

INTRODUCTION

Executive Summary

STRUCTURAL FORCES SETTING THE PARAMETERS

Trends in demographics and human development, environment, economics, and technology are laying the foundation and constructing the bounds of our future world. In some areas, these trends are becoming more intense, such as changes in our climate, the concentration of people in urban areas, and the emergence of new technologies. Trends in other areas are more uncertain—gains in human development and economic growth are likely to slow and may even reverse in some areas, although a mix of factors could change this trajectory. The convergence of these trends will offer opportunities for innovation but also will leave some communities and states struggling to cope and adapt. Even apparent progress, such as new and advanced technologies, will be disruptive to many people's lives and livelihoods, leaving them feeling insecure and forcing adaptation.

The most certain trends during the next 20 years will be major **demographic** shifts as global population growth slows and the world rapidly ages. Some developed and emerging economies, including in Europe and East Asia, will grow older faster and face contracting populations, weighing on economic growth. In contrast, some developing countries in Latin

America, South Asia, and the Middle East and North Africa benefit from larger working-age populations, offering opportunities for a demographic dividend if coupled with improvements in infrastructure and skills. **Human development**, including health, education, and household prosperity, has made historic improvements in every region during the past few decades. Many countries will struggle to build on and even sustain these successes. Past improvements focused on the basics of health, education, and poverty reduction, but the next levels of development are more difficult and face headwinds from the COVID-19 pandemic, potentially slower global economic growth, aging populations, and the effects of conflict and climate. These factors will challenge governments seeking to provide the education and infrastructure needed to improve the productivity of their growing urban middle classes in a 21st century economy. As some countries rise to these challenges and others fall short, shifting global demographic trends almost certainly will aggravate disparities in economic opportunity within and between countries during the next two decades as well as create more pressure for and disputes over migration.

In the **environment**, the physical effects of climate change are likely to intensify during the next two decades, especially in the 2030s. More

extreme storms, droughts, and floods; melting glaciers and ice caps; and rising sea levels will accompany rising temperatures. The impact will disproportionately fall on the developing world and poorer regions and intersect with environmental degradation to create new vulnerabilities and exacerbate existing risks to economic prosperity, food, water, health, and energy security. Governments, societies, and the private sector are likely to expand adaptation and resilience measures to manage existing threats, but these measures are unlikely to be evenly distributed, leaving some populations behind. Debates will grow over how and how quickly to reach net zero greenhouse gas emissions.

During the next two decades, several global **economic trends**, including rising national debt, a more complex and fragmented trading environment, a shift in trade, and new employment disruptions are likely to shape conditions within and between states. Many governments may find they have reduced flexibility as they navigate greater debt burdens, diverse trading rules, and a broader array of powerful state and corporate actors exerting influence. Large platform corporations—which provide online markets for large numbers of buyers and seller—could drive continued trade globalization and help smaller firms grow and gain access to international markets. These powerful firms are likely to try to exert influence in political and social arenas, efforts that may lead governments to impose new restrictions. Asian economies appear poised to continue decades of growth through at least 2030, although potentially slower. They are unlikely to reach the per capita gross domestic product (GDP) or economic influence of existing advanced economies, including the United States and Europe. Productivity growth remains a key variable; an increase in the rate of growth could alleviate

many economic, human development, and other challenges.

Technology will offer the potential to mitigate problems, such as climate change and disease, and to create new challenges, such as job displacement. Technologies are being invented, used, spread, and then discarded at ever increasing speeds around the world, and new centers of innovation are emerging. During the next two decades, the pace and reach of technological developments are likely to increase ever faster, transforming a range of human experiences and capabilities while also creating new tensions and disruptions within and between societies, industries, and states. State and nonstate rivals will vie for leadership and dominance in science and technology with potentially cascading risks and implications for economic, military, and societal security.

EMERGING DYNAMICS

These structural forces, along with other factors, will intersect and interact at the levels of societies, states, and the international system, creating opportunities as well as challenges for communities, institutions, corporations, and governments. These interactions are also likely to produce greater contestation at all levels than has been seen since the end of the Cold War, reflecting differing ideologies as well as contrasting views on the most effective way to organize society and tackle emerging challenges.

Within **societies**, there is increasing fragmentation and contestation over economic, cultural, and political issues. Decades of steady gains in prosperity and other aspects of human development have improved lives in every region and raised peoples' expectations for a better future. As these trends plateau and combine with rapid social and technological changes,

large segments of the global population are becoming wary of institutions and governments that they see as unwilling or unable to address their needs. People are gravitating to familiar and like-minded groups for community and security, including ethnic, religious, and cultural identities as well as groupings around interests and causes, such as environmentalism. The combination of newly prominent and diverse identity allegiances and a more siloed information environment is exposing and aggravating fault lines within states, undermining civic nationalism, and increasing volatility.

At the **state level**, the relationships between societies and their governments in every region are likely to face persistent strains and tensions because of a growing mismatch between what publics need and expect and what governments can and will deliver. Populations in every region are increasingly equipped with the tools, capacity, and incentive to agitate for their preferred social and political goals and to place more demands on their governments to find solutions. At the same time that populations are increasingly empowered and demanding more, governments are coming under greater pressure from new challenges and more limited resources. This widening gap portends more political volatility, erosion of democracy, and expanding roles for alternative providers of governance. Over time, these dynamics might open the door to more significant shifts in how people govern.

In the **international system**, no single state is likely to be positioned to dominate across all regions or domains, and a broader range of actors will compete to shape the international system and achieve narrower goals. Accelerating shifts in military power, demographics,

economic growth, environmental conditions, and technology, as well as hardening divisions over governance models, are likely to further ratchet up competition between China and a Western coalition led by the United States. Rival powers will jockey to shape global norms, rules, and institutions, while regional powers and nonstate actors may exert more influence and lead on issues left unattended by the major powers. These highly varied interactions are likely to produce a more conflict-prone and volatile geopolitical environment, undermine global multilateralism, and broaden the mismatch between transnational challenges and institutional arrangements to tackle them.

ALTERNATIVE SCENARIOS FOR 2040

Human responses to these core drivers and emerging dynamics will determine how the world evolves during the next two decades. Of the many uncertainties about the future, we explored three key questions around conditions within specific regions and countries and the policy choices of populations and leaders that will shape the global environment. From these questions, we constructed five scenarios for alternative worlds in the year 2040.

- How severe are the looming global challenges?
- How do states and nonstate actors engage in the world, including focus and type of engagement?
- Finally, what do states prioritize for the future?

In **Renaissance of Democracies**, the world is in the midst of a resurgence of open democracies led by the United States and its allies. Rapid technological advancements fostered



by public-private partnerships in the United States and other democratic societies are transforming the global economy, raising incomes, and improving the quality of life for millions around the globe. The rising tide of economic growth and technological achievement enables responses to global challenges, eases societal divisions, and renews public trust in democratic institutions. In contrast, years of increasing societal controls and monitoring in China and Russia have stifled innovation as leading scientists and entrepreneurs have sought asylum in the United States and Europe.

In **A World Adrift**, the international system is directionless, chaotic, and volatile as international rules and institutions are largely ignored by major powers like China, regional players, and nonstate actors. Organization for Economic Cooperation and Development (OECD) countries are plagued by slower economic growth, widening societal divisions, and political paralysis. China is taking advantage of the West's troubles to expand its international influence, especially in Asia, but Beijing lacks the will and military might to take on global leadership, leaving many global challenges, such as climate change and instability in developing countries, largely unaddressed.

In **Competitive Coexistence**, the United States and China have prioritized economic growth and restored a robust trading relationship, but this economic interdependence exists alongside competition over political influence, governance models, technological dominance, and strategic advantage. The risk of major war is low, and international coopera-

tion and technological innovation make global problems manageable over the near term for advanced economies, but longer term climate challenges remain.

In **Separate Silos**, the world is fragmented into several economic and security blocs of varying size and strength, centered on the United States, China, the European Union (EU), Russia, and a couple of regional powers; these blocs are focused on self-sufficiency, resiliency, and defense. Information flows within separate cyber-sovereign enclaves, supply chains are reoriented, and international trade is disrupted. Vulnerable developing countries are caught in the middle with some on the verge of becoming failed states. Global problems, notably climate change, are spottily addressed, if at all.

In **Tragedy and Mobilization**, a global coalition, led by the EU and China working with nongovernmental organizations and revitalized multilateral institutions, is implementing far-reaching changes designed to address climate change, resource depletion, and poverty following a global food catastrophe caused by climate events and environmental degradation. Richer countries shift to help poorer ones manage the crisis and then transition to low carbon economies through broad aid programs and transfers of advanced energy technologies, recognizing how rapidly these global challenges spread across borders.

