the Department of the Treasury. Other government agencies who assisted with the work of this commission included: the National Security Council; the Central Intelligence Agency and the National Intelligence Council; the National Security Agency; the National Reconnaissance Office; the U.S. Coast Guard; the National Institutes of Health; the Center for Disease Control; the Office of National Drug Control Policy; the Office of Emergency Preparedness; and the Critical Infrastructure Assurance Office.

Foreign government ministries and ministers, as well as opposition parties and non-governmental organizations and business leaders, were also crucial in providing inputs to the Commission. We especially note those from the United Kingdom, France, Italy, Germany, Belgium, the Russian Federation, Ukraine, the People's Republic of China, Taiwan, South Korea, Japan, Turkey, Georgia, Azerbaijan, Israel, Egypt, Pakistan, India, Singapore, and Indonesia. Other officials from the Western European Union, the North Atlantic Treaty Organization, the United Nations High Commission for Refugees, and the International Committee of the Red Cross also provided assistance.

The Commission and Staff worked with many non-profit organizations, corporations, and public policy institutions. These include: the International Institute for Strategic Studies; the Woodrow Wilson Center; the Nixon Center; the Brookings Institution; RAND; the Center for Naval Analyses; the Institute for Defense Analyses; the Center for Strategic and International Studies; the Center for Strategic

and Budgetary Assessments; the Carnegie Corporation; the National Institute for Public Policy; the CATO Institute; the Center for Defense Information; Toffler Associates; Science Applications International Corporation; Global Business Network; DFI International; Lockheed-Martin Corporation; the World Bank; the International Monetary Fund; Organisation for Economic Co-operation and Development; Standard and Poors' DRI Group; Wharton Economic Forecasting Associates; the National Guard Association; the East-West Center; and the International Foundation for Election Systems.

The Commission met with many individuals from governments as well as public and private organizations in the United States and overseas in the course of workshops, seminars, and interviews. Others assisted the Commission

with itineraries and contacts, and countless others provided information, made presentations, or reviewed draft papers.

Thousands of people in this country and around the world have also assisted us over our interactive website. Since the site opened to the world in March 1999, it has been "hit" over 700,000 times. We have also received more than 400 archived substantive comments from all over the country and some from outside the country as well. The "Future Tech Forum" was especially helpful in generating sources of information for this report. This is the first time that any U.S. national commission has developed a means of communicating interactively with the American public-at-large during the active research phase of a study. The website will remain open and operating for the duration of the Commission's work at www.nssg.gov.

