THE TRILATERAL COMMISSION
2006 NORTH AMERICAN REGIONAL MEETING
CAMBRIDGE, OCTOBER 20-22, 2006

"2020"

Joseph S. Nye, Jr.

We've had a fascinating morning talking about a very immediate problem. Indeed, I think Ernesto Zedillo's point that Iraq sucks the oxygen out of all policy discussions was amply demonstrated, and that perhaps is why Tom Foley and Mike O'Neil decided to then go from that discussion to 2020 and thinking out 15 years.

I always said, why would anybody think they can see into the future? The argument, I suppose, is that I once chaired the National Intelligence Council, and we used to do estimative intelligence, and estimative intelligence is to look for patterns and trends, and then to make projections and help policy makers decide on that. A good example of this, of how you look for patterns and trends, and make decisions on it, is the person who was going to the horse track on May 5th, and he said five-five, and so he bet on the fifth horse in the fifth race, and, sure enough, it came in fifth.

There are certain dangers in predicting, and there was a famous American baseball player, known to most of you, named Yogi Berra, who was known for his aphorisms. Yogi Berra's basic rule about predictions is: Never make predictions, particularly not about the future. And yet we do it all the time. The planes and ships that we're purchasing now are going to last for 20 years or more. The energy investments that the private sector is making will be 20 years and more. So it's essential that we make these long-run projections, but it is also perilous.

Think back 15 years, and ask yourself what was the conventional wisdom about American power? What was the view of American power 15 years ago as opposed to 15 years forward? Well, the general conventional wisdom is that the United States was in decline, and this was broadly shared by public opinion, by best sellers.

David Gergen was kind enough to mention this morning that I wrote a book in 1990 that said the United States was not in decline, was going to be the leading country of the 21st Century. My friend and colleague, Paul Kennedy at Yale, wrote another one that said the United States was "down the tubes" like Philip the II of Spain. I'm pleased to say I think I got the answer right, but Paul Kennedy got all the royalties.

What's more, there's a bit of wisdom in Yogi Berra's aphorism. Point predictions can often be misleading. When I was chairing the National Intelligence Council, I used to say to the analyst in estimative intelligence that we're not fortune tellers, we're educators. Our job is to help educate policy makers' intuitions, because nobody is going to give you an accurate point prediction to the future. So I'd often tell the analysts that what they should do was to try to sketch out alternative futures and assign probabilities to them and then ask, after they'd assigned these probabilities, what could make it all wrong? After all your best guesses, what would it take to make it wrong? That makes people go back and look at their assumptions. Analysts didn't much like that but it was one way to test against just linear projections.

Another way to test against it is to do scenario analysis, which is, you don't assign probabilities, you just sketch different worlds, and then you test the excursions from what you expect according to this. Peter Schwarz and others argued that Shell did better in 1973, not because they predicted the price of oil after the crisis in the Middle East, but because they had a scenario which had the absurd proposition of a very, very high oil price, and at least they thought a little bit about what would you do if that happened. It was interesting to see at the World Economic Forum in Davos, last year or year before last, I guess, Shell came to Davos with a set of scenarios, not predictions, about what the world would look like in 2020, and they described three worlds they called low trust globalization, open doors, and flags. The labels will tell you, somewhat, the nature of what they thought these worlds would look like.

Another effort to do this, an effort on which I'm going to spend more time in thinking about 2020, is the National Intelligence Council, or NIC's 2020 Project, which was called "Mapping the Global Future." It was published last year, and it actually grew out of an earlier exercise started in 1997 by our colleague, Dick Cooper, who was my successor at the NIC, and then was followed up with a year 2000 study called "Global Trends 2015."

Well, they've now updated it to 2020 and let me give you the broad outlines of what they said, and then finally turn to my own personal views. The NIC project starts with demography, and it argues that the world in 2020 is likely to have 7.8 billion people, and since many of these people are already born, these nearer-term demographic projections are probably a little bit better than long-term demographic projections.

The most interesting thing, though, is what the world would look like if it were a village in which you're with a 100 people. Taking these 7.8 billion people, imagining a village of a 100, how many of them would be from different regions? And 56 would be from Asia, 15 from Africa, the second largest region, 13 from the Western hemisphere, including only four from the U.S., 12 from Europe and the former Soviet Union, in which only five would be from Western Europe, and three from the Middle East. It's interesting that the region which perhaps is posing some of the largest problems we face is one of the smallest, so there's no relationship between the size of your population and the trouble you can cause.

In any case, the NIC project, 2020 project, assumed that technological development continues unabated, that globalization continues as a mega trend, and then they come to thirteen relative certainties, in their words. Let me just read you these relative certainties, to give you some idea of what they think the world, in 2020, will look like:

- Globalization, largely irreversible, though it will become less Western.
- Second, the world economy will be substantially larger, though have and have-not groups may increase, gaps may increase.
- Third, global firms will spread new technologies.
- Fourth, the rise of Asia, though uncertainty about how smoothly that will occur.
- Fifth, aging populations in Europe and Japan.
- Sixth, adequate energy supplies in the ground but uncertainty about supply disruptions.
- Seventh, growing power of non-state actors.
- Eighth, political Islam remains a potent force, though uncertain about the degree of jihadism in political Islam.
- Ninth, improved weapons of mass destruction capabilities of some states.
- Tenth, an arc of instability in the Mideast, Asia and Africa.
- Eleventh, traditional great power war is unlikely, which is a major change.
- Twelfth, environmental and ethical issues are higher on the agenda.
- Thirteenth, the U.S. will remain the single most powerful actor.

Now if you think about those thirteen certainties, as the NIC calls them, what's interesting is there are really no great surprises. It's pretty much a straight line extrapolation. It's plausible but there's nothing there that says, boy, that's not something I would have thought of.

But then they go on to identify scenarios, to test this, and they look at scenarios through four lenses or key drivers: the global economy, U.S. power, social and religious identity, and insecure and non-state actors. And from that they sketch four different worlds. One they call the "Davos world," which is more of the same globalization but with a more Asian face. Second is a "Pax Americana" world, a world in which the U.S. remains dominant and continues to shape global order. The third scenario is what they call the "new caliphate," in which religious identity challenges Western norms around the world. And the fourth they call the "cycle of fear," in which increased non-state actors and shocks lead to an Orwellian world. So those are the views that the National Intelligence Council has put forward in this interesting document, which you can get on the Internet, about their picture of 2020.

As for my own views on this, I think that if you take a straight line projection of technological change continuing to grow as it has been growing, and the global economy growing in respect, then what will be the political effects? I think one has to there distinguish between the way those trends, in terms of the technology and economy, will affect interstate politics as opposed to transnational politics.

On interstate politics, I think the big event will be what's been called the return of Asia, which is more than the rise of China. One way to think about this is that in 1800, Asia represented three-fifths of the world's product and three-fifths of the world's population. By 1900, after the Industrial Revolution in Europe, Asia had declined to one-fifth of the world's product, still three-fifths of the world's population.

Now, after World War II, and after the turn of the century, Asia's back, closer to 45 to 50 percent of world product, while still three-fifths of the world population. I think you'd expect that over the next 15 years, Asia will recover to a proportion of about three-fifths of world product as well as three-fifths of world population.

That then is a likely projection for the interstate politics, and a lot of how that will work out, whether it's a positive sum game, or whether it's intense competition, will depend on how the United States, as the largest power, handles its relations with China, India and Japan. There is some good news, in the sense that this need not lead to conflict, but you can imagine a world in which China grows but is not disruptive, becomes what Bob Zoellick called the "responsible stakeholder."

It's also possible to imagine a world in which, through stumbles or accidents, over Taiwan or whatever, that we go cross-wise with China and develop a much more hostile relationship. But, by and large, I think on the interstate politics, the projection of technical and economic trends in a straight line is probably one which we know how to handle. It's a kind of issue which we are familiar with.

But the effect of these political trends on transnational politics is very different, because essentially it involves non-state actors with whom we are much less familiar and have much less sense of how to handle. One way to get an idea of this is to realize that terrorism is not new, it's been around for centuries, but the idea that you have the capacity which transnational terrorists have today is new.

Putting it another way round, in the 1970's, if you wanted to communicate between, let's say, Riyadh, Johannesburg, Moscow and Tokyo, simultaneously, you could do it but you were probably a government or a multinational corporation to have the budget that would allow you to afford it. Today, anybody can do that with the price of entry to an Internet cafe, using Skype over the Internet, it's virtually free.

Or another way of thinking about it is, in 1977, when I was in the Carter administration dealing with nuclear proliferation issues, one of the great secrets we had was that we could take a picture of any place on Earth with a one-meter resolution. In fact, if I had told you that, I'd be thrown in jail, and properly so. We spent billions and billions of dollars on that. I don't know how many of you saw in the *New York Times*, a week before the North Korea test, a picture of the North Korean test site. Anybody can go on the Internet now and get, whether from Google-Earth, or Ikonos, and so forth, a picture of a half-meter resolution, twice as good as what we had then, for less than a hundred dollars. That is really an extraordinary change.

So what the information revolution and technological change have done is reduce the barriers to entry to being a player in international politics, which means not that governments are replaced but the stage is a lot more crowded, and working the politics of that kind of world is very different.

What we find, then, is you have two types of world politics that are coexisting with each other. One is the traditional interstate politics, which you and I call the Westphalian world, that's enshrined in the U.N. Charter, and the other is the transnational, non-state politics and the rise of international humanitarian law, which is in direct conflict with the international Westphalian law. Those two tensions are there, and I predict they'll remain there through 2020. I don't think are going to be resolved in that time. We're going to have to see this coexistence.

But the most important thing is to notice that, unlike the interstate politics where we know how to deal with the rise of a great power or deal with interstate deterrence, dealing with non-state actors is a lot harder, and we're not familiar with how to do this. It's worth remembering that this may be where some of our greatest threats come from. It's worth remembering that on 9/11, a non-state, transnational actor killed more Americans than the government of Japan did at Pearl Harbor. That's a new type of world politics. So these trends that we see in globalization and technology, I think, are having quite different effects on interstate politics and transnational politics, and we have to learn a lot more about the second of those.

If you look at this question of which types of outcomes we're likely to see, politically, as we move toward 2020, I think there are going to be three key agents of change, or drivers of the political outcomes. One is American power and how it's used. To the extent to which the largest power in the international system, which I think the Americans will continue to remain, right through 2020 and beyond, the extent to which that power has forward presence internationally, maintains its military position, takes a posture of providing collective goods in international politics, then I think this is an extraordinary force for stability.

And if, in addition to that, we can learn how to combine our soft power of attraction with our hard power, as we did during the Cold War, in other words, becoming a smart power, then I think the prospects may look, I think, pretty good. On the other hand, I think you could make an argument, if you look at the current global war on terrorism, that we're losing it, that the number of terrorists that we're creating is greater than the number that we're killing, to use Don Rumsfeld's formula. So we're going to have to change. It's not just enough to have American power, we're going to have to change the way we use it.

The second key driver of the political outcomes will be Chinese power and how it's used, and there, I think, if one looks ahead at China, there are bound to be bumps in the road. Ten percent growth is truly impressive, but China, unlike India which was born with a gift of political participation and democracy through Britain, China has not solved the participation problem, and the question of how do they solve the participation problem is still ahead of them. When you see a situation as we saw last year, with some 85,000 various protests and incidents described in China, and you also relate that to the possible interconnection of some of these local disputes through the Internet, I think the chances of a "bump in the road" for China are possible.

The other thing is, as China and Chinese leaders see that potential interruption, do they turn to nationalism as the glue that holds things together? The ideology of communism is dead. Ethnic nationalism is taking its place. And what kind of a China we have, how China will use its power will, to a large extent, depend on how they resolve those problems.

The third key driver toward 2020 will be political Islam and how that develops. Contrary to Sam Huntington's view that we're faced with a clash of civilization, I think it's now widely recognized that we're faced with a civil war within one civilization, Islam, and it's a civil war between a small group of extremists, who essentially are using force to impose their form of their religion on others, and a larger mainstream who basically are not yet ready to believe that killing innocents, that supporting terrorism is acceptable.

The question then is how do we deal with this? How will political Islam develop? To the extent to which we are able to adjust Western policies to help with openness and development—not democracy, but openness and development, and development of institutions in civil societies, then I think we may be able to attract, rather than repel. But the future of political Islam is very much open to what we do and to the actions we take.

Now if you take those three drivers—American power, Chinese power, and political Islam—and you look ahead, what does that do to the straight line projection of globalization continuing, or if you want, how likely is it that Tom Friedman's flat world will be with us in 2020 or not? If you believe in straight technological projections, then Friedman will tell us we'll see a world that looks much like today. But it's worth remembering that globalization has two major drivers. One is technology of the type I described, and the other is policy, and it's a policy of openness. And while technology may continue, openness may or may not continue, because openness will depend upon how we and others respond to these political events. It will depend very much on how the largest country, the U.S., will respond in policy and what that will mean. I think if you then ask how will the U.S. and others respond, to go back to the use of scenarios, you can think of four scenarios that describe possible ways that the flat world could be derailed. Let me mention these to you, not because they're complete, but just to give you an idea of stretching your views as to whether we can make this linear projection or whether it will be thrown off course.

The first is political instability in China, an economic slump that leads to possible violence. I would think the chances of that might be one in five, just to give it a poetic expression with numbers. But the key question will be how long it lasts and how deep it is. If you think that it will be short and shallow, then it might not derail things.

The second scenario is one of a Middle East conflict, which means loss of access to oil. The Middle East remains the source of two-thirds of world oil reserves. If we were to lose that, and I don't mean just the United States, but economies generally, the economic effects would be very sharp, and I think there is a significant chance that that could occur. Let's say maybe one in four over the next 15 years. Again, the effects will depend on the length and also on some of the energy policies that we use in between, and John Deutch will be talking to us about that more.

The third scenario is a scenario in which you have a rise of protectionism through what you might call "a perfect storm" of transnational threats: increased number of terrorist attacks, pandemics, and an economic slowdown perhaps growing out of that China event that I mentioned, or an oil event. And, again, how long and deep that protectionism would last depends upon the intensity of these other variables. But I would say, just to give it again a rough estimate, I'd say probably one chance in ten that that'll happen, the "perfect storm," protectionism in the next 15 years.

Finally, a fourth scenario is terrorism in which the terrorists use weapons of mass destruction, perhaps repeatedly, and I think that goes back to something that Jessica Stern mentioned this morning in the discussion. As you think about terrorism, the best way to think about terrorism is as theater, as she said, but also as "jujitsu politics." In jujitsu, a small actor uses the strength of the large actor to defeat him, and essentially the secret of jujitsu politics, and the secret of terrorists, is how does a small actor get us to do the damage to ourselves?

I think the question of a weapon of mass destruction going off in the United States will be horrific, it wouldn't be like the loss of all our cities, as it might have been in the Cold War. The key question is how would we react? In some ways, if we react with closure and restriction of freedoms, and enormous anti-Muslim feeling, we play into the hands of the terrorists. We essentially fall for their jujitsu politics and do enormous damage to ourselves, and that I think may be the greatest danger we face as we look ahead at these scenarios, and I think the chances of that are about one in ten.

What this suggests is that we have a projection, similar to the NIC projection of 2020, which is straight line changes but no great surprises, but I've outlined four things which could drive that off course, with some of my own subjective estimates of the probability of that.

Now to return to Yogi Berra, in conclusion, don't take any of my probabilities seriously. I'm not a fortune teller. The purpose of sketching this out with some illustrative probabilities is to educate your intuitions. You can insert your own probabilities, and then you can think of how our policy choices can alter the prospects of these various futures. And that I think is the lesson of 2020, that to a large extent it'll depend on the drivers I mentioned, but one of the key drivers is us, and one of the key questions is how our estimations of that future will lead us to behave to make one or another of these scenarios more or less likely. Thank you very much.

Joseph S. Nye, Jr.*, is Distinguished Service Professor at Harvard University, John F. Kennedy School of Government, Harvard University, Cambridge, MA; former dean, John F. Kennedy School of Government;and former U.S. assistant secretary of Defense for International Security Affairs.*