



THE ATLANTIC COUNCIL
OF THE UNITED STATES

THE GLOBAL FUTURE AND ITS POLICY IMPLICATIONS:
Views from Leading Thinkers on Five Continents

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I. Introduction

Between June 2006 and October 2008, the Atlantic Council of the United States, in cooperation with the National Intelligence Council, organized a series of 14 conferences involving experts and officials from more than two dozen countries on five continents. We visited Japan, South Korea, and China, in June 2006; Mexico, Chile, and Brazil, in January 2007; South Africa, Nigeria, and Egypt, in June 2007; and India, Turkey, and Kazakhstan, in November 2007, with the Kazakhstan event consisting of a regional conference involving five Central Asian countries. In May 2008, we held a regional conference in Paris with participants from 10 European countries. The final conferences – in Germany and Russia – were held in March 2009.

The U.S. delegation was led by Robert Hutchings, diplomat-in-residence at Princeton University and former chairman of the National Intelligence Council, and by Frederick Kempe, President of the Atlantic Council and a former editor and associate publisher of the Wall Street Journal. In each country, we engaged local institutions – usually research institutes or think tanks – to serve as our co-hosts and conveners. These partners brought together extraordinary groups of individuals from government, think tanks, academia, and business to discuss the 2020 report and consider its implications.

The conferences were organized as structured strategic dialogues, each employing the same basic format. We began each conference with an overview of the National Intelligence Council's "2020 Project" report, *Mapping the Global Future*, which we used as a springboard to get people thinking beyond the current agenda toward longer-term trends. After hearing general reactions to the 2020 report and debating those and other global trends, participants in each conference offered their perspectives on the impact of key global trends on their respective countries and regions. We concluded with appraisals of the policy implications for their countries, the international community, and the United States, and we tried to outline the needed policy responses to the challenges ahead. Although the substance of the conversations varied from country to country, the parallel structure ensured a common core agenda and facilitated cross-country comparisons.

II. Reflections on "2020"

The 2020 report highlighted four major trends: globalization, which it identified as a "mega-trend" that was producing new divisions along with wider prosperity; the rise of new global actors, led by China and India, which will transform the geopolitical

landscape; new challenges to governance, both domestically and internationally; and a more pervasive insecurity, springing from economic dislocations as well as from traditional military threats. For each of these trends, the report presented fictionalized scenarios to dramatize the scope of future possibilities: “Davos World” showed how robust economic growth will accelerate the shifting global balance of power, “Pax Americana” examined the implications of the U.S. shouldering the burden of global security provider, “New Caliphate” described the emergence of a new transnational authority that both unites and divides Muslims around the world, and “Cycle of Fear” used the device of a text-message exchange between two arms dealers to explore the intersection of technology and terrorism. *Mapping the Global Future* distinguished “relative certainties” from “key uncertainties,” arguing that the world is facing a more fluid and complex set of international alignments that at any time since the formation of the Western alliance system in 1949. Thus, the very magnitude and speed of change, apart from the precise character of those changes, will be key features of the world out to 2020.

Since its publication in late 2004, *Mapping the Global Future* has generated a good deal of commentary and discussion around the world. It was translated into several languages, including Chinese, Russian, Spanish, and French, and helped to inspire similar undertakings in Japan, South Korea, China, India, Turkey, South Africa, Nigeria, and Great Britain, as well as by the European Union. It had less direct impact in the United States, at least in official circles, but it helped stimulate a cottage industry of long-range strategic assessments, many of them focused on particular trends like climate change, energy demand, and demographics.

How well does the report stand up? Some of its findings were controversial at the time but have now become part of conventional thinking: the rise of China and India as an historic shift, the changing face of globalization, the relative decline of U.S. power, and the challenge of global governance as other powers rise and non-state actors gain influence. Other findings are still evolving: the contradictions of globalization and the backlash against it, challenges to governance, and the changing nature of the terrorist challenge. (Terrorism was not a central theme of the report, to the surprise of some in Washington; rather, the report put terrorism in a broader context, which is now beginning to happen more generally in the U.S. debate.) Finally, there were some things that the report either missed or undervalued: the reassertion of Russian power; the imminence of climate change impacts; \$100+/barrel oil; new resource constraints, including on food security; the vulnerability of the international financial system and its dependence on the liquidity of certain Asian and Middle Eastern countries to keep the global economy going; and the rise of “authoritarian capitalism” and the ‘Beijing consensus’.

A. Reactions around the World

In our strategic dialogues around the world, how did our counterparts in other countries react to the report? What future trends did they see as driving global change? Their diverse views may be grouped under four headings:

- Backlash against globalization
- The U.S. as a driver of change
- Regional fragmentation
- Challenges of global governance

The 2020 report's first two trends – the contradiction of globalization and the rise of new global actors led by China and India – were overwhelmingly confirmed in our strategic dialogues. Indeed, a growing backlash against globalization was the most powerful single finding of the trips. It is not globalization itself but the unequal distribution of benefits within and among countries – the combustive combination of concentration of wealth and social exclusion – that is the issue. There is great worry in South Africa, Nigeria, and Egypt that the underclass could “detach” from the rest of the body politic. In Latin America, people saw the populism of Lula and not that of Chavez as the most prevalent at the moment, but they worried about social and economic conditions leading to support for the latter type of radical populism. There is a growing restiveness of the poor and indigenous populations in Latin America, and the information age facilitates the spread of discontent and so empowers the powerless.

The policy challenge derives from the tension between competitiveness and social justice. People see that their countries have to become more competitive – to avoid falling even further behind India and especially China, whose impact was felt everywhere – and open their economies to the global market, but they fear that these steps could exacerbate social inequalities and so threaten political stability. In terms of global trade, all this suggests pressures toward managed trade and the revival of protectionism around the world. Thus, for most, the 2020 report's assessment of globalization was too optimistic. Many worried about their countries' inability to compete with China in manufactures or with India in services, and even more worried about the impact of wage disparities on social cohesion. One participant asked whether globalization carried the seeds of its own destruction.

As our trips took us to some of the world's largest cities – Beijing, Tokyo, Mexico City, São Paulo, Lagos, Cairo, Delhi, and Istanbul – the problems of mega-cities came up repeatedly. We saw a common pattern in which in many countries – Japan of course being an exception – only the largest cities were fully connected to the global economy, so rural dwellers were migrating in large numbers to cities looking for opportunity, in the process creating sprawling urban slums with attendant problems of violence and criminality that were overwhelming government capacity. In some countries – India, for example – there was a shift in urban migration patterns toward second-tier cities, suggesting the simultaneous spread of both the benefits and the liabilities of globalization to other parts of the country.

The most common critique of the 2020 report was its relative neglect of the U.S. itself as an “independent variable” or “driver” of global change. One of the surprises to us is that we encountered less anti-American sentiment than we expected, especially in Asia, Africa and Latin America. To be sure, there was plenty of criticism, but it was directed more at what was considered the failure or absence of U.S. leadership rather than manifested as anti-Americanism *per se*. What we heard repeatedly is that the U.S. has not been exercising catalytic leadership, and instead either has tried to impose its will on the rest of the world or has neglected areas not directly related to its overarching focus on the terrorist threat. Yet the U.S. is seen almost everywhere as an important regional balancer and/or as a catalyst for regional integration. Even the Chinese expressed the desire to see the U.S. as a balancer in Asia for the foreseeable future. In Latin America, people we spoke with would like to see a stronger U.S. role as a facilitator of regional integration. For Brazil, 25% of their total trade is with the U.S., so free trade areas matter a great deal to Latin America.

We heard in the Middle East that the U.S. occupation of Iraq and the so-called “global war on terror” have “made everything worse.” The U.S. cannot promote democracy directly, we were told, but it could play an important role in promoting economic modernization. Only Muslims can deal with reform of Islam itself, and here the Egyptians and Turks we met thought their countries had important roles to play in promoting a more moderate Islam.

In sum, even allowing for the tendency of our hosts to inflate the U.S. role in the world for the benefit of American visitors, we were left with the impression that leaders in most countries hoped for more rather than less American leadership. Some were resigned to continued disappointment; others, even those who saw a *relative* decline of U.S. power and influence as other powers came to the fore, harbored extravagant expectations of a future U.S. leadership role in virtually every region of the world.

Another recurrent theme was that of regional fragmentation, with Europe the sole exception to this global trend. Many felt that fragmentation and integration are two sides of the globalization process. (Some years ago the political scientist James Rosenau coined the term “fragnegration” to capture this duality.) In Asia, we were cautioned against using the term “rise of Asia” as if Asia were unitary. A sense of “Asian-ness” is only embryonic, and regional structures are too weak to manage potential rivalries. There was growing concern about resource nationalism and competition, as well as possible military competition. In Central Asia, we were told that Central Asia does not exist except in the minds of those who live elsewhere, and people there worry about a new “Great Game” of competition over the region’s resources. India faces a strategic dilemma: it would like to maintain equidistance among the great powers but feels that it lacks the power to manage this orientation. Some Indian officials are attracted by the idea of strategic partnership with the U.S. but do not want to be manipulated as a counterweight to China. Indians worried that unresolved border disputes with China may herald future conflict. Some Indians worried about the fragmentation of India itself, noting that globalization was assisting small actors like Ireland, but was also empowering secessionist movements in different parts of the world.

There was likewise no sense of “African-ness” in Africa, and after Mbeki it is likely that no one will espouse a pan-African vision even rhetorically. Africans with whom we spoke see more disunity and disintegration in Africa’s future. Yet they also see that Africa needs to organize itself, particularly if and as it becomes a battleground for resources. In Latin America, our interlocutors saw no common regional identity, no significant international organizations for cohesion, and different levels of development. One Brazilian analyst saw at least four sub-regions: Mexico and Central America; the Pacific side of South America, with indigenous problems; Chile and the Atlantic side of Argentina and Brazil; and semi-failed states such as Bolivia, Paraguay and Suriname.

“Challenges to governance,” another theme of the 2020 report, was seen even more acutely by our counterparts around the world. Many in Africa, Latin America, and Asia were preoccupied with the challenges posed by weak, failed, or failing states. Globalization itself has introduced new instabilities that take various forms: economic dislocation, competition for resources, social mobilization enabled by information technology, and migration, both internal and external. Participants in several countries also seconded the 2020 report’s focus on growing identification with religious and ethnic movements, which they saw as partly a reaction to globalization. These movements often posed a direct challenge to governance, because religious

groups, including the most radical, often stand for social justice. In much of the Muslim world, these pressures were reflected in the tension between globalization, modernization, and secularization.

These issues had implications for global governance as well. Most of those involved in our conferences expressed low confidence in regional as well as international institutions, including those of the international financial and trading system. For some, the rising power of China, and to a lesser extent Russia, held out the possibility of an alternative to the “Washington consensus” – one that offered a less onerous path to the global economy. Opinions varied on whether “authoritarian capitalism” constituted a viable alternative model of development – a notion that the Chinese themselves disputed – but many saw the growth of both democracy and authoritarianism around the world and argued that a new international order must reflect the advent of countries that are authoritarian internally but also able to cooperate internationally.

Thus, we saw challenges everywhere to the Western-led global order. The existing institutions – the UN Security Council, the G-7/G-8, the World Trade Organization, the international financial institutions, and others – are no longer adequate, yet the established powers were seen as unwilling or unable to liberate themselves from past institutions and old habits. The open question is whether those institutions could be successfully adapted to accommodate and integrate the rising powers and address a new agenda of issues brought on by globalization. If so, on whose terms will this transformation occur? An Indian author recently wrote that “the West is within us.” Will those Western values prevail, or will there be a clash with “Asian values”?

B. Comparing “2020” and the EU’s “2025” Report

In our Paris conference in May 2008, our co-host, the European Union’s Institute for Security Studies, offered a detailed comparison between *Mapping the Global Future* and its own report, *The New Global Puzzle: What World for the EU in 2025?* EU ISS analysts saw five main elements of convergence and similarity between the two reports:

- The flux in the international order and the global shift in relative power
- The relative certainties – globalization, rise of Asia, little likelihood of major war

- The increasingly non-Western character of globalization and its impact on the West
- The danger of internal or regional conflict where failed states are unable to prevent the spread of disorder
- The appeal of political Islam in Europe and its growing clout in the Arab world

Our EU ISS colleagues saw differences as well. The principal one was that “2020” reflects the perspective of the U.S. as the largest global power whereas the EU report reflects Europe as a hesitant regional power. There was also a difference of two years in publication dates – 2004 and 2006 – in which issues of energy security and climate change became more prominent, Iraq and Afghanistan got worse, and the rise of China and India became more apparent. Things moved very fast between 2004 and 2006, suggesting continuing acceleration in the future. The U.S. report was relatively optimistic about the future and the U.S. ability to shape it; *The Global Puzzle* was more pessimistic and stressed the need for Europe to shape up to face the global future. The ISS report also reflected more of the links of combined U.S. and European power.

There was a different emphasis on trends and drivers. The challenge of transnational terrorism and proliferation may have seemed understated to some American readers, but these themes were more prominently featured in the U.S. report than in *The Global Puzzle*, which addressed more structural challenges like energy security and climate change. The U.S. report talked more about democracy promotion while *The Global Puzzle* focused more on governance and the conditions that can shape democracy and a liberal society. There was a different geo-strategic focus, perhaps based on the different geopolitical positions of the U.S. and Europe. The U.S. report focused on the rise of Asia and the power balance in Asia, while *The Global Puzzle* focused more on the neighborhood of Europe and the political, demographic, and other factors that will affect the EU. It also gave more emphasis on Africa and the Chinese penetration of Africa, including the resource scramble. There was also more concern about Russia and its impact on the EU and its neighborhood.

Mapping the Global Future referred to growing challenges to an American-led unipolar system; *The Global Puzzle* was more concerned with multipolarity and its implications for cooperation and conflict. The U.S. report focused on non-state actors and less on global governance, while the latter was central to *The Global Puzzle*, including the reform of international institutions. *The Global Puzzle* ends by saying that one of the biggest challenges for Europe over the next 10 to 20 years will be to reconcile multipolarity with multilateral cooperation. Multipolarity has no normative implications in this context but rather is descriptive of the evolving international

system – the “power of denial” of any one country or combination of countries to dominate.

In sum, in the view of our EU ISS colleagues, *Mapping the Global Future* looked at how to sustain the primacy of the U.S. in a changing global landscape; *The Global Puzzle* did not look at this question but rather on how to regulate and govern a shifting balance of power to prevent conflict. There were many references in the U.S. report about harnessing others’ power or how others may thwart the U.S. The main consensus for U.S.-EU cooperation was seen as the focus on combating global terrorism. *The Global Puzzle*, by contrast, focused on shaping the international environment for cooperation, so it was less about sharing the burden than about avoiding unilateralism. There was also more focus on in the EU report on process and milieu goals such as institutional structures and legitimacy.

III. Areas of Convergence

Our discussions around the world did not, of course, divide neatly between points of convergence and of divergence, but there were areas where the general tenor of analysis was broadly congruent, albeit with different emphases and interpretations. In particular, there was universal agreement on the impact and contradictions of globalization, the impact of China’s (and to a lesser extent India’s) growing global role, and the gathering threats to governance affecting established states as well as weak or failing ones.

A. Globalization and its Discontents

In all of the countries we visited, with the partial exception of Egypt, globalization was perceived as a dominant and omnipresent source of both obstacles and opportunities. In Africa in particular, the inability of significant sectors of society to compete in the global economy has led to not only persistent but even increased poverty and associated costs such as crime and societal disintegration. Even in South Africa, where the middle class had expanded by 20% per year, violent crime had also risen drastically by up to 60% over the past decade as the number of the people in abject poverty increased and income inequality became a grave problem. These problems arising out of poverty were also visible in Latin America, where several countries were perceived as semi-failed states unable to establish basic governance, and to a lesser degree in India

The lack of a wide distribution of gains from the processes of global trade and investment has led to the development of a large “underclass” in many parts of the developing world. This internal division of societies is manifested, for instance, in the formation of Medieval-type mega-cities, walled off from their immediate surroundings but closely integrated into the flows of international commerce – local fragmentation with global integration.

The “development” consensus in dealing with challenges posed by globalization was to enable the growing underclass to “get on the globalization bus” through improved education, training, and access to technology – each element with the objective of improving productive skills within the workforce. Current problems with respect to schools in many of the countries we visited are indeed dire. We were told that 70–80% of South Africa’s public schools are dysfunctional and that only a small number of black students are admitted into the country’s best universities. In other parts of Africa, the state of affairs was reported to be much worse. In Latin America, education was not readily translatable into skills that are competitive and profitable in a global economy. India’s recent strategic partnership with the U.S. was premised, in part, on establishing technological cooperation and lowering barriers to transfers of technology. There was debate as to whether there was a single globalization “bus” or more than one, with some seeing China’s rise as offering a more appealing option.

Rather than rejecting the premises of mutual gains through a free flow of goods and capital, participants in each of the countries we visited thought that the promise of globalization needed to become more inclusive and equitable. The stark competition from the rise of China and India was viewed from a self-critical perspective in recognizing the need to develop competitive advantages in the global economy rather than enclosing within protectionist policies. For instance, businessmen in Brazil recognized that China trains twelve times and India seven times the number of new engineers and technicians as Brazil. Thus, it is much more profitable for a multinational company to conduct its research and development in those two countries rather than Latin America due to economies of scale.

The displacement of workers, firms, and industries due to globalization was politically manageable as long as those productive resources shifted into other more competitive areas, such as the agroenergy market in the case of Brazil. However, there was concern that populist and protectionist sentiments were strengthening and would be exploited by politicians promising the safety of a stable job and pay check. These dynamics were most visible in Mexico, where political value was perceived to be reaped from protecting the status quo and where globalization was seen as reinforcing the old patronage systems. Everywhere except in East Asia there was concern over a

growing backlash against globalization, which most people felt had been treated too positively in the 2020 report.

In Latin America particularly, the challenge of embracing and benefiting from the processes of globalization through increased trade and investment was seen as a matter not only of economic growth but of national security. Indeed, most of the discussions in this region focused on economic concerns, rather than national security, demographics, extremism, or issues of identity. In this context, each country's trade relationship with the United States was paramount since, for instance, Brazil's trade with the U.S. was more than twenty times its trade volume with China. Accordingly, no Latin American country had any substantive economic policy with respect to Asia or China, and vice versa.

In addition to these challenges of globalization, Asian countries also faced the problems and prospects associated with mass migrations. Given that Asia is the most populous continent, it was suggested that its workforce could fill the growing demand for labor in aging or declining populations in Europe or Japan. However, these large scale shifts in demographics would generate other challenges associated with integrating the migrants into their new communities. With this flux and the emergence of multicultural and heterogeneous societies, the role of identity was perceived to gain importance insofar as various differences among people need to be reconciled to prevent potential conflict. The United States and India were cited as examples of societies that managed this issue relatively well, whereas large parts of Europe and Russia had greater difficulties accepting and absorbing their immigrants into their societies. Substantial migration was reported also within Central Asia, with Kazakhstan reputed as the ninth largest immigrant taker in the world. Here, however, fewer concerns were expressed with respect to integration of disparate cultures, as apparently there was amicable coexistence between the post-communist secular communities and the growing Muslim communities.

Globalization also magnified the influence that China has been able to exercise around the world, due to its rapidly-growing economy, large population, and urgent demand for stable sources of energy and other natural resources. However, there were significant variations in China's emerging global role.

B. China's Emerging Global Role

China's impact was felt everywhere we visited, though it was naturally most strongly felt in its immediate neighborhood of East Asia. Particularly in Japan and

South Korea, there was substantial ambivalence regarding China's influence and intentions. Offsetting the economic benefits through increased trade and investment with China, Japan and South Korea expressed concern over China's expanding military capacities. Given the levels of nationalism in East Asia and several potential sources of conflict, China's rise was compared by some to that of Germany at the turn of the twentieth century. This analysis was based primarily on an extrapolation of prior trends rather than a long-term systematic assessment of mutual and conflicting interests. Moreover, economic interdependence and integration was not viewed as a significant constraint on this potential rivalry.

India also was concerned about China's rise and, in particular, its penetration of the Indian Ocean with a port in Burma and the transformation of India's neighbors into Chinese satellite states, though with varying degrees of success. Competition over energy or other resources was one possible clash of interests. Border issues also played a role in India's relationship with China, particularly in light of the latter's reluctance to address unresolved territorial disputes.

As a consequence, both Japan and South Korea wanted a continued U.S. political, economic, and military presence in the region to offset the growth of Chinese power. Interestingly, China also agreed that the United States was vital to ensure Asia's security, stability, and prosperity, though perhaps for a shorter period of time than envisioned by Japan and South Korea. Similarly, India, though to a lesser extent than Japan or South Korea, wanted to establish a strategic partnership with the U.S. to balance China. In short, the U.S. was perceived as maintaining widespread and welcomed influence throughout Asia for the foreseeable future, notwithstanding – or perhaps because of – China's expansion.

In Africa, China was viewed both as an important market for export of natural resources and other goods as well as a model for economic development. On both grounds, China gradually has become a competitor to the U.S. in Africa. In some industries such as mining, Chinese companies were able to provide better quality and price than the American firms. Similarly, oil executives in Nigeria predicted that Chinese firms will take business away from the firms such as Chevron and Shell, because the Chinese have a higher tolerance for business risk in making decision about long-term foreign direct investment. They argued that there is intense strategic competition from China, as well as India, for energy production in Nigeria that the United States and the West have not yet fully recognized.

Moreover, China's *laissez-faire* approach to its relations with African countries, through non-interference in African political affairs, made it a more

attractive strategic partner for certain countries, which resented the American emphasis on human rights and democracy as a condition for economic assistance. Indeed, some in South Africa thought that the advent of democracy in China would slow its economic growth, a perception that made the authoritarian model an attractive path for African countries to generate wealth.

In Central Asia, China was perceived to be more influential relative to its role in the 1990s. However, it still lacked the access to local political actors that Russia and the United States possessed. Moreover, the declining position of the U.S. within the region was viewed as self-inflicted and readily reversible should the U.S. express greater interest in Central Asia through regular visits and political engagement.

In Latin America, China's impact was felt mainly in its contrasting roles as economic competitor and trading partner. While Latin American industries felt China's economic presence through increased competition from cheaper labor costs and higher productivity, China's trade with the region, though growing, was much less significant than U.S. trade. In political and security matters, China's role was even smaller. One Chilean analyst noted that while the United States could play a positive role brokering between Latin American countries, he could not envision China playing any such role even if its presence grows. Consequently, none of the Latin American countries we visited had a China or Asia policy, and similarly none of the Asian countries had any strategy with respect to Latin America.

In summary, although the economic impact of China's rise was felt everywhere, its political weight was felt mostly in Asia. One Egyptian observer argued that China is unlikely to exercise global political influence because it does not have a universal value system with potential claims around the world. Chinese themselves argue that while their country is an emerging economic superpower and dominant regional actor, it will not become a political superpower, much less a peer competitor to the United States until after 2050, if then.

C. Challenges to Governance

Another area of agreement among the conferences was the challenges to governance that modern threats and problems presented, particularly given a decreasing sense of confidence in the ability of existing international institutions to confront these issues. The emergence of "ungoverned spaces" is an acute problem in large parts of the developing world, particularly in Africa, where areas of the dispossessed and disenfranchised are completely detached from the national

governmental institutions. Semi-failed states were also identified in Latin America, where Bolivia, Ecuador, Suriname, and Paraguay appeared to present potential security risks to their neighboring countries.

The failure of governmental institutions to exercise control and influence over the full extent of their national territories and populations created lawless areas prone to infiltration by extremist networks capitalizing on local grievances and a sense of social injustice. In Nigeria, in particular, there were signs of militants copying tactics and ideology from the Middle East. The local elites were concerned that terrorism and political Islam would fill the current power vacuum in areas of the dispossessed and the disenfranchised by filling a societal need for governance and normative structures.

There was little hope that international institutions such as the United Nations, or the Organization of American States in the case of Latin America, could effectively address these issues. Given that some of these challenges had roots in severe poverty and societal fragmentation exacerbated by globalization, especially in Africa, many were disappointed that the ongoing Doha round trade negotiations have failed to make the promise of mutually-beneficial trade and investment more inclusive and equitable. Moreover, there was greater reliance on bilateral investment treaties and bilateral free trade areas than economic integration through regional or global institutions.

Asian officials and experts in each of the countries we visited downplayed the role of international institutions in their region outside of economic issues. Most were particularly mistrustful regarding any collective security institutions. On the other hand, the Chinese were hopeful with respect to the Shanghai Cooperation Organization, though cautioned that they did not want to transform it into a NATO-like organization.

In India and Central Asia, mass migrations and shifts in demographics also presented governance challenges that have not been addressed thus far. One Indian analyst suggested that there was a need for some international regulation of migration through a treaty or another mechanism, but that none of the existing institutions have undertaken this effort yet.

In Africa, Asia, and Latin America, all of the challenges to governance were of a practical variety – alleviating poverty, providing security, promoting social justice – that were fully consistent with general norms of human rights and democracy. While admittedly there were significant disputes over the primacy of sovereignty and the degrees of political involvement in a democracy, there was no ideological alternative to the notions of liberal democracy that originated in the West. Indeed, one Indian

commentator observed, in referring to his country and Asia at large, that the West is within us.

On the other hand, the Middle East was confronted with a possible competitor to liberal democratic governance in the form of political Islam. Though this challenge was presented most prominently in Egypt (among the countries we visited) by the Muslim Brotherhood, it was also apparent in Turkey, where there was tension between secular and religious groups on many issues of daily life. In both of these countries, the idea of a New Caliphate (itself, a type of regional international institution) that was discussed as one of the scenarios in the 2020 report was not readily dismissed as implausible or unappealing to some. Thus, political Islam presented challenges to global governance that were in many regards greater and deeper than those posed by the other modern problems discussed above.

IV. Areas of Divergence

There were of course significant divergences among and within regions as well. The areas in which views diverged particularly sharply included the imminence and impact of resource constraints, the challenge of international terrorism, and the role of the United States, both perceived and desired.

A. Resource Constraints

Although the precipitous increases in global energy prices toward the end of our trips made energy security a topic of concern everywhere, its salience varied considerably by region. Iran and Russia, owing to their vast reserves of natural gas as well as oil, are obvious beneficiaries of high oil prices, which serve to strengthen other petro-states like Nigeria and Venezuela and to accentuate the role of national oil companies. Throughout Asia, there was considerable concern that the scramble for secure energy supplies, accelerated by rapidly growing demand from China and India, could touch off a new round of resource nationalism absent any mechanisms for cooperation. Europeans wonder whether their relationship with Russia will be one of dependence or interdependence. Countries in Africa and the Middle East, in turn, feared that they could become the battlegrounds for resources, while Central Asians worried about a new “Great Game” in which Russia, China, and the West engaged in a competitive struggle among suppliers, purchasers, and transit countries. Some Indian analysts warned an “energy Cold War” and observed that historically most great power conflicts arose over resources.

One Brazilian expert predicted that the first half of the 21st century will be focused on energy security, noting that many transnational firms are starting biofuels projects in Brazil. Energy security has different connotations around the world. Mexico, for example, does not have a national policy on energy and alternative fuel sources, while India viewed its emerging strategic partnership with the U.S. as key to accessing the clean coal and nuclear technology needed to diversify its supply.

In the poorest parts of the world, constrained energy and other resources, coupled with the effects of climate change, have dire consequences. Rising oil prices have contributed to sharply higher food costs because of increased expenses for farm equipment operation, fertilizer, and transportation. Over the past year, protests over rising prices for such basic commodities as tortillas in Mexico, rice in the Philippines, and bread in Egypt revealed how quickly resource constraints can affect those at subsistence level. All this is happening at a time when rapid population growth in sub-Saharan Africa, the Middle East, and South Asia is putting still more pressure on scarce water resources and arable land. Climate change effects, particularly close to the equator, are contributing to desertification, coastal erosion, and decreasing fisheries resources add to the looming threat.

In sum, resource constraints and climate change loom much larger for the “bottom billion” than they do for the rest of the world. The predictable near-term consequences are water and food shortages, contributing to humanitarian crises, state failure, and illegal migration. African officials worried about the expansion of extreme poverty, weak and failing states, criminality, and humanitarian disasters, while Indians spoke of unregulated population flows across southeast, south, and central Asia, exacerbating problems of wealth disparities, crime, terrorism and water and food scarcity. Large-scale migration, in turn, makes more salient issues of identity, including religious identity.

B. The Challenge of International Terrorism

Much of the world sees the challenge of international terrorism very differently than has the United States since 9/11; the rest does not see it as a global priority at all. The U.S. is virtually alone in seeing it as a “war.” As one Egyptian official put it to us, “the ‘war on terror’ will not be won by military means.” Of the countries we visited, terrorism was a priority primarily in Egypt and Turkey, and to a much lesser extent in Nigeria, India, Central Asia, and Europe. In East Asia, Latin America, and

southern Africa, it was hardly an issue at all, although some countries worried about home-grown guerrilla activity.

For Latin America, political Islam and religious extremism seem “distant and alien.” There and elsewhere, the real concern was that U.S. preoccupation with terrorism was distracting its attention from other pressing global problems. In China, for example, a foreign ministry official lamented that in APEC meetings, “the U.S. just wants to talk about counterterrorism,” whereas the Chinese and others wanted to discuss trade liberalization and other issues of greater concern to them.

The challenge posed by international terrorism in the Middle East was complex and not easily susceptible to large-scale military solutions or any other external control. Participants in Egypt suggested that the most that the United States can hope to achieve in its struggle against international terrorism is to assist local moderates in their fight against extremists by supporting various modern reform projects. In addition to non-state terrorist actors, they saw the combination of nationalism and religion as also posing an explosive danger, and they felt that by suppressing moderate opposition parties their government had ceded the political opposition entirely to the Muslim Brotherhood. Experts and officials in the Middle East saw a vicious cycle whereby the Islamist challenge reinforced the authoritarian tendencies of governments, which in turn “put wind in the sails” of political Islam. Similarly, Nigerian interlocutors argued that the so-called “global war on terror” had “set up a spiral conflict of escalating violence and national assertiveness.” In virtually all of our conferences, participants felt that by treating it as a war and particularly by its invasion and occupation of Iraq, the U.S. had exacerbated the terrorist threat.

South Africans argued that global income disparities were the root causes of terrorism. Similarly, a senior Egyptian official argued that the unfair global distribution of income and the dismissal of local tradition created a backlash, which was fueled by chronic regional conflicts. The Muslim world was largely outside global decision making, which reinforced the sense of exclusion and persecution on which terrorist organizations preyed. Progress toward resolving some of these conflicts would sever the link between terrorist groups and longstanding political grievances, and the perception that Muslims were full participants in their resolution, would greatly weaken the appeal of radical Islamist groups.

Growing religiosity around the world – Christian and other, as well as Muslim – was seen as an expression of discontent with globalization. In the Middle East and the Muslim world more broadly, there was a tension between globalization, modernization, and secularization. Within Middle Eastern societies, participants saw an acute and

growing contest between radical and moderate Islam, though they were quick to add that the ultimate answer was not “moderate Islam” but secularism.

C. The Role of the United States

In most of the countries we visited, the United States was viewed as one of the primary drivers of global change and as a critical “independent variable” in shaping the future of various regions. Participants made an important distinction, however, between the key roles played the U.S. played by virtue of its military, economic, and diplomatic power, on the one hand, and a yearning for American leadership. The global impact of the U.S. in the broad sense was not in dispute, although many saw this in *relative* decline, but the desirability of U.S. leadership was highly variable. Some saw U.S. power as a hedge against national rivalries in their own regions. Others wanted the U.S. to play a stronger role in facilitating or catalyzing regional cooperation, or at least, as in the case of many in Latin America, to pay greater attention to its hemispheric responsibilities. Europeans mainly wanted a return of a more reliable and predictable U.S. partner, but without much consensus as to what the transatlantic partnership should mean in the 21st century.

Although the impact of the U.S. economy is felt everywhere, the U.S. political impact varies widely by region. For some, including Chile and Brazil and much of central Asia, the U.S. role was felt to be slight and receding. Elsewhere, it continued to loom large. This was especially the case in Mexico, whose economy is more integrated to the U.S. economy than some U.S. states. (Indeed, nowhere in the world are mutual perceptions more unlike than between the U.S. and Mexico. Mexicans feel themselves to be almost the 51st state, at least in terms of the integration of the economies and their informal labor markets, but such perceptions are hardly reciprocated north of the Rio Grande.) The perceived presence of the U.S. remains strong in South Korea and Japan as well, owing to the intensity of the post-war alliance relationships in Asia as well as concerns about China’s growing role.

Anti-Americanism, as has been mentioned, was not as strong or as widely evident as public opinion surveys sometimes suggest, but a marked wariness about U.S. intentions remains. The moral authority of the U.S. in world affairs has been significantly attenuated, not only as a result of recent U.S. policies but also because of the presence of what are seen as alternative value systems and competing international norms represented by Europe and, to a lesser but growing extent, Asia.

In sum, there was a strong desire in most regions for stronger and more constructive U.S. engagement, which had different rationales in each region and which did not always translate into a desire for U.S. leadership. Nowhere were these contradictory impulses more evident than in East Asia. In Japan, South Korea, and China alike, participants felt that U.S. preoccupation with the Middle East and international terrorism had distracted U.S. attention from Asian security. This neglect was particularly worrying because of China's growing role and the resurgence of nationalism throughout the region. Japanese saw the U.S. alliance as the only alternative to Japan's playing an unwanted regional role, yet they felt (as did the Chinese) that the U.S. was pushing them into an anti-Chinese posture that was no one's interests. For their part, the South Koreans worried about being caught in the middle of a U.S.–North Korean contest and saw their own approach to the north as being dangerously out of sync with the American. The six-party talks were seen as a partial corrective and a useful device for bringing together all the relevant actors, but their scope was too confined to allow for the kind of multilateral dialogue on security issues that is needed. It was generally agreed that the U.S.–Chinese relationship would be the key, yet America's relative neglect was allowing a new security architecture to be erected that largely excluded the U.S.

V. Conclusion

Our strategic dialogues around the world over the past two years have revealed a set of widely shared global challenges – involving the global trading and financial system, climate change, energy security, resource constraints, and others – that take on distinctive regional characteristics without providing an overarching global rationale for action. The old order is fraying, but a new one has yet to be defined. Existing institutions – regional as well as global – seem ill-equipped to deal with these challenges, and emerging global powers led by China and India seem more inclined to operate outside these institutions than to embrace the Western-led international order of a bygone era.

Integration and fragmentation are two sides of globalization, and our trips around the world revealed both. The positive sides of globalization are evident everywhere, most obviously in Asia but also in rising prosperity in almost every part of the world. But these same forces also produce disruptive changes. In Europe, the forces of integration are still ascendant, despite the travails of the European constitution after the referenda in France, the Netherlands, and, most recently, Ireland. Elsewhere, the watchword is not regional integration, which is seen as neither necessary nor possible, but closer cooperation, as countries in Asia, Latin America,

and Africa strive toward common approaches to the potentially divisive effects of globalization.

Meanwhile, the current U.S. financial crisis underscored the interdependence and vulnerability of the global financial system, and demonstrated the key role played by the liquidity of emerging market countries in Asia and the Middle East, which hold 70% of the world's currency reserves. These developments, together with the collapse of the Doha round trade negotiations call into question the extent to which the U.S. and other countries that created this global system 60 years ago still have control of it. Domestically, states at different stages of development see not one but multiple paths to modernity: American, European, and Asian. Many in the Arab world, and those left behind by globalization in other regions, increasingly reject modernity altogether.

These various trends constitute both a challenge and an opportunity. The U.S. and its European and Asian allies need to open the global system to accommodate rising powers while preserving the fundamental values undergirding it, and they need to mitigate the downside effects of globalization lest poverty and instability overwhelm large parts of the world. The open question is whether "the West is within us," as an Indian scholar put it, or whether it will be "the West versus the rest."

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