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## A Glimpse of 2020

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What will the world look like in a decade or two? As risky as it is to try to forecast the future, some known trends and tendencies leave little doubt that by 2020 the world will be profoundly transformed. Tempting as it is to see the last half of the 20th century as little more than an unending series of deadly conflicts and financial disasters, there have been astounding achievements. Indeed, it is a fact—unbelievable for some—that world per capita income increased by 2.1 percent a year from 1950 to 2001, more than in any previous period, so that the average world citizen had an income nearly three times larger in 2000 than in 1950. Many have forgotten that several of today's rich countries—Japan, Italy, Spain—were poor 50 years ago, with South Korea considered economically hopeless.

This period has also witnessed the control of many contagious diseases, a dramatic drop in infant mortality, increased longevity, improved health and nutrition, and greatly increased sensitivity to environmental and ethical issues. And although prices have risen substantially, tariffs in 1995 amounted to 10 percent of 1947 levels, resulting in a dramatic 6 percent annual increase in international trade. Capital movement and extensive trans-border investment grew exponentially. Although growth has been uneven, it is not true that the incidence of poverty has risen. The Indian economist Surjit Bhalla has estimated that the fraction of people in developing countries living below \$1.50-per-day fell from 63 percent in 1950 to 13 percent in 2000.

With these successes in mind, let us look at where some of the current trends are taking us. As per capita income rises, so does world population, which grew by 3.1 billion—about 1.8 percent a year—between 1960 and 2000, with most of the expansion occurring in the cities of poorer

countries. Even if population growth were to slow significantly to 0.9 percent a year, as expected, the world's population would still reach 7.5 billion by the year 2020, a further increase of 1.5 billion from 2000. With most future mothers already born, it is unlikely that this population trend will alter significantly.

For the poorer countries, more people will mean more demand: for energy, housing, food, electricity, and public services. Urban concentration will make political action easier and will increase pressure on governments to improve urban infrastructure. By contrast, demographic trends in the wealthier countries of Europe, and in Japan and Russia, suggest slow or even negative growth, with marked aging of their populations. The principal challenge facing these societies in 2020 will be the painful renegotiation of social contracts, which have heretofore conferred generous, expected benefits on their publics. Although China, France and Britain will age somewhat later, over 20 percent of the populations of Italy, Japan and Germany will be 65 or older by or before 2010. Increased longevity and a declining birth rate in all the rich countries will change the ratio of working age population to those over 65 from 5.0 in 1990 to 3.5 by 2015. It is as yet unclear how these societies will adjust to both aging and declining population, but it is safe to say that demand for schools and new housing will decline, land will be more readily available, and care of the elderly will be a major challenge. These effects may be partially offset in those countries receptive to immigration, such as the United States and Canada, who will be able to replenish their young adults with willing immigrants from countries with more rapidly growing populations.

The near universal aspiration for higher standards of living in poorer parts of the

world has created not only the expectation of material progress, but the demand that governments ensure it. Since we know that those standards are achieved through stable social systems and engagement with the world economy, the pressure will increase on governments to safeguard social order, foster incentives for effort, saving, and risk-taking, and provide widespread education. Even with borrowed technology, the need will be great for extensive investment in both physical and human capital, and for a flexible attitude to change and innovation.

The earth will most certainly be able to feed an additional billion people by 2020, but only by increasing yield on existing land, through improved practice in plant and animal nutrition, genetic engineering, and aquaculture.

The economies of 2020 will still be based heavily on fossil fuel energy. The rising demand for oil will be met largely by development in the Persian Gulf region, although Russia and Venezuela promise to be significant contributors. The environmental impact of this growth will be mainly unfavorable in low income countries, and the expanded use of fossil fuels will swell emissions of carbon dioxide, contributing further to future global climate change.

The IT revolution has dramatically increased international mobility, and led to greater integration of the world economy. Businesses by 2020 will be driven by competition to continue outsourcing production to reduce costs. Growth will increase government capacity to harvest resources through taxation. With information flowing more cheaply and readily around the world, governments will be subject to constant comparison with others. If they fail to meet expectations, unrest or emigration will result.

From the perspective of 2020, the Asian financial crises will be seen as mere blips on the screen. The rise of more “South Koreas”, while creating turbulence for some, will create new market opportunities and even higher living standards in the already rich countries. Countries with aging populations, unreceptive to immigration, will decline in relative economic importance.

Although there will be more “Iraqs”, and resurgent religious, ethnic and tribal differences, the international community will increasingly intervene in situations where predatory leaders fail to safeguard human rights, who attack their neighbors, or threaten ethnic minorities. Some authoritarian regimes will channel large sums into military adventures—necessitating continued armed preparedness.

The pressures of interdependence will inevitably erode the autonomous ability of each nation to tax and to regulate mobile capital. Not only will legitimate businesses benefit from increased international mobility, but so will NGOs, illegitimate political organizations, terrorists and organized crime. Along with attempts to counteract the effects of globalization, governments will increasingly cooperate in areas of information exchange, security, law enforcement and deregulation.

By 2020, the outer limits of the role of the nation-state will be put to the test by the need for international intervention where states fail, abuse their citizens or collude with terrorists or organized crime. 2020 will see increased pressure for the further development of international institutions with sufficient teeth to ensure security and safeguard the welfare of populations.



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